DEBATES

OF

THE SENATE

OF THE

DOMINION OF CANADA

1945

OFFICIAL REPORT

Editor: H. H. EMERSON

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FIRST SESSION—TWENTIETH PARLIAMENT—9 GEORGE VI

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946

47704—1

THE CANADIAN MINISTRY

According to Precedence as at September 6, 1945

THE RIGHT HONOURABLE WILLIAM LYON MACKENZIE KING, C.M.G. ..... Prime Minister, President of the Privy Council, Secretary of State for External Affairs.

THE HONOURABLE IAN ALISTAIR MACKENZIE, K.C. ..... Minister of Veterans Affairs.

THE HONOURABLE JAMES LORIMER ILSLEY, K.C. ..... Minister of Finance.

THE HONOURABLE CLARENCE DECATUR HOWE ..... Minister of Munitions and Supply and Minister of Reconstruction.

THE HONOURABLE JAMES GARFIELD GARDINER ..... Minister of Agriculture.

THE HONOURABLE JAMES ANGUS MACKINNON ..... Minister of Trade and Commerce.

THE HONOURABLE COLIN GIBSON, M.C., K.C., V.D. ..... Minister of National Defence for Air.

THE HONOURABLE LOUIS STEPHEN ST. LAURENT, K.C. ..... Minister of Justice and Attorney General of Canada.

THE HONOURABLE HUMPHREY MITCHELL ..... Minister of Labour.

THE HONOURABLE ALPHONSE FOURNIER, K.C. ..... Minister of Public Works.

THE HONOURABLE ERNEST BERTRAND, K.C. ..... Postmaster General.

THE HONOURABLE BROOKE CLAXTON, K.C. ..... Minister of National Health and Welfare.

THE HONOURABLE JAMES ALLISON GLEN, K.C. ..... Minister of Mines and Resources.

THE HONOURABLE JOSEPH JEAN, K.C. ... Solicitor General of Canada.

THE HONOURABLE LIONEL CHEVRIER, K.C. ..... Minister of Transport.

THE HONOURABLE PAUL JOSEPH JAMES MARTIN, K.C. ..... Secretary of State of Canada.

THE HONOURABLE DOUGLAS CHARLES ABBOTT, K.C. ..... Minister of National Defence and Minister of National Defence for Naval Services.

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THE HONOURABLE JAMES J. MCCANN, M.D. ..... Minister of National Revenue and Minister of National War Services.

THE HONOURABLE HEDLEY FRANCIS GREGORY BRIDGES ..... Minister of Fisheries.

THE HONOURABLE WISHART MCL. ROBERTSON ..... A member of the Administration and Minister without Portfolio.

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

Clerk of the Privy Council and Secretary to the Cabinet..... A. D. P. HEENEY, Esquire, K.C.

Associate Clerk of the Privy Council... H. W. LOTHROP, Esquire, O.B.E.

Assistant Clerk of the Privy Council... A. M. HILL, Esquire.

SENATORS OF CANADA

ACCORDING TO SENIORITY

SEPTEMBER 6th, 1945

THE HONOURABLE JAMES H. KING, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ERNEST D. SMITH	Wentworth	Winona, Ont.
JAMES J. DONNELLY	South Bruce	Pinkerton, Ont.
CHARLES PHILIPPE BEAUBIEN	Montarville	Montreal, Que.
CHARLES E. TANNER	Pictou	Pictou, N.S.
THOMAS JEAN BOURQUE	Richibucto	Richibucto, N.B.
GEORGE HENRY BARNARD	Victoria	Victoria, B.C.
EDWARD MICHENER	Red Deer	Calgary, Alta.
WILLIAM JAMES HARMER	Edmonton	Edmonton, Alta.
GERALD VERNER WHITE, C.B.E.	Pembroke	Pembroke, Ont.
SIR THOMAS CHAPAIS, K.B.	Grandville	Quebec, Que.
JOHN ANTHONY MCDONALD	Shediac	Shediac, N.B.
JAMES A. CALDER, P.C.	Saltcoats	Regina, Sask.
ROBERT F. GREEN	Kootenay	Victoria, B.C.
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
SIR ALLEN BRISTOL AYLESWORTH, P.C. K.C.M.G.	North York	Toronto, Ont.
WILLIAM ASHBURY BUCHANAN	Lethbridge	Lethbridge, Alta.
ARTHUR BLISS COPP, P.C.	Westmorland	Sackville, N.B.
JOHN PATRICK MOLLOY	Provencher	Winnipeg, Man.
DANIEL E. RILEY	High River	High River, Alta.
WILLIAM H. MCGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
GUSTAVE LACASSE	Essex	Tecumseh, Ont.
WALTER E. FOSTER, P.C.	Saint John	Saint John, N.B.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
JAMES MURDOCK, P.C.	Parkdale	Ottawa, Ont.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JOHN EWEN SINCLAIR, P.C.	Queen's	Emerald, P.E.I.
JAMES H. KING, P.C. (Speaker)	Kootenay East	Victoria, B.C.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
ALEXANDER D. MCRAE, C.B.	Vancouver	Vancouver, B.C.
CHARLES COLQUHOUN BALLANTYNE, P.C.	Alma	Montreal, Que.
WILLIAM HENRY DENNIS	Halifax	Halifax, N.S.
LUCIEN MORAUD	La Salle	Quebec, Que.
RALPH BYRON HORNER	Saskatchewan North	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	West Central Saskatchewan	Rosetown, Sask.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
JOHN L. P. ROBICHEAU	Digby-Clare	Maxwellton, N.S.
JOHN A. MACDONALD, P.C.	Cardigan	Cardigan, P.E.I.
DONALD SUTHERLAND, P.C.	Oxford	Ingersoll, Ont.
IVA CAMPBELL FALLIS	Peterborough	Peterborough, Ont.
GEORGE B. JONES, P.C.	Royal	Apohaqui, N.B.
ANTOINE J. LÉGER	L'Acadie	Moncton, N.B.
HENRY A. MULLINS	Marquette	Winnipeg, Man.
JOHN T. HAIG	Winnipeg	Winnipeg, Man.
EUGÈNE PAQUET, P.C.	Lauzon	St. Romuald, Que.
WILLIAM DUFF	Lunenburg	Lunenburg, N.S.
JOHN W. DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
DUNCAN MCL. MARSHALL	Peel	Toronto, Ont.
J. FERNAND FAFARD	De la Durantaye	L'Islet, Que.
ARTHUR LUCIEN BEAUBIEN	St. Jean Baptiste	St. Jean Baptiste, Man.
JOHN J. STEVENSON	Prince Albert	Regina, Sask.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
DONALD MACLENNAN	Margaree Forks	Margaree Forks, N.S.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.
ELIE BEAUREGARD	Rougemont	Montreal, Que.
ATHANASE DAVID	Sorel	Montreal, Que.
EDOUARD CHARLES ST-PÈRE	De Lanaudière	Montreal, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN MCLEOD PATERSON	Thunder Bay	Fort William, Ont.
WILLIAM JAMES HUSHION	Victoria	Westmount, Que.
JOSEPH JAMES DUFFUS	Peterborough West	Peterborough, Ont.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont.
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
PAMPHILE REAL DUTREMBLAY	Repentigny	Montreal, Que.
WILLIAM RUPERT DAVIES	Kingston	Kingston, Ont.
J. JOSEPH BENCH	Lincoln	St. Catharines, Ont.
JAMES PETER MCINTYRE	Mount Stewart	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCL. ROBERTSON, P.C.	Shelburne	Halifax, N.S.
JOHN FREDERICK JOHNSTON	Central Saskatchewan	Bladworth, Sask.
TELESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
ARMAND DAIGLE	Mille Isles	Montreal, Que.
JOSEPH ARTHUR LESAGE	Gulf	Quebec, Que.
CYRILLE VAILLANCOURT	Kennebec	Levis, Que.
JACOB NICOL	Bedford	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.
WILLIAM HORACE TAYLOR	Norfolk	Scotland, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
CHARLES EDOUARD FERLAND	Shawinigan	Joliette, Que.
VINCENT DUPUIS	Rigaud	Longueuil, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queens-Lunenburg	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER MCDONALD	King's	Halifax, N.S.
ALEXANDER NEIL MCLEAN	Southern New Brunswick	St. John, N.B.
BREWER ROBINSON	Summerside	Summerside, P.E.I.
FREDERICK W. PIRIE	Victoria-Carleton	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland	South Nelson, N.B
JEAN MARIE DESSUREAULT	Stadacona	Quebec, Que.
JOSEPH RAOUL HURTUBISE	Nipissing	Sudbury, Ont.
GERALD GRATTAN MCGEER	Vancouver-Burrard	Vancouver, B.C.

SENATORS OF CANADA

ALPHABETICAL LIST

SEPTEMBER 6th, 1945

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	West Central Saskatchewan	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G.	North York	Toronto, Ont.
BALLANTYNE, C. C., P.C.	Alma	Montreal, Que.
BARNARD, G. H.	Victoria	Victoria, B.C.
BEAUBIEN, A. L.	St. Jean Baptiste	St. Jean Baptiste, Man.
BEAUBIEN, C. P.	Montarville	Montreal, Que.
BEAUREGARD, ELIE	Rougemont	Montreal, Que.
BENCH, J. JOSEPH	Lincoln	St. Catharines, Ont.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOUCHARD, TELESPHORE D.	The Laurentides	St. Hyacinthe, Que.
BOURQUE, T. J.	Richibucto	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
BURCHILL, GEORGE PERCIVAL	Northumberland	South Nelson, N.B.
CALDER, J. A., P.C.	Saltcoats	Regina, Sask.
CAMPBELL, G. P.	Toronto	Toronto, Ont.
CHAPAIS, SIR THOMAS, K.B.	Grandville	Quebec, Que.
COPP, A. B., P.C.	Westmorland	Sackville, N.B.
CRERAR, THOMAS ALEXANDER, P.C.	Churchill	Winnipeg, Man.
DAIGLE, ARMAND	Mille Isles	Montreal, Que.
DAVID, ATHANASE	Sorel	Montreal, Que.
DAVIES, WILLIAM RUPERT	Kingston	Kingston, Ont.
DENNIS, W. H.	Halifax	Halifax, N.S.
DESSUREAULT, JEAN MARIE	Stadacona	Quebec, Que.
DONNELLY, J. J.	South Bruce	Pinkerton, Ont.
DUFF, WILLIAM	Lunenburg	Lunenburg, N.S.
DUFFUS, J. J.	Peterborough West	Peterborough, Ont.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUPUIS, VINCENT	Rigaud	Longueuil, Que.
DUTREMBLAY, PAMPHILE REAL	Repentigny	Montreal, Que.
EULER, W. D., P.C.	Waterloo	Kitchener, Ont.
FAFARD, J. F.	De la Durantaye	L'Islet, Que.
FALLIS, IVA CAMPBELL	Peterborough	Peterborough, Ont.
FARRIS, J. W. DE B.	Vancouver South	Vancouver, B.C.
FERLAND, CHARLES EDOUARD	Shawinigan	Joliette, Que.
FOSTER, W. E., P.C.	Saint John	Saint John, N.B.
GERSHAW, FRED WILLIAM	Medicine Hat	Medicine Hat, Alta.
GOUIN, L. M.	De Salaberry	Montreal, Que.
GREEN, R. F.	Kootenay	Victoria, B.C.
HAIG, JOHN T.	Winnipeg	Winnipeg, Man.
HARDY, A. C., P.C.	Leeds	Brockville, Ont.
HARMER, W. J.	Edmonton	Edmonton, Alta.
HAYDEN, S. A.	Toronto	Toronto, Ont.
HORNER, R. B.	Saskatchewan North	Blaine Lake, Sask.
HOWARD, C. B.	Wellington	Sherbrooke, Que.
HOWDEN, JOHN POWER	St. Boniface	Norwood Grove, Man.
HUGESSEN, A. K.	Inkerman	Montreal, Que.
HURTUBISE, JOSEPH RAOUL	Nipissing	Sudbury, Ont.
HUSHION, W. J.	Victoria	Westmount, Que.
JOHNSTON, J. FREDERICK	Central Saskatchewan	Bladworth, Sask.
JONES, GEORGE B., P.C.	Royal	Apohaqui, N.B.
KING, J. H., P.C. (Speaker)	Kootenay East	Victoria, B.C.
KINLEY, JOHN JAMES	Queens-Lunenburg	Lunenburg, N.S.
LACASSE, G.	Essex	Tecumseh, Ont.
LAMBERT, NORMAN P.	Ottawa	Ottawa, Ont.
LÉGER, ANTOINE J.	L'Acadie	Moncton, N.B.
LESAGE, JOSEPH A.	Gulf	Quebec, Que.
MACDONALD, J. A.	Cardigan	Cardigan, P.E.I.
MACLENNAN, DONALD	Margaree Forks	Margaree Forks, N.S.
MARCOTTE, A.	Ponteix	Ponteix, Sask.
MARSHALL, DUNCAN McL.	Peel	Toronto, Ont.
McDONALD, J. A.	Shediac	Shediac, N.B.
McDONALD, JOHN ALEXANDER	King's	Halifax, N.S.
McGEER, GERALD GRATTAN	Vancouver-Burrard	Vancouver, B.C.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
McGUIRE, W. H.	East York	Toronto, Ont.
McINTYRE, JAMES P.	Mount Stewart	Mount Stewart, P.E.I.
McLEAN, ALEXANDER NEIL	Southern New Brunswick	Saint John, N.B.
McRAE, A. D., C.B.	Vancouver	Vancouver, B.C.
MICHENER, E.	Red Deer	Calgary, Alta.
MOLLOY, J. P.	Provencher	Winnipeg, Man.
MORAUD, L.	La Salle	Quebec, Que.
MULLINS, HENRY A.	Marquette	Winnipeg, Man.
MURDOCK, JAMES, P.C.	Parkdale	Ottawa, Ont.
NICOL, JACOB	Bedford	Sherbrooke, Que.
PAQUET, EUGÈNE, P.C.	Lauzon	St. Romuald, Que.
PATERSON, N. McL.	Thunder Bay	Fort William, Ont.
PIRIE, FREDERICK W.	Victoria-Carleton	Grand Falls, N.B.
QUINN, FELIX P.	Bedford-Halifax	Bedford, N.S.
RAYMOND, D.	De la Valliere	Montreal, Que.
RILEY, D. E.	High River	High River, Alta.
ROBERTSON, W. McL., P.C.	Shelburne	Halifax, N.S.
ROBICHEAU, J. L. P.	Digby-Clare	Maxwellton, N.S.
ROBINSON, BREWER	Summerside	Summerside, P.E.I.
ROEBUCK, ARTHUR WENTWORTH	Toronto-Trinity	Toronto, Ont.
SINCLAIR, J. E., P.C.	Queen's	Emerald, P.E.I.
SMITH, E. D.	Wentworth	Winona, Ont.
STEVENSON, J. J.	Prince Albert	Regina, Sask.
ST-PÈRE, E. C.	De Lanaudiere	Montreal, Que.
SUTHERLAND, DONALD, P.C.	Oxford	Ingersoll, Ont.
TANNER, C. E.	Pictou	Pictou, N.S.
TAYLOR, WILLIAM HORACE	Norfolk	Scotland, Ont.
VAILLANCOURT, CYRILLE	Kennebec	Levis, Que.
VENIOT, CLARENCE JOSEPH	Gloucester	Bathurst, N.B.
VIEN, THOMAS, P.C.	De Lorimier	Outremont, Que.
WHITE, G. V., C.B.E.	Pembroke	Pembroke, Ont.
WILSON, CAIRINE R.	Rockcliffe	Ottawa, Ont.

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SENATORS OF CANADA

BY PROVINCES

SEPTEMBER 6th, 1945

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	ERNEST D. SMITH	Winona.
2	JAMES J. DONNELLY	Pinkerton.
3	GERALD VERNER WHITE, C.B.E.	Pembroke.
4	ARTHUR C. HARDY, P.C.	Brockville.
5	SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.	Toronto.
6	WILLIAM H. MCGUIRE	Toronto.
7	GUSTAVE LACASSE	Tecumseh.
8	CAIRINE R. WILSON	Ottawa.
9	JAMES MURDOCK, P.C.	Ottawa.
10	DONALD SUTHERLAND, P.C.	Ingersoll.
11	IVA CAMPBELL FALLIS	Peterborough.
12	NORMAN P. LAMBERT	Ottawa.
13	DUNCAN MCL. MARSHALL	Toronto.
14	SALTER ADRIAN HAYDEN	Toronto.
15	NORMAN MCLEOD PATERSON	Fort William.
16	JOSEPH JAMES DUFFUS	Peterborough.
17	WILLIAM DAUM EULER, P.C.	Kitchener.
18	WILLIAM RUPERT DAVIES	Kingston.
19	J. JOSEPH BENCH	St. Catharines.
20	GORDON PETER CAMPBELL	Toronto.
21	WILLIAM HORACE TAYLOR	Scotland.
22	CHARLES L. BISHOP	Ottawa.
23	ARTHUR WENTWORTH ROEBUCK	Toronto.
24	JOSEPH RAOUL HURTUBISE	Sudbury.

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	CHARLES PHILIPPE BEAUBIEN	Montarville	Montreal.
2	SIR THOMAS CHAPAIS, K.B	Grandville	Quebec.
3	DONAT RAYMOND	De la Vallière	Montreal.
4	CHARLES C. BALLANTYNE, P.C	Alma	Montreal.
5	LUCIEN MORAUD	La Salle	Quebec.
6	EUGÈNE PAQUET, P.C	Lauzon	St. Romuald.
7	ADRIAN K. HUGESSEN	Inkerman	Montreal.
8	J. FERNAND FAFARD	De la Durantaye	L'Islet.
9	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
10	ELIE BEAUREGARD	Rougemont	Montreal.
11	ATHANASE DAVID	Sorel	Montreal.
12	EDOUARD CHARLES ST-PÈRE	De Lanaudière	Montreal.
13	WILLIAM JAMES HUSHION	Victoria	Westmount.
14	LÉON MERCIER GOUIN	De Salaberry	Montreal.
15	THOMAS VIEN, P.C	De Lorimier	Outremont.
16	PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal.
17	TELESPHORE C. BOUCHARD	The Laurentides	St. Hyacinthe.
18	ARMAND DAIGLE	Mille Iles	Montreal.
19	JOSEPH ARTHUR LESAGE	Gulf	Quebec.
20	CYRILLE VAILLANCOURT	Kennebec	Levis.
21	JACOB NICOL	Bedford	Sherbrooke.
22	CHARLES EDOUARD FERLAND	Shawinigan	Joliette.
23	VINCENT DUPUIS	Rigaud	Longueuil.
24	JEAN MARIE DESSUREAULT	Stadacona	Quebec.

NOVA SCOTIA—10

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	CHARLES E. TANNER	Pictou.
2	WILLIAM H. DENNIS	Halifax.
3	FELIX P. QUINN	Bedford.
4	JOHN L. P. ROBICHEAU	Maxwellton.
5	WILLIAM DUFF	Lunenburg.
6	DONALD MACLENNAN	Margaree Forks.
7	WISHART MCL. ROBERTSON, P.C.	Halifax.
8	JOHN JAMES KINLEY	Lunenburg.
9	JOHN ALEXANDER MCDONALD	Halifax.
10		

NEW BRUNSWICK—10

	THE HONOURABLE	
1	THOMAS JEAN BOURQUE	Richibucto.
2	JOHN ANTHONY MCDONALD	Shediac.
3	ARTHUR BLISS COPP, P.C.	Sackville.
4	WALTER E. FOSTER, P.C.	Saint John.
5	GEORGE B. JONES, P.C.	Apohaqui.
6	ANTOINE J. LÉGER	Moncton.
7	CLARENCE JOSEPH VENIOT	Bathurst.
8	ALEXANDER NEIL MCLEAN	St. John.
9	FREDERICK W. PIRIE	Grand Falls.
10	GEORGE PERCIVAL BURCHILL	South Nelson.

PRINCE EDWARD ISLAND—4

	THE HONOURABLE	
1	JOHN EWEN SINCLAIR, P.C.	Emerald.
2	JOHN A. MACDONALD, P.C.	Cardigan.
3	JAMES PETER MCINTYRE	Mount Stewart.
4	BREWER ROBINSON	Summerside.

BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 GEORGE HENRY BARNARD	Victoria.
2 ROBERT F. GREEN	Victoria.
3 JAMES H. KING, P.C. (Speaker)	Victoria.
4 ALEXANDER D. MCRAE, C.B.	Vancouver.
5 JOHN W. DE B. FARRIS	Vancouver.
6 GERALD GRATTAN MCGEER	Vancouver.

MANITOBA—6

THE HONOURABLE	
1 JOHN PATRICK MOLLOY	Winnipeg.
2 HENRY A. MULLINS	Winnipeg.
3 JOHN T. HAIG	Winnipeg.
4 A. L. BEAUBIEN	St. Jean Baptiste.
5 THOMAS ALEXANDER CRERAR, P.C.	Winnipeg.
6 JOHN POWER HOWDEN	Norwood Grove.

SASKATCHEWAN—6

THE HONOURABLE	
1 JAMES A. CALDER, P.C.	Regina.
2 ARTHUR MARCOTTE	Ponteix.
3 RALPH B. HORNER	Blaine Lake
4 WALTER M. ASELTINE	Rosetown.
5 J. J. STEVENSON	Regina.
6 J. FREDERICK JOHNSTON	Bladworth.

ALBERTA—6

THE HONOURABLE	
1 EDWARD MICHENER	Calgary.
2 WILLIAM JAMES HARMER	Edmonton.
3 WILLIAM ASHBURY BUCHANAN	Lethbridge.
4 DANIEL E. RILEY	High River.
5 ARISTIDE BLAIS	Edmonton.
6 FRED WILLIAM GERSHAW	Medicine Hat.

PRINCIPAL OFFICERS OF THE SENATE

L. Clare Moyer, D.S.O., K.C., B.A., Clerk of the Senate, Clerk of the Parliaments, and Master in Chancery.

Dr. L. P. Gauthier, First Clerk Assistant.

Louvigny de Montigny, Litt.B., Second Clerk Assistant and Chief Translator.

John F. MacNeill, K.C., L.L.B., B.A., Law Clerk and Parliamentary Counsel.

Major Andrew R. Thompson, Gentleman Usher of the Black Rod.

Arthur H. Hinds, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury and Disbursing Officer.

H. H. Emerson, Editor of Debates and Chief of Reporting Branch.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, September 6, 1945.

The Twentieth Parliament of the Dominion of Canada having been summoned by Proclamation of the Governor General to meet this day in its First Session for the dispatch of business:

The Senate met at 10.30 a.m.

THE SPEAKER OF THE SENATE

Hon. JAMES HORACE KING, P.C., having taken the Clerk's chair, rose and said: Honourable senators, I have the honour to inform you that a Commission has been issued under the Great Seal, appointing me Speaker of the Senate.

The said Commission was then read by the Clerk.

The Honourable the Speaker then took the Chair at the foot of the Throne, to which he was conducted by Hon. Mr. Robertson and Hon. Mr. Ballantyne, the Gentleman Usher of the Black Rod preceding.

Prayers.

OPENING OF THE SESSION

The Honourable the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General informing him that the Honourable Thibaudeau Rinfret, Chief Justice of Canada, in his capacity of Deputy Governor General, would proceed to the Senate Chamber to open the First Session of the Twentieth Parliament of Canada on Thursday, the 6th of September, at 11 o'clock a.m.

NEW SENATORS INTRODUCED

The following newly-appointed senators were severally introduced and took their seats:

Hon. Thomas Alexander Crerar, of Winnipeg, Manitoba, introduced by Hon. Wishart McL. Robertson and Hon. J. P. Molloy.

Hon. William Horace Taylor, of Scotland, Ontario, introduced by Hon. Wishart McL. Roberston and Hon. W. H. McGuire.

Hon. Fred William Gershaw, M.D., C.M., of Medicine Hat, Alberta, introduced by Hon. Wishart McL. Robertson and Hon. W. A. Buchanan.

Hon. John Power Howden, M.D., of Norwood Grove, Manitoba, introduced by Hon. Wishart McL. Robertson and Hon. A. L. Beaubien.

Hon. Charles Edouard Ferland, K.C., of Joliette, Quebec, introduced by Hon. Wishart McL. Robertson and Hon. Elie Beauregard.

Hon. Vincent Dupuis, K.C., B.C.L., of Longueuil, Quebec, introduced by Hon. Wishart McL. Robertson and Hon. Armand Daigle.

Hon. Charles L. Bishop, of Ottawa, Ontario, introduced by Hon. Wishart McL. Robertson and Hon. W. D. Euler.

Hon. John James Kinley, of Lunenburg, Nova Scotia, introduced by Hon. Wishart McL. Robertson and Hon. William Duff.

Hon. Clarence Joseph Veniot, M.A., M.D., of Bathurst, New Brunswick, introduced by Hon. Wishart McL. Robertson and Hon. W. E. Foster.

Hon. Arthur Wentworth Roebuck, K.C., of Toronto, Ontario, introduced by Hon. Wishart McL. Robertson and Hon. G. P. Campbell.

The Senate adjourned during pleasure.

OPENING OF THE SESSION

The Honourable Thibaudeau Rinfret, Chief Justice of Canada, Deputy Governor General, having come and being seated,

The Honourable the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that: "It is the Honourable the Deputy Governor General's desire that they attend him immediately in the Senate."

Who being come,

The Honourable the Speaker said:

Honourable Members of the Senate:

Members of the House of Commons:

I have it in command to let you know that His Excellency the Governor General does not see fit to declare the causes of his summoning the present Parliament of Canada, until a

Speaker of the House of Commons shall have been chosen, according to law; but this afternoon, at the hour of three o'clock, His Excellency will declare the causes of his calling this Parliament.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

NEW SENATORS INTRODUCED

The following newly-appointed senators were severally introduced and took their seats:

Hon. John Alexander McDonald, of Halifax, Nova Scotia, introduced by Hon. Wishart McL. Robertson and Hon. Donald MacLennan.

Hon. Alexander Neil McLean, of Saint John, New Brunswick, introduced by Hon. Wishart McL. Robertson and Hon. W. E. Foster.

Hon. Brewer Robinson, of Summerside, Prince Edward Island, introduced by Hon. Wishart McL. Robertson and Hon. J. E. Sinclair.

Hon. Frederick W. Pirie, LL.D., of Grand Falls, New Brunswick, introduced by Hon. Wishart McL. Robertson and Hon. A. B. Copp.

Hon. George Percival Burchill, B.Sc.F., LL.D., of South Nelson, New Brunswick, introduced by Hon. Wishart McL. Robertson and Hon. A. B. Copp.

Hon. Jean Marie Dessureault, of Quebec, Quebec, introduced by Hon. Wishart McL. Robertson and Hon. J. A. Lesage.

Hon. Joseph Raoul Hurtubise, B.A., M.D., C.M., of Sudbury, Ontario, introduced by Hon. Wishart McL. Robertson and Hon. Norman McL. Paterson.

Hon. Gerald Grattan McGeer, K.C., of Vancouver, British Columbia, introduced by Hon. Wishart McL. Robertson and Hon. C. B. Howard.

THE SPEAKER OF THE SENATE

FELICITATIONS ON HIS APPOINTMENT

Hon. WISHART McL. ROBERTSON: May I be permitted, sir, to extend to you the heartiest congratulations of your colleagues on your appointment to the eminent position of Speaker of the Senate?

Your long experience in public life, during which you have been for fifteen years a member of this Chamber, the last three years as its leader, together with your wide knowledge of the rules, will, I am confident, enable you to discharge the duties of your high office in full accord with its great traditions. To your long experience is added a natural courtesy and kindliness that is appreciated by all; by none more than the junior members—a fact to which I personally can bear witness.

I assure you, sir, that in the discharge of your duties you will have the loyal support and the fullest co-operation of your colleagues.

Hon. JOHN T. HAIG: I am delighted, Mr. Speaker, to have the honour of congratulating you on your elevation to the high office of Speaker of this Chamber. Your experience, gained as a member of the legislature of British Columbia and of the provincial government, as a representative from that province in the House of Commons and later in the Cabinet, and finally as leader of this House for some three years, fully qualifies you to discharge the duties of your present important office with credit to not only yourself but every member of the Senate. I take second place to no one in welcoming you to the Chair. I am confident that you will ably maintain the high record established by the distinguished gentlemen who have from time to time presided over the proceedings of this honourable body.

To the members just introduced, may I be permitted to extend my welcome? I am not what might be called a veteran of this Chamber, though I have been here for quite a while, and in welcoming them I would ask them to forget the political arena. We all owe so very much to Canada that we can well afford to forget our past political struggles and direct all our efforts to the advancement of our country. The Senate is a very important branch of Parliament, and as such is clothed with heavy responsibilities. If I misread not the times, there are trying years ahead of us before the world settles down to more or less normal conditions, and the members of this Chamber, with their great abilities and wide experience, are in a position to give sound leadership to the Government and to the people.

If I may digress for a moment, I notice that each new member on taking the oath has been given a copy of Holy Writ. This was not the practice when I became a member. Possibly the new appointees have greater need of the Bible than had their predecessors!

From this side I welcome our new colleagues. I wish they were not quite so many; but even so, it is my hope that though they are staunch, yes, stubborn fellows, we on this side may be able to convert some, if not all of them, to our views on legislation that may be submitted for approval by the Senate.

Having congratulated you, Mr. Speaker, on your elevation to the Chair, I add this reminder: I want you still to regard yourself as one of us. If we should at any time question your rulings, even if we should insult you, please remember that we love you just the same and that there is always a spirit of good fellowship in this old Chamber.

The Senate adjourned until 2.30 p.m.

SECOND SITTING

The Senate met at 2.30 p.m., the Speaker in the Chair.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At three o'clock His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and that House being come with their Speaker, His Excellency was pleased to open the First Session of the Twentieth Parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

You will rejoice with me that the opening of the Twentieth Parliament of Canada comes at the moment of the victorious conclusion of the war.

It is just six years ago that Parliament met in special session in anticipation of a declaration of war. Since that time, war has been waged continuously, first against Germany, later also against Italy and Japan. From the very beginning, the resources of Canada and the utmost efforts of our people were committed to the fight for freedom and to the winning of victory.

One by one, the aggressor nations and their satellite states have suffered total defeat by the armed forces of the United Nations. All have been compelled to surrender unconditionally. The terms of surrender were signed by Italy on September 8, 1943; by Germany, on May 8 of the present year; and by Japan, on the eve of the present week. The month of August witnessed the devastating use of the atomic bomb against Japanese cities, and the entry of the U.S.S.R. into war against Japan. Thus the world-encircling conflict, the most terrible of wars in human history, was brought to its close. Not only has victory been complete, it has been won over strongly organized and sinister forces working in combination in an attempt at world conquest and domination.

As you assemble at the opening of a new Parliament, I join with you in giving humble and grateful thanks to Divine Providence for the deliverance which His mercy has vouchsafed to the peoples of our own and other lands. We of this day and generation have been the witnesses of a mighty manifestation of the workings of the moral law which inexorably connects wrongdoing with retribution. It is as applicable to nations as to men.

In this titanic conflict between the forces of good and evil, it has been ours to behold the triumph of right and justice. In this victory, we find the assurance of the ultimate triumph of righteousness as we seek to bring into being a new order founded upon world security and social justice.

The victory over Nazi and Fascist tyranny in Europe and over Japanese militarism in Asia has been bought at a great price. As the appalling extent of the power of the forces of aggression and tyranny was revealed, the free peoples of the world slowly began to realize what they owe to the allied nations who first opposed the aggressors. To their heroic resistance and to the armed might of all the United Nations, humanity owes not only its freedom, but everything which free men value and cherish most.

Our thoughts at this time are especially of the members of Canada's forces who have given their lives that victory might be ours and not our enemies'. The whole nation reverently bows its head in tribute to their sacrifice. At this hour our hearts share in special measure the hopes and expectations of those who yearn for the return of their loved ones, now liberated after three and a half years in Japanese prison camps. The deep sympathy of Canada is with all who have been bereaved, and with those who have suffered impairment of body or mind, imprisonment, privation or want.

It will be for history to record the magnitude of Canada's contribution in this global conflict. We rejoice that our armed forces have achieved so much in helping to defend and liberate nations to whose past and present our own is so closely akin. Our country will ever remember with pride the heroic exploits of Canada's fighting men and merchant seamen.

We pay tribute as well to the men and women without whose loyal and steady work on the farms, in forests, mines and fisheries, in factories, workshops and offices, in hospitals and homes, and in transport and other services, victory could not have been achieved. Canada's great contribution to victory has been made possible by the unbroken partnership of her warriors and her workers.

To all who have contributed by service and sacrifice to victory, I would, in the name of Parliament, express our country's gratitude.

So far as the future could be foreseen, my ministers had taken steps to see that Canada was prepared to meet the very difficult situations which would arise when victory had been won. Under the authority of Parliament, relief was provided to assist in feeding, clothing and housing destitute populations, and in rehabilitating areas devastated by enemy action in Europe. Additional measures to assist in meeting these and other imperative needs will be submitted for your consideration.

Preparations for the demobilization, rehabilitation and re-establishment in civil life of the men and women in the armed forces were well under way when Germany surrendered. The same is true of measures for the reconversion of the economic life of our country from a wartime to a peacetime basis, and

for the maintenance of a high level of employment and national income. The plans thus developed to meet the requirements of the period of transition are now being put into full operation.

In the building of a new world order, my ministers are determined to seek above all else the promotion of peace, work and health in domestic and international relations. To further these great objectives, the Government has received a definite mandate from the people of Canada.

The Charter of the United Nations which was signed by the representatives of the fifty nations who took part in the Conference at San Francisco will be submitted for your approval. The Charter expresses their determination to maintain peace in accordance with justice and respect for human rights, and to promote the welfare of all peoples by international co-operation.

To the promotion of national well-being, co-operation and good will between the Dominion and provincial governments are as essential as these attitudes, between nations, are to the maintenance of world peace and international prosperity. You will be pleased to know that at the Dominion-Provincial Conference held at Ottawa during August, a successful beginning was made in the consideration of proposals designed to contribute to the maintenance of a high level of employment and national income, and to the establishment of nation-wide social security. It is the earnest hope of my ministers that, when the Conference resumes its deliberations, agreement may be speedily reached which will place the Dominion and all the provinces in a financial position to discharge effectively their several responsibilities. Such agreements would make possible a reorganization of the Dominion tax structure on a simpler, more equitable basis, conducive to the expansion of enterprise and employment.

Every effort is being put forth to ensure the return to Canada, as rapidly as military commitments and transportation facilities will permit, of our armed forces serving abroad, and to accelerate the orderly release of men and women from the forces.

Through the joint efforts of the Government, industry and labour, the conversion of war industries to civilian production is taking place with a minimum of delay and inconvenience.

It is the intention of the Government to abolish war restrictions in progressive steps as rapidly as that can be accomplished without occasioning inflation or other economic disturbances. Such controls as are essential to the welfare of our people will be continued for as long as they are necessary.

You will be asked to approve a measure to extend certain specified emergency powers to meet emergency conditions in the period of reconstruction.

The maintenance of long-term markets for our primary industries is receiving close attention. The continuing need for foodstuffs both at home and abroad will ensure, for some time to come, a heavy demand for the products of our farms and fisheries.

The Government is continuing its efforts to stimulate the restoration and expansion of external trade. Measures to this end will be submitted for your approval.

In furtherance of stable international exchange and adequate provision for international credit, you will be asked to approve a measure to provide for Canadian participation in the International Monetary Fund and the Bank for Reconstruction and Development.

The provision of houses is being pressed forward as rapidly as the supply of materials and labour will permit. Plans already in operation provide for the expansion of home construction to keep pace with increases in the output of building supplies. Priority is being given to houses for war veterans and their dependents.

Plans for the establishment of a national minimum of social security and human welfare are being advanced as rapidly as possible. Unemployment insurance, floors under farm and fish prices, and family allowances are now in force. The Government's proposals for the promotion of health and welfare made to the Dominion-Provincial Conference include plans for a nation-wide system of health insurance and preventive medicine, and for old age pensions on a more generous basis.

Other measures demanding your consideraton will include a consolidation, as a Veterans' Charter, of the various orders-in-council relating to the care, rehabilitation and re-establishment of war veterans; a bill to repeal the Act establishing the Department of National War Services; a bill to merge the Department of Munitions and Supply and the Department of Reconstruction into a single Department of Reconstruction and Supply. The army and the navy have already been placed under the jurisdiction of one Minister of National Defence. A further consolidation of all defence services under one Minister of the Crown will be made in due course.

Members of the House of Commons:

You will be asked to make financial provision for all essential services, also to meet expenditures arising out of the war, and for the purposes of reconstruction. My ministers' proposals with respect to taxation measures will be disclosed in the budget.

Honourable Members of the Senate:

Members of the House of Commons:

My ministers believe that the position attained by our country among the nations of the world makes it desirable that Canada, like the other nations of the British Commonwealth, should possess a distinctive national flag. You will be asked to appoint a select committee of members of both Houses of Parliament to consider a suitable design for a Canadian flag.

The Government has directed that, pending approval by Parliament of a particular design, the Canadian Red Ensign which was the flag carried into battle by the Canadian army, and which was flown from the Peace Tower on V-E Day and V-J Day as a tribute to the valour of our armed forces and to Canada's achievements in war, may be displayed wherever place or occasion makes it desirable to fly a distinctive Canadian flag.

The Government also considers that it is advisable to revise and clarify the definition of Canadian citizenship, and to bring the legislation respecting national status, naturalization and immigration into conformity with the definition of citizenship. You will be asked to approve the required measures.

The Government has also been giving consideration to the most suitable manner in which to commemorate, in the capital of

Canada, the service and sacrifice of Canadians in the war just ended. In the past, the sacrifice of human life in war has most frequently been commemorated in monuments of bronze and stone. Such a memorial our capital already has. My ministers are of the opinion that something more expressive of the vision of a new world order would, at this time, be most appropriate. They believe that this vision would best find expression in the planned development and beautification of the national capital and its surrounding area as a National Memorial. Steps have already been taken to plan the development of the city and region of Ottawa on both sides of the Ottawa River. As plans are formulated, specific proposals will, from time to time, be submitted to Parliament for consideration.

On the recommendation of the Government of Canada, His Majesty the King has been pleased to select Field Marshal the Honourable Sir Harold Alexander as my successor as His representative in Canada. Field Marshal Alexander's duties will not permit of his assumption of office until early in the new year. Meanwhile Her Royal Highness Princess Alice and I will pay a short visit to the United Kingdom, returning to Canada for a brief stay before our official departure.

As you take up your heavy responsibilities in these difficult days of reconstruction, I pray that Almighty God may guide and bless your deliberations. May you be inspired by the vision of the better future for humanity which it is now within the power of the United Nations to create.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

Bill A, an Act relating to railways—Hon. Mr. Copp (for Hon. Mr. Robertson).

SPEECH FROM THE THRONE

MOTION FOR CONSIDERATION

On motion of Hon. Mr. Copp, for Hon. Mr. Robertson, it was ordered that the Speech of His Excellency the Governor General be taken into consideration on Tuesday evening next.

COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. COPP moved, for Hon. Mr. Robertson:

That all the senators present during the session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

The motion was agreed to.

COMMITTEE OF SELECTION

Hon. Mr. COPP moved, for Hon. Mr. Robertson:

That pursuant to Rule 77, the following senators, to wit: Honourable Senators Ballantyne, Beaubien (Montarville), Buchanan, Haig, Howard, Robertson, Sinclair, White and the mover be appointed a Committee of Selection to nominate senators to serve on the several standing committees during the present session, and to report with all convenient speed the names of the senators so nominated.

The motion was agreed to.

The Senate adjourned until Tuesday, September 11, at 8 p.m.

THE SENATE

Tuesday, September 11, 1945.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

WAR EXPENDITURE AND DEMOBILIZATION APPROPRIATION BILL No. 1

FIRST READING

A message was received from the House of Commons with Bill 3, an Act for granting to His Majesty aid for national defence and demobilization.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

APPROPRIATION BILL No. 3.

FIRST READING

A message was received from the House of Commons with Bill 4, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

THE LATE SENATOR JOHN ALEXANDER MACDONALD

TRIBUTES TO HIS MEMORY

Hon. WISHART McL. ROBERTSON: Honourable senators, before proceeding with the business of the House, I regret very much to have to advise honourable members of the

passing of one of our esteemed colleagues during the interval since we last met. I refer to the death of the senator from Richmond-West, Cape Breton, the Honourable John Alexander Macdonald, M.D., C.M., who died in the Glace Bay hospital on June 11, 1945.

Senator Macdonald was born on January 3, 1883, at Havre Boucher, Antigonish County, Nova Scotia, the son of Hugh Macdonald and Mary Macdonald, both Scotch Canadians. He was educated at the public schools, and afterwards at St. Francis Xavier University, Antigonish, where he completed a preliminary course of studies leading up to his entrance to Dalhousie Medical College at Halifax. While attending St. Francis Xavier, in addition to completing a successful scholastic course, he participated widely in athletics, showing great prowess in many lines of sport.

Graduating from Dalhousie Medical School, Senator Macdonald commenced the practice of his profession at River Hebert, Nova Scotia, under one of the most proficient and outstanding physicians in the country, the late Dr. K. J. Rockwell. While living at River Hebert, he married Lulu Margaret, daughter of Hugh Maxwell of Rider John, Pictou County. He later moved to St. Peters, Cape Breton, where, in addition to practising his profession he interested himself most successfully in political activities. He was elected to the Nova Scotia legislature in 1916, was re-elected in 1920 and 1925. Afterwards, in 1925, 1926 and 1930, he was successful in the federal elections, and represented the constituency of Richmond-West, Cape Breton, in the House of Commons, where he held his seat until he resigned in 1930 to make way for the entry into the federal cabinet of the late Honourable E. N. Rhodes. On the 3rd of February, 1932, our late colleague was appointed to the Senate of Canada.

He was a member of the Knights of Columbus, and is survived by his widow and one daughter, Mrs. Hern.

For more than thirty years the late Senator Macdonald occupied a prominent position in his native province, and particularly in the island of Cape Breton. He was a man of strong convictions and intense loyalty to his friends. Enjoying a large medical practice, he helped others less fortunate than himself to regain health and strength, giving generously of his time and ability, and many homes in Cape Breton will mourn the passing of their friend and physician.

On behalf of honourable members of this House, I extend to the widow and daughter of our late colleague our deepest sympathy in their bereavement.

Hon. Mr. ROBERTSON.

Hon. C. C. BALLANTYNE: Honourable senators, the news of Senator Macdonald's death came to me as a great shock, as I am sure it did to all his friends in this Chamber, for he was still a young man and it was not even known that he had been ill.

The brief sketch of his career to which we have just listened shows that our departed colleague certainly had what is called a full life. He was a prominent member of the medical profession, and as a member, first, of the Legislature of Nova Scotia, then of the House of Commons and, finally, of the Senate, he gave generously of his abilities to the public service. Senator Macdonald did not speak very often in this House—I might say that he spoke too infrequently to suit us; but when he did have something to say he expressed himself clearly and to the point.

I desire to join with all my colleagues on this side of the House in conveying to Mrs. Macdonald and her daughter our sincere sympathy.

Hon. DONALD MacLENNAN: Honourable senators, as an old acquaintance of the late Dr. Macdonald, I wish to say a few words. I knew him for many years. We were fellow-members of the Legislature of Nova Scotia for some ten years, but we were acquainted with each other before that period. He was a man of positive opinions, but was very charitable. I know, in fact, that he was far more charitable than he led people to believe. I have been told by prominent physicians that he was a splendid country doctor. I have it from several sources that, considering the limited facilities at his command, it was amazing how skilfully he practised his profession. He was pre-eminently the poor man's physician; he was never known to refuse a sick call, and in many cases he accepted no reward whatsoever.

Although the late senator ran in some four or five elections in the constituency of Richmond, he was never defeated there. It is not by accident that a man is elected successively four or five times, and when one has such a record as that he must possess some qualities that appeal to the people who know him best.

I think it is most fitting that the members of this Chamber express their sympathy to his estimable widow and to his daughter, Mrs. Hern, in their great loss.

Hon. FELIX P. QUINN: Honourable senators, may I join those who have preceded me in paying tribute to our late friend and colleague, Dr. Macdonald. He was perhaps closer to me than to any other member of this Chamber. I had known him since he first

came to Halifax to attend the Medical College at Dalhousie, and from 1916 our political careers ran almost parallel.

Before I proceed further I wish to correct an error in the biographical sketch of our late colleague which appears in the Parliamentary Guide. He is said to have been elected to the House of Commons in 1925, but defeated in 1926. Dr. Macdonald was never defeated. He ran in three elections to the Nova Scotia Assembly, as my honourable friend from Margaree Forks (Hon. Mr. MacLennan) has already said, and was elected every time. He resigned in 1925 to accept the federal nomination. He was victorious at that election and again in 1926 and in 1930. He resigned his seat to make way for our late colleague, Senator Rhodes, then Premier of Nova Scotia, whom the Right Honourable R. B. Bennett had invited to join his Cabinet.

Dr. Macdonald was a loyal and devoted friend; braver heart never beat within human breast; and, as the honourable gentleman from Margaree Forks has just said, his outstanding virtue was charity. The strongest evidence of that is to be found among the people of his native constituency of Richmond. I never saw a greater tribute paid to any man—and I have attended the obsequies of many, great and small—than was paid to Dr. Macdonald at the time of his funeral by the children and the youths whom, as he often boasted to me, he had brought into the world, and by the poor women and men whom he had attended in serious illness. They passed by his bier in what seemed to be a never-ending procession, and it was touching to see them shed tears over the man who had been their friend and physician for thirty-five years. As the mourners came out of church there was not a dry eye among them; women and children could not control their grief, and many men took their kerchiefs to wipe their eyes when the casket was taken to its final resting place.

I shall miss him as a warm friend and a loyal colleague. May his soul rest in peace.

THE LEADER OF THE SENATE

FELICITATIONS ON HIS APPOINTMENT

On the Orders of the Day:

Hon. C. C. BALLANTYNE: Honourable senators, I rise on the Orders of the Day to convey to the new leader on the Government side (Hon. Mr. Robertson) not only my own warmest personal congratulations and good wishes but those of every one of my colleagues on this side of the House. Ever since the honourable gentleman was summoned to this Chamber he has taken a deep and keen interest in all legislation and other business that has engaged our attention from time to time. I recall with pleasure the very important and outstanding speeches he has made during past sessions. The Government, to my mind, has made a very wise choice, for the honourable gentleman has on his side not only ability but youth.

May I congratulate him also on being created a member of the King's Privy Council for Canada and a Minister without Portfolio.

I can say to the honourable leader that throughout the five sessions during which I have been privileged to lead the party on this side, I always received at the hands of the late Senator Dandurand, and subsequently of my good friend His Honour the Speaker, when in turn he occupied the position of Government leader, the closest and most cordial co-operation. Never in the history of Canada have there been such colossal problems to be dealt with as now lie ahead. I am quite sure that my honourable friend will extend to the leader on this side the same cordiality and co-operation that his two predecessors did, and I assure him that he can rely on support from this side of the House for all the sound and sane legislation that is brought before this Chamber. We, of course, reserve the right to make helpful suggestions and to criticize when it appears justifiable.

I hope my young friend may have many years in which to enjoy the prominent position he now holds, and in conclusion would say that he has not only my best wishes but those of all my colleagues on this side of the House.

Some Hon. SENATORS: Hear, hear.

Hon. WISHART McL. ROBERTSON: Honourable Senators, I find it difficult to respond adequately or to express my appreciation of the very kind reception which I have had from individual senators and from the honourable leader opposite, both personally and in his official capacity. I do not need to say that my experience has been very limited, and that therefore I must ask of honourable senators who have had more experience than I not only their forbearance but their assistance.

For my part, I shall endeavour as best I can to uphold the institutions and traditions of this House, and I shall do all that lies within my power to increase the already great influence which it wields in the public life of this country.

I thank my honourable friend opposite for his very kind expressions of good will and assistance. I appreciate them more than I can say, and will do my utmost to live up to his hopes.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate proceeded to the consideration of His Excellency the Governor General's Speech at the opening of the session.

Hon. BREWER ROBINSON moved:

That the following Address be presented to His Excellency the Governor General to offer the humble thanks of this House to His Excellency for the gracious Speech which he has been pleased to make to both Houses of Parliament, namely:

To His Excellency Major-General the Right Honourable the Earl of Athlone, Knight of the Most Noble Order of the Garter, a Member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Honourable Order of the Bath, Grand Master of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of the Royal Victorian Order, Companion of the Distinguished Service Order, one of His Majesty's Personal Aides-de-Camps, Governor General and Commander-in-Chief of the Dominion of Canada.

May it please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the Senate of Canada, in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

He said: Honourable senators, I deeply appreciate the honour of having my name associated with this motion, and the opportunity to offer my sincere thanks to the honourable Leader of the Government in the Senate. I feel that the honour which has been conferred on me has probably been given in well-deserved recognition of those in the Navy, the Army and the Air Force whom we of the Canadian Legion War Services, and other organizations of the auxiliary services, have had the privilege of serving overseas in this war, and of my old comrades of the last war. Also I believe it is a tribute to my native province of Prince Edward Island, whose record of enlistments in the services, and of victory loan subscriptions, has been something of which our province has just reason to be proud.

May I extend to you, Mr. Speaker, my congratulations upon your appointment to the honourable position which you now occupy. With your many years of experience in public life and your long experience as a member of the Senate, I am confident that you will preside over the Senate with honour and distinction.

I should also like to extend my congratulations to the honourable Senator from Shelburne (Hon. Mr. Robertson) upon his appointment as Leader of the Government in the Senate.

Speaking here for the first time, while deeply conscious of the honour conferred on me, the difficulty of the task is such that I would have turned from it had I not felt I could depend upon the generosity and indulgence of those of greater experience who listen to my modest remarks.

First, may I state how much I appreciate the honour of being a member of the Senate of Canada, and may I express my gratitude for the friendly welcome extended to the new members of the Senate.

As we assemble at this, the opening session of the Twentieth Parliament of Canada, immediately following the victorious conclusion of the war—for which we give our humble thanks to Divine Providence—I feel that the problems now facing us are equally as serious as those which confronted the special session of Parliament which was called when war was declared. The great question then was the winning of the war, and I am sure that every Canadian is proud of Canada's contribution towards bringing about the final and complete downfall of the aggressors. Through Divine Guidance and much sacrifice we have reached that goal. Now we and those nations associated with us are face to face with other problems; but if we apply ourselves to the solving of these problems as energetically and effectively as we applied ourselves to the winning of the war, we shall not fail in the all important task of achieving a complete and lasting peace. It is certain that in this task the policies forecast in the Speech from the Throne will constitute a valuable nucleus around which to formulate a programme which will enable Canada to play her full part.

There are one or two subjects mentioned in the Speech from the Throne upon which I should like to say a few words. The first is the Government's announced project for the beautification of Ottawa and the surrounding district as a National Memorial to those who served and died in the war just ended. I believe I am justified in saying that many cities, towns and villages in Canada should have more parks and open spaces, and nothing could be more appropriate than memorials of this nature, which time cannot destroy. While in England I was asked what I should remember longest about London, and I answered without hesitation, "It's many parks with all their natural beauty."

Secondly, as one who has always been proud to be a Canadian, I certainly approve of Canada having a distinctive national flag. The need was never more in evidence than during the years of the war, when every other nation of the Commonwealth proudly displayed a distinctive official national flag.

I also feel that the time has come when legislation should be enacted to give legal status to Canadian nationality. This is all the more fitting and proper since, as a result of the wise leadership of our Prime Minister at the San Francisco Conference, Canada has emerged as a leader of the middle powers of the world.

The re-establishment in civilian life of the veterans of the war is perhaps the Government's most immediate responsibility. This task has been made even more urgent by the sudden termination of the conflict with Japan. However, as a result of the vision and foresight of the Government of the Right Honourable Mackenzie King, legislation already has been enacted and has received the almost unanimous approval of the veterans themselves. These enactments have been studied and discussed wherever veterans got together, and I have yet to meet one of them who would offer one word of criticism, even of a constructive nature. The problem is to get our boys home, and to place them either in employment or in a position to prepare themselves for employment as speedily as possible. Veterans realize, better than Canadians who have not been away from home, the excellence of Canada's price control regulations and how much they mean to all of us.

In closing may I say it is my opinion that to be good Canadians we must know one another and be conversant with one another's needs; ever ready and anxious to co-operate or to compromise, if necessary, in order successfully to solve our problems and retain our national unity.

Hon. VINCENT DUPUIS (Translation): Honourable senators, I wish at the outset to express my deep gratitude to the Government for having deigned to elevate me to the dignity of member of the highest tribunal in this country, and at the same time entrust me with the task, which is both most honourable and often perilous, of seconding the Address in reply to the Speech from the Throne.

I dare hope that you will not judge me too harshly if, on account of my deficiency, I do not prove equal to the delicate task I have to perform. However, you may be sure of my sincerity and my impartiality.

In taking my seat for the first time in this august assembly, my thoughts naturally go to my family.

If my humble father and my beloved mother were still living, they, who saw me go forth on the King's highway and begin the struggle for life at the age of thirteen, would no doubt be pleased and proud of the success achieved by their twelfth son. I could then express to them my deep gratitude and assure them that this success is due in large part to the lessons in courage and rectitude which they gave me through their advice and their examples.

Because I deeply feel the truth of what I have just said, I wish you to believe that I shall never be arrogant or unyielding with anyone, for I have always kept in my memory the words of a ballad my father taught me when I was young, in which a father gives wise advice to his child. He says to him among other things:

Too soon the years, disappointment and care,
Will come to furrow thy brow so fair.
Thy deeds may be writ in history's pages,
A pattern of glory for all future ages;
But bliss is not found in glory alone,
And he who lives happy lives often unknown.

Kindly forgive me if, for a moment, I have given way to the expression of personal feelings.

I should now like to offer my most heartfelt congratulations to the distinguished senator for Kootenay East (Hon. Mr. King) on his nomination as Speaker of this House. His long experience in public life in his province and in the dominion sphere, the high functions he has fulfilled with dignity, and latterly the supremely difficult task of leader of the Senate which he has discharged with perfect tactfulness and ability, lead us to anticipate that he will achieve comparatively easy success. He will thus follow the high traditions which his predecessors in the Chair have ever maintained, and among the latter I do not forget his immediate predecessor the honourable senator for Lorimier (Hon. Mr. Vien).

I also have the pleasant duty of tendering my sincere congratulations and my best wishes of success to the honourable senator for Shelburne (Hon. Mr. Robertson) on his recent nomination as leader of this House. The sound judgment and the talent with which he performed his numerous duties both in business and in politics are a guarantee of the success he will undoubtedly achieve, as the Government's representative in this Chamber.

It is comforting that parliamentary usage allows me to pay a tribute of esteem and respect to the memory of my immediate predecessor as representative of the senatorial district of Rigaud, Honourable Arthur Sauvé. Experienced journalist, occasional writer, career politician, leader of his party in the Quebec legislature for several years, minister in the federal Cabinet, then senator, always imperturbably good-natured, Honourable Arthur Sauvé has left too deep an impression on the public life of his country for his fellow citizens and particularly his political friends to remember him with anything but the kindest thoughts.

Honourable gentlemen, as I speak, the world has barely emerged from the most dreadful conflict ever witnessed by man. In the countries directly affected by the war, we find nothing but ruin and havoc; famine and misery are rampant everywhere. Without the charitable help of the Americas, who knows if Europe, gripped by plague, might not for a while disintegrate into a vast expanse of desert where even the raven might not find its prey. When we recall that the world was engulfed in this calamity by the freakish will of but a few men, it is easily understood why humanity loathes dictatorships under whatever name or form they may occur. Thank Heaven our country was spared that scourge. Many of our families, however, mourn the loss of sons who died on the field of honour; many of our fighting men will return crippled and wounded, while countless others will come back home weakened by their long captivity in enemy camps, where they suffered from malnutrition and other hardships. To each one of them, we owe an imperishable debt of gratitude, for it is thanks to them that we still enjoy freedom, tranquillity and peace.

It is therefore our bounden duty to show ourselves worthy of their sacrifice. None of us, whoever we may be, must spare any effort, shrink at any hardship, to bestow on the survivors the opportunity of enjoying a better and happier life. It is therefore reassuring to find that the Government intends not only to promote peacetime initiative, but that during previous sessions it planned the needed steps by appropriate legislation. In order that the various projects might prove effective, it was essential, first of all, to ensure the maintenance of peace based on principles of justice and the respect of the individual. Jointly with the other United Nations, our Government, represented at the San Francisco Conference by a worthy delegation, took the necessary steps to attain that end.

It also invited the provincial governments to attend a conference, and submitted to them plans for organizing employment, equitably levying national income, and putting into effect a social security programme. I know that in trying to carry out this item of their platform, the members of the federal Cabinet will ever remember that they must respect the rights of the provinces and minorities.

I was delighted to see the Government propost the gradual repeal of war restrictions, while ensuring the control of inflation. I feel convinced, however, that, as soon as circumstances permit, Canadians will be able to exercise their rights freely.

Hon Mr. DUPUIS.

(Text): Honourable senators know that I am now discussing that clause of the Speech from the Throne which states "that it is the intention of the Government to abolish war restrictions . . . without occasioning inflation or other economic disturbances." I am very hopeful that this will be approved by every honourable member, because the liberty of the citizen should be restored as soon as possible.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. DUPUIS: I am firmly convinced that this Government will not fail in its duty towards that end, and that each and every one of us will always have present in our minds the wise advice which Lord Macaulay gave, more than one hundred years ago, to British parliamentarians and government officials. Here is what he said:

> Our rulers will best promote the improvement of the people by strictly confining themselves to their own legitimate duties—by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment—by maintaining peace, by defending property, by diminishing the price of law and by observing strict economy in every department of the state. Let the Government do this; the people will assuredly do the rest.

In the short time at my disposal, it is not possible for me to make a proper analysis of all the items contained in the Speech from the Throne. However, among the measures which will be submitted to Parliament, none is more important nationally, in my opinion, than the adoption of a distinctive flag. Indeed, a flag is a tangible sign which symbolizes the soul and the aspirations of a people. The soul of a nation, overflowing with hope, manifests itself in the actions of each one of us, and notwithstanding the diversity of our origins, our aspirations converge towards a common ideal: from Prince Edward Island to the island of Vancouver, every Canadian without exception, filled with justifiable national pride, wishes to gain for his country a reputation which would give it a foremost place among the nations of the world. It is therefore imperative that such aspirations, such pride, such national reputation should be symbolized by an outward sign. This sign and this emblem are lacking. Heretofore all kinds of flags have been flown: the Anglo-Saxons flew the Union Jack; the Irish, the golden harp on green background; Canadians of French descent, the Tricolour or the fleur-de-lis banner. Unfortunately, all these emblems tend to divide us instead of to unite us. They do not symbolize the common ideal of all Canadians. Praise be to our legislators! At last we shall have our own flag.

Those economists who claim that Canada, due to its topography, is destined to be engulfed in the great American maelstrom, have never reckoned with the philosophy of history or the potential value of the human element. Is it not a fact that the greatest empires originated in small towns, such as Athens and Rome of old, or in small countries such as England and Japan in modern times? We know that the secret of the greatness of those empires lies principally in the initiative, the wisdom and the dynamic quality of their people. We have therefore some justification for having an unshakeable faith in the future of Canada. And if Canada is to survive, she needs her own flag.

Since I am from Quebec, I may be allowed to state, without false pride, that the people of my province are as determined as any to see that no other province outdistances them on the road to progress and in the development of our common country.

I should like to convince honourable senators, who so nobly represent the other parts of Canada that the people of Quebec are not inspired by any sensitive and meddlesome egotism but rather by a commendable spirit of emulation. Their only ambition is to secure their just share of prosperity and freedom in this land of ours. Do not therefore, be so rash as to judge them on appearances alone. You need not fear that my remarks on this subject will follow the pattern of a speech delivered by a certain peasant of the Danube region to the Roman Senate, under the reign of Marcus Aurelius. However I would point out to you that if only a small number of people from my province occupy key positions in the public service and industry, it is not due to any incompetency on their part. We must look elsewhere to find the cause. I feel that were we to make an inventory in Canada of our experts in science, literature and art, Quebec would be in a position to say with Father Mauray, who said, when asked what he thought of himself: "When I judge, not much; but when I compare, a great deal."

Therefore, I say to the other provinces: When you look at Quebec, your elder sister, please do so, with the naked eye, and you will find her kind and sympathetic, and her faults will appear to you as just average and perfectly bearable. If, on the contrary, you persist in using a magnifying glass to hunt for the mote in her eye, she will feel aggrieved and will be tempted to hold aloof.

I should be quite surprised if she retorted by requesting you to remove first the beam from your own eye, because she is naturally charitable. Motherless since her early childhood, brought up in adversity, she has shaped for herself a character of patience, tolerance and tenacity, and now that the great Canadian family has reached its maturity, she is quite willing to play the part of eldest daughter who cannot be dispensed with by the other provinces without injury to themselves.

On her part, the province of Quebec is fully conscious of the importance of her sister-provinces. We are well aware that, from a material and cultural standpoint, the provinces complement each other and form an inseparable entity, of which the new flag will be the sublime emblem. Under that flag, every Canadian will be happy to live and in its defence he will ever be willing and proud to give his life.

Before I conclude my remarks, may I say that it is fitting and proper that we should give thanks to Divine Providence for having granted us victory over the forces of evil; and we Canadians—those of us who can rise above political considerations—owe the Creator a particular gratitude for having, through the people's will, "vox populi, vox Dei," placed and maintained in the leadership of this country a true statesman. Through his courage, his prudence and his insight he has succeeded in overcoming difficulties, obstacles and pitfalls both within and without. He was able to surround himself with men of unquestioned ability and bring the ship of state safely to port despite gales and storms. We are confident that, with the help of the men of good will who form the vast majority of honourable members of the present parliament, inspired as they are by the vision of better times to come, he will succeed in solving the difficult post-war problems. Thus our country will march unimpeded towards its ultimate destiny.

Honourable senators, I have the honour to second the motion so eloquently moved by the honourable representative for Summerside (Hon. Mr. Robinson).

On motion of Hon. Mr. Haig, the debate was adjourned.

HON. SENATOR DAVIES

INQUIRY

Hon. Mr. HAIG: Honourable members, I notice that during the recess one of our colleagues received the very high honour of appointment as High Sheriff of Montgomeryshire, and with permission of the House I should like to ask him a question. As sheriff, can he let people out of jail whenever he wishes? The honourable gentleman from Kingston (Hon. Mr. Davies) might answer.

Hon. Mr. DAVIES: I may tell the honourable gentleman that I have just been over there making arrangements so that any senator who commits a felony in my jurisdiction will not even be prosecuted.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, September 12, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SENATE STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION

Hon. A. B. COPP, Chairman of the Committee of Selection, presented and moved concurrence in the following report:

Wednesday, 12th September, 1945.

The Committee of Selection appointed to nominate Senators to serve on the several Standing Committees for the present Session, have the honour to report herewith the following list of Senators selected by them to serve on each of the following Standing Committees, namely:

Joint Committee on the Library

The Honourable the Speaker, the Honourable Senators Aseltine, Aylesworth (Sir Allen), Beaubien (Montarville), Bench, Blais, Chapais (Sir Thomas), David, Fallis, Gershaw, Gouin, Jones, Lambert, Leger, MacLennan, McDonald (Kings, N.S.), and Wilson.—17.

Joint Committee on Printing

The Honourable Senators Beaubien (St. Jean Baptiste), Blais, Chapais (Sir Thomas), Davies, Dennis, Donnelly, Euler, Fallis, Foster, Green, Harmer, Lacasse, Macdonald (Cardigan), McDonald (Shediac), Moraud, Mullins, Nicol, St. Père, Sinclair, Stevenson and White.—21.

Joint Committee on the Restaurant

The Honourable the Speaker, the Honourable Senators Beaubien (Montarville), Fallis, Haig, Hardy, Howard and McLean.—7.

Standing Orders

The Honourable Senators Beaubien (St. Jean Baptiste), Bishop, Buchanan, Duff, DuTremblay, Hayden, Jones, St. Père and White.—9.

Banking and Commerce

The Honourable Senators Aylesworth (Sir Allen), Ballantyne, Barnard, Beaubien (Montarville), Beauregard, Buchanan, Campbell, Copp, Crerar, David, Donnelly, DuTremblay, Euler, Fallis, Farris, Foster, Gouin, Haig, Hardy, Hayden, Howard, Hugessen, Jones, Lambert, Leger, Macdonald (Cardigan), Marcotte, McGuire, McRae Michener, Molloy, Moraud, Murdock, Paterson, Quinn, Raymond, Riley, Robertson, Sinclair, Tanner, White and Wilson.—42.

Railways, Telegraphs and Harbours

The Honourable Senators Ballantyne, Barnard, Beaubien (Montarville), Bench, Blais, Bourque, Calder, Copp, Daigle, Dennis, Dessureault, Duff, Duffus, Fafard, Farris, Gouin, Green, Hardy, Harmer, Hayden, Horner, Hugessen, Hushion, Johnston, Jones, Kinley, Lacasse, Lambert, Leger, Lesage, MacLennan, Marcotte, Marshall, McDonald (Shediac), McGeer, McGuire, McRae, Michener, Molloy, Moraud, Murdock, Paterson, Quinn, Raymond, Robicheau, Robertson, Sinclair, Stevenson, Sutherland and Veniot.—50.

Miscellaneous Private Bills

The Honourable Senators Aylesworth (Sir Allen), Barnard, Beaubien (St. Jean Baptiste), Beauregard, David, Duff, Duffus, Dupuis, Euler, Fafard, Fallis, Farris, Harmer, Hayden, Howard, Howden, Hugessen, Hushion, Lambert, Leger, Marshall, McRae, Mullins, Quinn and Tanner.—25.

Internal Economy and Contingent Accounts

The Honourable Senators Aseltine, Ballantyne, Beaubien (St. Jean Baptiste), Campbell, Chapais (Sir Thomas), Copp, Fafard, Fallis, Foster, Gouin, Haig, Hayden, Howard, King (Speaker), Lambert, MacLennan, Marcotte, McRae, Michener, Moraud, Murdock, Quinn, Robertson, Vien and White.—25.

External Relations

The Honourable Senators Aylesworth (Sir Allen), Beaubien (Montarville), Beaubien (St. Jean Baptiste), Bench, Buchanan, Calder, Chapais (Sir Thomas), Copp, Crerar, David, Donnelly, Fafard, Farris, Gouin, Hardy, Hayden, Hugessen, Lambert, Leger, McGuire, McIntyre, McRae, Robertson, Tanner and White.—25.

Finance

The Honourable Senators Aseltine, Ballantyne, Beaubien (Montarville), Beauregard, Bouchard, Buchanan, Burchill, Calder, Copp, Davies, Duff, DuTremblay, Fafard, Farris, Foster, Haig, Hayden, Howard, Hugessen, Hushion, Johnston, Lacasse, Lambert, Leger, McIntyre, McRae, Michener, Moraud, Paterson, Pirie, Robertson, Robicheau, Sinclair, Vaillancourt and White.—35.

Tourist Traffic

The Honourable Senators Buchanan, Davies, Dennis, Duffus, DuTremblay, Foster, Green, Horner, Marshall, Murdock, Paquet and St. Père.—12.

Debates and Reporting

The Honourable Senators Aseltine, Beauregard, Bishop, Chapais (Sir Thomas), Du Tremblay, Fallis, Ferland, Lacasse and St. Père.—9.

Divorce

The Honourable Senators Aseltine, Copp, Euler, Gershaw, Haig, Howard, Sinclair, Stevenson and Taylor.—9.

Agriculture and Forestry

The Honourable Senators Donnelly, Marshall, McDonald (Kings, N.S.), Raymond, Riley, Sinclair, Smith, Stevenson and Sutherland.—9.

Immigration and Labour

The Honourable Senators Blais, Bourque, Calder, Donnelly, Hushion, McDonald (Shediac), Molloy, Murdock and Roebuck.—9.

Commerce and Trade Relations of Canada

The Honourable Senators Euler, Gouin, Haig, MacDonald (Cardigan), MacLennan, Moraud, Paterson, Riley and Robicheau.—9.

Public Health and Inspection of Foods

The Honourable Senators Blais, Bourque, Howden, Hurtubise, Lacasse, Leger, Molloy, Paquet and Wilson.—9.

Civil Service Administration

The Honourable Senators Copp, Fafard, Gouin, Marcotte, McGeer, McRae, Quinn, Robinson and Wilson.—9.

Public Buildings and Grounds

The Honourable Senators Dessureault, Fallis, Harmer, Lambert, McGuire, Paterson, Sinclair, Smith and Wilson.—9.

All which is respectfully submitted.

A. B. Copp,
Chairman.

The motion was agreed to, and the report was concurred in.

JOINT COMMITTEE ON THE LIBRARY

Hon. Mr. ROBERTSON moved that a message be sent to the House of Commons by one of the Clerks at the Table, to inform that House that honourable senators, as named in the report of the Committee of Selection, have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a Joint Committee of both Houses on the said Library.

The motion was agreed to.

JOINT COMMITTEE ON PRINTING

Hon. Mr. ROBERTSON moved that a message be sent to the House of Commons by one of the Clerks at the Table, to inform that House that honourable senators, as named in the report of the Committee of Selection, have been appointed a committee to superintend the printing of the Senate during the present session, and to act on behalf of the Senate as members of a Joint Committee of both Houses on the subject of the printing of Parliament.

The motion was agreed to.

JOINT COMMITTEE ON THE RESTAURANT

Hon. Mr. ROBERTSON moved that a message be sent to the House of Commons by one of the Clerks at the Table, to inform that House that honourable senators, as named in the report of the Committee of Selection, have been appointed a committee to assist the Honourable the Speaker in the direction of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a Joint Committee of both Houses on the said Restaurant.

HON. SENATOR BALLANTYNE

TRIBUTES ON HIS RETIREMENT AS CONSERVATIVE LEADER IN THE SENATE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, it is with mixed feelings that I desire to refer to information that has reached me regarding the change in leadership of the other side of the House, which change is now indicated by a rearrangement in the seating opposite. I am sure that every honourable member on this side shares with me the keenest regret that the honourable senator from Alma (Hon. Mr. Ballantyne), who for so long has so well carried out the duties of leader, feels it necessary to resign from that very important position. I think, honourable senators, that the official record of his age is belied by his youthful countenance and youthful spirit.

Som Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: For my part, as a junior senator, I have always had the pleasantest possible relations with him. I have experienced at his hands, as have so many others in this House, numerous courtesies. I have the greatest respect for his judgment—a judgment derived from long and intimate association with public affairs. To me it is a matter of the keenest regret that he has felt it necessary to offer his resignation as leader of his party in this Chamber.

A compensating feature, however, is that the members on the other side have seen fit to elect as their leader the honourable senator from Winnipeg (Honourable Mr. Haig), who at the moment graces the chair vacated by the honourable gentleman from Alma (Honourable Mr. Ballantyne). With him, too, I have had the pleasantest relations, which I hope will continue. I am sure that I express on behalf of members on this side of the House our desire to co-operate with him in every way we can and to have a continuation of the cordial relations which we have had with his predecessor.

Hon. JOHN T. HAIG: Honourable Senators, my first words to the leader of the Government and, through him, to the members on his side of the House, are: Thanks for those very kind sentiments. We on this side take place second to none in our very high regard for the honourable gentleman who has been our leader for the last five years. We sought his advice on every occasion, and we always benefited by his sound judgment. We very much regret that he has resigned as our leader. Not only to-day, but for several weeks past, every one of us urged him to reconsider his decision, but he said he felt it his duty to withdraw from the office, and with very great regret we accepted his resignation.

As for myself, I am afraid that I shall not be able to carry on the high traditions of those who have graced this chair since I entered the House some ten years ago, but I shall always remember the line of succession and try to live up to it. To the leader of the Government and to all the members on his side I may say that I will give to this House the best service I can—always bearing in mind that we do ourselves a service when we serve others.

Some Hon. SENATORS: Hear, hear.

Hon. C. C. BALLANTYNE: Thank you very much, indeed. I greatly appreciate the altogether too kind reference the honourable leader has made in regard to my resignation. However, I am fully compensated not only by his kind words but by the fine reception that has been accorded to me, and the splendid cordiality that has always prevailed between both sides of the House during my term of office.

After long consideration I have felt it my duty to resign, because I believe the interests of our party can be better served by a younger man. I am pleased to say that I am in very excellent health, but I must not forget my years. I have had a long and happy career in both Houses of Parliament, and I am fully convinced that the time has arrived when a young, energetic leader, like my friend who sits on my right, should take my place. I am satisfied that the party will not suffer in the least, but on the contrary will be very much better served.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON.

WAR EXPENDITURE AND DEMOBILIZATION APPROPRIATION BILL No. 1

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 3, an Act for granting to His Majesty aid for national defence and demobilization.

He said: Honourable senators, the purpose of this bill is to provide interim supply of that part of the expenditure of the Government which in the past was incorporated in war expenditures, and which now is referred to as war expenditure and demobilization appropriation.

For the information of honourable senators I would point out that during the year 1944-45 the total estimates on this account were $3,650,000,000, to which was added a further $800,000,000, or in all $4,450,000,000. For the year 1945-46 the appropriation is more or less in two stages. Last session a special appropriation of $2,000,000,000 was made on this account and was granted. An additional sum of $1,365,000,000 is now contemplated for the period from September 1 to March 31, 1946. The comparative totals would then be $4,450,000,000, for the year 1944-45, and $3,365,000,000 for 1945-46, this figure being made up of the $2,000,000,000 voted last session and the $1,365,000,000 which will be asked for this session.

Hon. Mr. LEGER: This is only a partial bill then?

Hon. Mr. ROBERTSON. Yes. The sum contemplated in this interim bill is $400,000,000, being approximately two months' requirement.

You will note in reference to the expenditures of last year that Mutual Aid was shown separately; in the $2,000,000,000 voted last session there was included a certain proportion of Mutual Aid. I am informed that Mutual Aid has now ceased, and that in the total amount of $1,365,000,000 which will be asked for, of which $400,000,000 is for immediate requirements, there is no item included for Mutual Aid.

Needless to say, honourable senators, if you see fit to approve of this request, every facility will be afforded you to secure all possible information on the figures referred to when, in due course, the main supply bill comes before you. This is a request for $400,000,000 out of the total of $1,365,000,000 which will be asked for this session.

Hon. Mr. F. QUINN: We may expect, then, that the balance of $965,000,000 will be asked for before this present session is over.

Hon. Mr. ROBERTSON: Yes.

Hon. JOHN T. HAIG: Honourable members, as I understood the leader, this will not in any way prejudice future discussion of the estimates when they come before us. This is simply an interim vote covering demobilization.

In that connection I just want to say one word, and I hope it reaches the ear of the Minister of Finance. There is one place where that gentleman can make a saving, which will permit him to cut the corporation and income taxes in this country. As soon as the war psychology of official Ottawa disappears the better for the taxpayer of this country. In what I say I am not placing all the blame on the Government. They have to rely on advisers, and just how much they are responsible for and how much the other people are responsible for is a matter on which I am not clear.

Hon. Mr. EULER: What do you mean by "official Ottawa"?

Hon. Mr. HAIG: All the officials in all the departments, and the advisers to the Government. My honourable friend from Waterloo (Hon. Mr. Euler) was a very efficient administrator, but I imagine that in many matters he had to depend a good deal on deputies. Under the various war measures we have a whole host of officials. Unfortunately, they are not all concentrated in Ottawa; a few have strayed out to the city of Winnipeg, and to Vancouver, Regina and other places—and believe me, they are some officials!

An Hon. SENATOR: They spend money.

Hon. Mr. HAIG: They are some officials! They do not have to fight the people to justify what they have done. You can deal with a man or woman who is elected, or one who is appointed on his responsibility to a chamber such as this; but it is very difficult to nail down the official who has done a particular job.

Whether the Government is considering it or not, I know that the people of this country are expecting a cut in taxes.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: There is no doubt about it. They are expecting it, no matter what anybody may say. The Government may get away without cutting taxes for a year or two, but it cannot do it for long. As I say, there is one place where the Government can reduce expenditure without curtailing efficiency. I am sure that if I were holding a government job and knew that some day the job would disappear, I might go—but I don't believe I would—and urge the Minister to do away with my job. No, I don't believe I would; but the Minister has got to do it. The Leader of this House, who is a member of the Government, has got to do it.

That is the only suggestion I have to make about this estimate. The sooner you get rid of the necessity for it the better. I quite admit that soldiers are coming back and that they must have their gratuities; I quite admit the necessity for demobilization; but, for the life of me, I cannot understand why a very large staff is still carrying on to-day. I can see very little difference since May 8, the date on which the war with Germany was successfully terminated.

Hon. Mr. ROBERTSON: I should like to assure the honourable senator that every facility will be provided for inquiry and discussion when the main legislation in this connection comes before us. I should like to go even further, if possible, and make arrangements for consideration before it actually reaches us in its official form, so that honourable senators may have every opportunity of securing whatever information they require.

I would move the second reading of the Bill.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the House, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

APPROPRIATION BILL No. 3

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 4, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

He said: Honourable senators, this is the third interim supply bill to cover general expenditures for the public service of the present financial year. The total estimates for the year are one billion and twenty-two million dollars. Of that amount approximately five-twelfths were voted at the last session, to cover the months of April to August inclusive. The moneys so provided were exhausted at the end of August, and this bill proposes that a further one-twelfth, or one month's additional supply, shall be immediately forthcoming in order to carry on the business of the country. The amount to be

voted by the bill is $29,769,999.11, which is not mathematically one-twelfth of the total of something more than one billion dollars. The explanation, apparently, is that certain payments included in the one billion dollars are statutory and do not have to be voted. The amount provided by the bill is approximately one-twelfth of the part of the one billion dollars that has to be voted. It does not include any portion of whatever supplementary estimates there may be.

Hon. Mr. LEGER: There will be the same reservation here as there was on the other Bill?

Hon. Mr. ROBERTSON: That is correct.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall this Bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m. for the purpose of giving the Royal Assent to certain bills.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Robinson for an Address in reply thereto.

Hon. JOHN T. HAIG: Honourable senators, allow me first to congratulate the mover (Hon. Mr. Robinson) and the seconder (Hon. Mr. Dupuis) of the Address in reply to the Speech from the Throne. I have already congratulated His Honour the Speaker upon his elevation to the position of presiding officer of this Chamber. I also took advantage on Thursday last of the opportunity to welcome the newly-appointed members of the Senate.

My first word—and I know all honourable members will join me in this—is in appreciation of the work of our soldiers, sailors, airmen and members of the merchant marine in helping to bring to a successful conclusion the greatest war in history.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. HAIG: We have paid a high price in helping to achieve victory. I am referring to price in terms not of money, but of the lost lives and broken bodies of many of our young men and young women. Down through the ages history will record the valorous deeds of these men and women that have made possible the holding of such a meeting as this here today, and of other such meetings in the democratic countries of the world. Prior to the last war, when one read of the valour of men and women of bygone times one often wondered whether, if the necessity arose, the same courage and bravery would be shown by modern people. Well, the war came, and the world witnessed deeds of heroism equal to any recorded in history. Many of us thought then that perhaps there never again would be another war of such great proportions; but only twenty-one years after its close there began the even greater conflict which has just ended, and I am sure all honourable members will agree with me that the deeds of heroism in this war were unsurpassed by those of its predecessor.

I also want to congratulate the farmers, fishermen, lumbermen, the people in industry and transportation, and the ordinary men and women of this country upon the way in which they stood up to this struggle during six years. In that respect Canada need take second place to no nation in the world. When we met in this Chamber on the 9th of September, 1939, and voted to go to war against Germany we knew—for the memory of the last war was fresh in our minds—that we were taking a fateful decision, not only for the young men and women who would be required to serve in the armed forces but for all the people of our country. It has been deeply impressed upon us what a struggle it was to the people back home.

I congratulate the Government on their war effort. Many things that we suggested would, I think have been an improvement on their policy; but I will concede that any mistakes they made may be attributed to the head rather than to the heart, for I believe they were just as anxious as the rest of us that Canada's war effort should be not only truly national in scope but also indicative of a united people. I did hope that we would have,

maybe not a union government, but at least a government representing all parties. However the government of the day did not deem this feasible and they carried on as a party government. I want to congratulate them on giving the country fine leadership. True, as I said before, I think they made some mistakes; but there is this compensation, the coming generation should benefit by those mistakes.

We shall in a few days be asked to confirm the United Nations charter which issued from the San Francisco conference. One of our colleagues on this side, whom I respect very much, said to me just the other day something which I want to repeat now for the benefit of honourable members. It is this: The education of our youth in the next fifty years, not any charter agreed to at San Francisco or any place else, will determine whether we are to have another war. True, such a charter is a guide and shows a disposition on the part of the nations of the world to preserve peace; but unless we and our sons and daughters can pass on to future generations what war really means, and that national differences can and should be settled by arbitration, in maybe fifty years, certainly a hundred years hence, the world again will have to undergo all the horrors of war. The development of weapons of destruction during the past five or six years shows what a frightful thing war is, and further developments along this line will make future wars so devastating as to imperil our very civilization.

Only recently a young airman told me what radar meant to the crew of a bomber, how greatly it increased the effectiveness of air raids. Radar was hardly known before the war; today it is fully developed, and undoubtedly it contributed largely to the victory of the allied nations. As we all know, the latest engine of destruction is the atomic bomb. I do not think the use of the atomic bomb on two Japanese cities brought about Japan's surrender—we know now that even before its use the Japanese government had set on foot negotiations for surrender—but unquestionably it convinced the Mikado and his advisers that it was hopeless to continue the struggle.

When on September 9, 1939, the Parliament of Canada voted in favour of a declaration of war against Germany every member knew exactly what he or she was doing. I doubt whether that could be said of the members of the Parliament of Canada in 1914 when they voted to go to war. In saying this I am not questioning their ability for a moment, but they had had no experience of what modern war means. The first Great War gave us that experience. Members of Parliament and the public were torn with anxiety in 1940 as through the dark days of May, June, July, August and September they watched the German forces march across Europe. So great was the strain that one could not sleep. That is all—one just could not sleep. I do not know why the British got away from Dunkirk, why Hitler did not try to cross the channel, why he turned on Russia; I do not know why Japan attacked Pearl Harbour and brought the American people unitedly into the war—but probably all these happenings meant our salvation. I believe every part of Canada was whole-heartedly in the war. Some persons did not agree with us on certain policies. We think they were wrong; maybe they think they were right. Our people knew we were in for a desperate struggle, and this House, to its credit, voted unanimously for Canada's participation in the war. There was not even a dissenting whisper from any quarter of this Chamber.

Now, the problems of peace are much more difficult than the problems of war.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. HAIG: While war is on and your boys are at the front you are willing to do anything in order to further the war effort, because failure to do so may mean your boy's life. But in peace time there is no such incentive, and you settle back and forget those critical days.

Now the war is over, and we are facing the difficult problems of peace. In my judgment too many people have been going up and down the country picturing a great and glorious new world. There has been so much of this airy talk that today too many people are unwilling to face realities. With the devastation and disruption of the Orient and the great continent of Europe, we cannot escape repercussions on this continent. What are we facing today? A request by Great Britain to give her money so she can carry on, and the cold, hard fact that, whether we like it or not, if we do not help her to carry on we shall lose our best customer. For generations our merchants throughout the country have had to help their customers through hard times. A farmer is in difficulties because of crop failure or cattle losses. The merchant says to himself: "This man is an honest fellow, and I shall have to carry him until he gets on his feet again, or I shall have no outlet for my goods." We are in that position in regard to Great Britain. As a selfish individual, I do not like to give a billion dollars to some other country to carry on. Further, I do not

like the idea because it means the billion dollars must be raised by taxation. But the Old Country stood between us and a ruthless enemy, and if she had not done so I do not know what might have happened.

Churchill was right. His countrymen never lost heart throughout the intensive air raids of 1940 and 1941, when tens of thousands of civilians were killed or wounded, and the destruction of houses and factories was appalling. No matter how much we may dislike taxing our people in order to help Great Britain, we must give sympathetic consideration to whatever steps the Government may deem necessary to meet this problem.

Then the rehabilitation of our soldier, sailor and air personnel will be a difficult proposition. While our boys were on active service they did not have to think about where they were going to sleep or eat, or what clothes they should wear; all they had to do was the fighting. Now as thousands of them return to Canada we have to help them re-establish themselves in civil life. Money alone will not do it. There must be sympathetic consideration by those of us who did not go through their ordeals and privations.

The Government have advised us that in October they are going to ask for a war loan totalling $1,500,000,000. If the loan is to be a success the Government, in my judgment, have got to furnish fuller particulars than they have furnished up to date. It will be a very difficult loan to float; therefore I would ask that the Government give very much more detailed information, to satisfy not only the citizens who have money to lend, but people in this House and in the other House, so that they will clearly know what the purpose is.

The Minister of Finance can give us a full explanation of what the money is needed for, and he has got to do it. You cannot push the people around now as you could in war time and say "I want another $1,500,000,000." They must know why the money is needed and for what it is intended to use it.

Now, honourable members, I am going to talk about something that to some of you may seem a little out of line in a debate on an appropriation bill. I propose to advocate the single transferable vote, and to tell you why I think the single tranferable vote ought to be used in this country. Now, do not let anybody be confused by the two kinds of voting. One is the single transferable vote; the other is proportional representation. In the case of the single tranferable vote you are dealing with one constituency, and there might be one candidate, two candidates or any number up to ten. The man or woman who gets a majority of the total votes polled is elected. If nobody gets a majority on the first count, the last man is dropped, and the second choices are transferred, and so on until somebody is elected. That is the single transferable vote.

Under proportional representation there is a difference. It may be that four, eight, or ten members are to be elected for a single constituency. For instance, in the city of Winnipeg, ten members are to be elected. You divide the total number of votes cast by eleven, and add one. Only ten persons can be elected. However, I am not dealing with that phase at present. I am not sure that I believe in proportional representation. I do not think it is workable in a Dominion election. While you might use it in the cities you could not use it in the country. The constituencies would be all out of proportion, and the cities would be disfranchised. My honourable friends from Manitoba who sit opposite may not agree with me, but let me explain further.

At present there is an election on in Manitoba, and ten members are to be elected for Winnipeg. I predict that no party will have a majority of votes in that city. Some C.C.F.'s, some Liberals and some Progressive-Conservatives will be elected; there will also be some Independent Liberals and some Independents. These ten members will go into the Legislature and, because they cannot agree, lengthy discussions will take place as to what should be done. Therefore you virtually disfranchise the city, unless you have the same system for the country.

However, I am dealing to-day with the single transferable vote only. Permit me to say something about the recent federal election. I will take, for example, three provinces, Ontario, Manitoba and Saskatchewan. In Ontario 82 members were elected; 34 by a majority, and 48 by a minority vote. In Saskatchewan 21 members were elected; four by a majority—that is, each of these candidates got a majority over all—and 17 by a minority vote. In Manitoba 17 members were elected; two by a majority and 15 by a minority vote. This proposition would not apply to the province of Quebec nor to the Maritime Provinces. I venture to say, however, that it would apply to Alberta and to British Columbia. In Manitoba two candidates were elected by a majority. In Souris Mr. Ross had a clear majority over all, as Mr. Knowles did in Winnipeg North Centre. In Saskatchewan, Mr. Gardiner, Mr. Tucker, Mr. Coldwell and Mr. Burton each had a clear majority. Nobody else did, and in some instances the vote was very nearly split three ways. In Ontario, 23 Progressive Conservatives and 11 Liberals had a clear majority.

Now let me deal with some specific cases to show just what I mean. Take, for instance, Mr. Bracken, who had a good majority under the present system in Neepawa, Manitoba. He obtained 6,480 votes, about 1,900 more than the Liberal candidate, who got 4,568, and the C.C.F. candidate, who polled 2,986 votes. In other words, Mr. Bracken had 6,480 votes and his opponents 7,554. Yet on the surface it would appear that he had a big majority.

Let us go now to Selkirk, where a C.C.F. candidate was elected. We find that the C.C.F. candidate there polled 7,556 votes and his opponents 13,225 votes—nearly twice as many. The candidate who stood in second place was a Liberal, with 6,400 votes; the third was a Progressive Conservative, with 3,400 votes; the fourth was an Independent Liberal, with 2,000 votes, and the fifth a Social Crediter, with 1,300 votes. I do not know where those votes would have otherwise gone. I do not believe the Social Crediters would have voted for the C.C.F., or that the Independent Liberals would have voted for the C.C.F., but they might have. I am sure the Conservatives would not have voted for the C.C.F. Some of the votes die, but they do not all die.

In the Manitoba campaign and in coming campaigns we are going to be faced with three parties, the Liberal, the C.C.F. and the Progressive Conservative. The C.C.F. say, and I think they are correct, that their philosophy of government and life is absolutely opposed to that of the Liberal and Conservative parties. As a result, the voter first decides whether he is going to vote for the C.C.F. or one of the other parties; then he decides between those two parties.

Let me take another situation. Perhaps some of my honourable friends will be more interested in the constituency of Prince Albert than in Neepawa. In Prince Albert Mr. Bowerman polled 7,928 votes; the Prime Minister secured 7,799 votes; the Conservative candidate had 2,767, and the Social Credit candidate had 847. Bowerman was elected with about 8,000 votes; the total opposing vote was 11,400. Now if the Social Credit votes had been transferred, I do not know where they would have gone. I do not know where the Conservative votes would have gone, but I do not believe they would have gone to the C.C.F.

Now let us look at Lake Centre. Mr. Diefenbaker received 6,884 votes; the C.C.F. got 5,875; and the Liberals 3,812. In this situation I am persuaded that a large number of Liberals voted purposely for Diefenbaker to defeat the C.C.F. candidate.

Let us look at Qu'Appelle. Mrs. Strum received 6,146 votes; Mr. Perley had 5,400 votes; the Minister of Defence had practically 4,900. Now under the single transferable system where would those 4,900 votes have gone? From my knowledge of Saskatchewan I am certain that great numbers of them would have gone to Mr. Perley. The same situation prevails in Manitoba. We do not hear the C.C.F.'ers in Manitoba advocating the single transferable vote. In fact, in the Winnipeg Free Press to-day there is a letter criticizing that paper because it advocated the single transferable vote. It said: "You must want to keep down the under dog." No doubt the author was a C.C.F.'er and was afraid of the single transferable vote.

Now, honourable members, let me take a typical instance in the province of Ontario, that of the constituency of Wentworth. Mr. Lennard, a young man, got 15,458 votes; the Liberal candidate got 13,652; and the C.C.F. got 11,915. In other words, Mr. Lennard became the member for Wentworth with 15,500 votes, but he had opposed to him 25,500 votes. Here, again, it is not known what would have happened if the 11,900 C.C.F. votes had been transferred. But why not try the scheme? Someone may say to me, "Yes, Mr. Haig, but when I go in to vote. I vote for the Liberals. Why should I make a second choice and vote for the Conservatives? I don't believe in their policy." The only difficulty with that statement is this, that the voter does make a second choice for the Conservative.

I am sure most honourable senators have been at one time members of provincial legislatures, also members of the House of Commons. They know that many men and women, even in the same family, are divided in their political choice. They say they don't know whether to vote for this side or that side. The result is that one vote is cast for one side and a cancelling vote is cast for the other side. Under the system in Manitoba we find that votes are transferred.

Hon. Mr. CALDER: You don't have to transfer?

Hon. Mr. HAIG: No, you don't have to—this is a free country—but you do. I am thinking of the province of Manitoba, where 15 men are in office on a minority vote.

Hon. Mr. CALDER: Fifteen out of how many?

Hon. Mr. HAIG: Out of 17. In the province of Saskatchewan, 17 out of 21 are in by a minority vote. Even in Ontario, where

it appeared that the Liberals or Conservatives were making a clean sweep, there were still 48 members elected by a minority vote, and in some instances a very decided minority.

The only reason I bring this subject up is that I think this House ought to refer the problem to a committee. We are going to have to face it. No political bias would be brought into the matter at all. It makes no difference to me as a Conservative, or to you as a Liberal, or somebody else as a C.C.F.'er, if we believe in the fundamentals of democracy. The redeeming feature of the system I refer to is that it works. It also has a tendency to make for less bitter partisanship in politics than the present system. Take for instance the constituency of Neepawa. A division of the C.C.F. votes in that constituency, would have had a considerable bearing on whether the man or woman who represented it was a bitter partisan or one of a more independent frame of mind. I think the House could give real service on this proposition. Men or women would come voluntarily from different parts of Canada, to make representations to us as to what the effect of the proposed change would be, and I think we would be surprised at the unanimity that would come to us on this question.

So much, honourable members, for that problem.

Hon. A. K. HUGESSEN: Before leaving that subject, would the honourable senator be good enough to tell us whether or not that system is in operation in Manitoba?

Hon. Mr. HAIG: It has been in force since 1920.

Hon. Mr. HUGESSEN: How does it work?

Hon. Mr. HAIG: It works well. I have heard no objection to it by anybody. I sat in the Manitoba house for fifteen years and never heard an objection. I have heard objections to proportional representation in the city of Winnipeg. Perhaps I should not say this; but the objection one hears on the street corners is: "If we did not have proportional representation, that sucker Haig could never get elected." What they mean is this; one becomes well known to the public all over the city, and it is very hard to change him. However, that only relates to individuals within the party. The result of the system is that you get, within a small fraction, exactly the representation you are entitled to.

Honourable senators, the Government, whatever its composition may be, will sooner or later be compelled to give serious thought to this question. Otherwise we are going to have government by groups, minority government. We very nearly got that in the last election. Minority government is nothing to write home about. I repeat that this question is one that will have to be seriously considered.

Now I want to say a few words under the heading of our external problems. This country depends on its foreign trade. We do not produce all the goods we need for our own use. True, we are large producers of grain, cattle, meats, eggs, minerals, lumber and fish, but there are many things that we have to buy from other countries. During the last few years we have enjoyed a prosperous trade, especially with Great Britain and other parts of the empire. That trade is being challenged now; there is no doubt about it. We have got to develop trade with other parts of the world, and that is a difficult thing to do. The prosperity of my part of the country—of Manitoba, Saskatchewan and Alberta—depends on external trade. We do not like having to buy goods in a closed market and to sell them in an open market. Some scheme has to be worked out whereby our grain, our cattle and our hogs can be sold on the world market. The British people have been eating Canadian bacon for the last six years and may be eating it for the next two, but I am not one of those who believe that Denmark will be unable to resume the sale of bacon to Great Britain.

Hon. Mr. EULER: Denmark is selling to them now.

Hon. Mr. HAIG: I never thought we could retain the whole of that market. We have got to work out a policy for trading with Britain if this country is to prosper.

Next I want to touch on our internal problems. What are they? Well, our first internal problem is how to get rid of the wartime controls. I admit that at the present time we may need control over sugar. I say we may need that control; I am not well enough informed to know positively whether we do need it or not. Also we may need control over butter and some other things. But I say quite candidly that I do not believe we need control over meat. Throughout Canada there is a desire to get rid of these controls. In considering the problem of how to get rid of them we must listen, not to the controllers but to the men and women in Parliament, who are the best judges of what should be done. As every lawyer knows, the man who makes the best judge on the Bench is one who, in addition to his other qualifications, has a good deal of every-day practical experience. He makes the best judge because he knows human nature. Now, the members of Parliament know human nature; and by and large

—of course, I am now thinking particularly of the members of another place—they are pretty good fellows. They would not get elected unless they were.

One control that I want to say a word or two about is the rentals control. In 1941 when the Government established the rentals control throughout this country a good many people thought, as I do still, that it would mean putting one or two thousand dollars in the pocket of everyone who owned a house. And that is just what happened, for since then there has been virtually no building of houses for rent. In the West, and I presume in every other part of the country, no houses have been built except by private individuals for their own use. Everybody who understood the housing situation said: "The minute you put control on the rent of houses, people will stop building them for rent, and owners who are now renting will sell, so the very people you try to protect will be evicted." That is exactly what happened. Just lately an order was issued prohibiting the owner from evicting a tenant. That is putting one control on top of another.

Now the Government is building houses in Winnipeg and, I believe, in other cities, and as a result private builders are unable to get supplies. For instance, in Winnipeg seven hundred houses under construction by private individuals are standing uncompleted through lack of supplies, because these supplies are needed for the two hundred houses to be erected by the Government. I do not think the Government can make a success of housing. I expect to be still a member of the Senate when these Government-constructed houses in Winnipeg are condemned and classified as slum buildings. And the Government is putting up houses not only in the city itself but some seven miles north. An acre of land goes with each of these houses, which presumably are to be occupied by people who work in town. How can a man live that far from his work unless he has his own car? Houses are also being built by the Government west and south of Winnipeg. The money spent on these places and the materials used in them will be wasted. It would have been far better if the Government had encouraged people to build in the city.

In establishing a control why did the Government pick on the one form of wealth that the ordinary person uses more widely than any other? If I have bonds the Government does not prevent me from collecting my interest; but see how I am treated if I own a house that is rented. Suppose I had bought a house in 1930. For the first six years I may have got a rent of $11 a month. The taxes were $25 a month, but for rent I had to take either $11 or nothing. For the next five years, up to 1941, I was able to get, say, $30 a month. Then when the time came that I could have got $75 the rentals board said: "Oh, no. You were getting $30 a month in 1941 and you are stuck at that." That policy is wrong, honourable senators. It leads to just what has happened. All the restrictions that have been imposed have not resulted in the building of a single house in Manitoba, but they have stopped the building of many.

It is said that the returned man deserves proper housing. Of course he does; but it is my experience that the man who chooses his own house is likely to be much better satisfied with it than he would be with one twice as good that was chosen for him by the Government, even though the cost of the better house was no higher. One of the problems of firms who build houses is to anticipate the desire of purchasers. Let me give an illustration. In 1927 a contracting firm in Winnipeg bought a hundred lots as house sites. The firm's programme for that year ran into about $500,000. A woman would be taken to see a house—after all, it is usually the wife who exercises the choice in such a matter. She would say: "I do not like the view from here. If the house was on that lot over there, it would suit me fine." Well, the contractor would then arrange to duplicate the house on the desired lot, and take his chance of selling the existing house to someone else.

Another problem that this country faces is the providing of jobs. I agree with an editorial on this subject that appeared in the Ottawa Journal a few days ago. During the war men were earning six or seven dollars a day or more doing a job in a factory, in good healthful surroundings. The job was worth that at the time. As a friend of mine said the other day, when his company was making an airplane at a cost of approximately half a million dollars it did not matter much if the cost was increased by $50,000. If the airplane was in the right place at the right time it was worth a million. But once the war ended that was no longer true. We are now producing for peacetime consumption, and our commodities have to be sold on world markets. In order to be able to sell we must produce more cheaply than our competitors. If I have a factory in which every man makes one hundred articles a day, and a competitor's employees turn out a daily average of two hundred articles of the same kind, that competitor can undersell me. He can market his goods

when I cannot. That is fundamental. We all believe that every man and woman ought to have the opportunity of working at a job under the best conditions possible, but those conditions are to some degree controlled by world markets. I am not opposed to unions; I think they are a good thing. In a committee room the other day an honourable gentleman from Calgary was addressing a union meeting. He said: "You people think you are good unionists, but I belong to the oldest union in the world, a union that nobody has been able to break yet." He was a lawyer. As a lawyer I too say that I belong to the closest union in the world. We lawyers are guided by the tariffs of fees established by our various organizations. So I am not opposed to unionism.

During this war and in the preceding years of peace the United States demonstrated to the world that through the use of inventions and machinery they could produce goods faster than anybody else, and still pay high wages. We in Canada have got to meet that situation.

Last, but not least, we face the question of taxation. I do not intend to get into a discussion with any supporter of the Government in this or in the other House as to what the Minister of Finance said during the general election. I understood him to say that if the Government were returned to power they would reduce taxes; and that is what the man and the woman on the street understood also. In all humility I would suggest that our taxes be reduced in such a way that the ordinary man and woman will be benefited. The reducton should start at the bottom, by way of increasing the exemptions for single and married persons. Then the 7 per cent defence tax should be abolished. It is really a nuisance tax.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: The making of deductions at the source of the income involves a lot of figuring, and in many cases may mean only five or ten cents to the individual shareholder. But the fundamental thing is the personal income tax and, as I have said, the Minister of Finance should start at the bottom and increase the exemptions materially for both single and married persons. The experts in the Department may say that this would mean the loss of a lot of money; I believe that on the basis of the income tax paid last year they estimate it at $1,200,000. Suppose the exemption for single persons is raised to $1,000. Really $1,000 is not very much to live on.

An Hon. SENATOR: In peacetime.

Hon. Mr. HAIG: It is not very much at any time. Suppose for a married person the exemption is raised to $2,000. That, too, is not very much to live on. With those increased exemptions a good many of the smaller incomes would not be liable for income tax, and I do not think the Department would lose much by them. The Income Tax Branch in Winnipeg is very efficient, but the staff simply cannot catch up with their work by reason of the tremendous increase in the number of income tax returns in the lower income brackets.

Hon. Mr. BALLANTYNE: What about the excess profits tax?

Hon. Mr. HAIG: The excess profits should go to individual shareholders. At present they pay a double tax. It seems to me the easiest course would be for the Government to reduce the excess profits tax; then the profit would go to the individual shareholders in increased dividends and would appear in their income tax returns.

Hon. Mr. HARDY: What about the corporation income tax?

Hon. Mr. HAIG: I am not going into that now. I am only indicating the trend.

Hon. Mr. HARDY: It is a leader's business to go into it.

Hon. Mr. EULER: The corporation income tax is double taxation as well as the excess profits tax.

Hon. Mr. HAIG: The proper time to discuss this will be when the budget is brought down, and I may be giving Mr. Ilsley too much of a lead; but I want him to hear what some of us think should be done on the taxation question. If we wait until Mr. Ilsley brings down his budget, and then jump on him, we are not helping him much. He would say, "Why didn't you tell me before?" That is why I have brought up the question to-day.

Another problem that confronts us is the consideration that should be given the primary producers of this country in a long range policy. We have always considered our manufacturing industries. I do not object to that. I think if we want to live we have got to encourage our industries; but our primary producers also should receive some consideration. A long term policy should be worked out whereby the farmer, the fisherman, the lumberman, the miner—all these classes of primary producers, may have some guarantee for the future. Having been born and raised on a farm I am in a position to say that there is no gamble in the world to compare

with the uncertainties of farming in Western Canada. If you are blessed with rain at the right season you will get a good crop; if not, you will get a bad one. This year in eastern Saskatchewan there is a good crop; in western Saskatchewan, no crop at all. Eastern Saskatchewan got rain; western Saskatchewan got none. There are of course certain local exceptions, but generally that is the condition. I submit that whatever government may be in power it should lay down a long term policy for the primary producers of this country.

Take the fishermen of the Maritime Provinces. During the years prior to the war I met men and women from those provinces, and they told me that the mere pittance the fishermen got was simply appalling. I have the same feeling for those fishermen as I have for our farmers in Western Canada. This is not a political issue, it is an economic and business question. If we want to make Canada great we must all help to solve this problem.

Then take hog production. Alberta has just half the production of hogs that it had a year ago. Manitoba is not quite that bad, but its production is very low. This undesirable condition is in my judgment due largely to a mistaken policy in regard to grain. The Government put a certain price on hogs and on grain. Then they allowed hog producers in Ontario a preference. The result was that if a Western farmer fed his barley to his hogs he lost the extra fifteen cents a bushel he would have got had he sold his grain. I think hog production during August was about 50,000, as against a requirement of 100,000 a week. All this comes under the problem of primary production. This problem must be solved on a long term basis so our farmers will know what conditions they will have to meet. At the present time our young men and women are leaving the farms and drifting to the cities. That is not good for the country. They would stay on the land if they thought there was any hope of making a reasonable living.

I have touched on these problems in the hope that honourable members will assist in their solution. I wish to thank you for listening to me so patiently. I feel under some restraint this afternoon. When sitting in this House as a private member I always gave expression to my own thoughts. If in anything I have said I have trod on the corns of some of our supporters, in this House or outside, I would ask them to charge it up to my ignorance or lack of political acumen, since I want, as I am sure we all want, to help make Canada the country our men fought for.

Some Hon. SENATORS: Hear, hear.

On motion of Hon. Mr. Robertson the debate was adjourned.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act for granting to His Majesty aid for national defence and demobilization.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The house of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, September 13, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SENATE STANDING COMMITTEES

MOTION TO APPOINT

Hon. Mr. ROBERTSON: Honourable senators, I beg to move:

That the Senators mentioned in the report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in said report, to inquire into and report upon such matters as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required; and also that the Committee on Internal Economy and Contingent Accounts have power, without special reference by the Senate, to consider any matter affecting the internal economy of the Senate, as to which the Honourable the Speaker is not called upon to act by the Civil Service Act, and such committee shall report the result of such consideration to the Senate for action.

The Hon. the SPEAKER: Honourable senators, when shall this motion be considered?

Hon. Mr. MURDOCK: Next sitting, so that we may read it in the meantime.

The motion stands as notice of motion.

HON. SENATOR DONNELLY

WEDDING ANNIVERSARY FELICITATIONS

On the Orders of the Day:

Hon. DUNCAN McL. MARSHALL: Honourable senators, before the Orders of the Day are proceeded with I have one brief observation that I should like to make. I would have preferred to make it on Monday, but this House will not then be sitting. I refer to a colleague who is one of the senior members of the Senate of Canada. I am sure you will all gladly join with me in offering congratulations and good wishes to Senator Donnelly and Mrs. Donnelly on their 50th wedding anniversary, which takes place next Monday.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MARSHALL: I have one word to add. It will be a family gathering, where they will be surrounded by grown sons and daughters, and, I believe, some fifteen grandchildren. I was born within a dozen miles of Senator Donnelly's birthplace, and I lived there until I was twenty years of age. I know the members of the family and their reputation well, and undoubtedly the gathering will demonstrate that they are as highly regarded and respected among their neighbours and friends as the honourable senator is now, and always has been, in this House.

Some Hon. SENATORS: Hear, hear.

Hon. JAMES J. DONNELLY: I must say that the remarks of my friend the honourable senator from Peel (Hon. Mr. Marshall) really come as a surprise to me. I had no notice that any reference would be made to such a family gathering as we propose to have on Monday next. May I heartily thank the honourable gentleman for his kind remarks. Like myself, he is a Bruce man, and we have a great deal of respect for Bruce men no matter where we find them,—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: —as have also, I think, a good many people of the West.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: As the senator has intimated, Mrs. Donnelly and I were married on the 17th September, 1895. While we should be quite satisfied to have the event passed over quietly, our family insist upon a family reunion, and they tell us they will be with us on Monday next, when we are to have an At Home. If Senator Marshall or any other senators wish to be there, we shall be most happy to receive them.

I thank you, honourable senators, for your kindly reception of the references to myself and my family.

Hon. SENATOR: Hear, hear.

THE GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Honourable Mr. Robinson for an Address in reply thereto.

Hon. WISHART McL. ROBERTSON: Honourable senators will, I hope, appreciate the fact that during the relatively short period I have occupied this office I have not been able to acquaint myself with as much detail as might in other circumstances reasonably be expected of me in speaking to this motion. With your forbearance, therefore, I should like to confine myself to a few general observations. After, many other senators have, as I hope, participated in the debate, perhaps I will be accorded the privilege of making some further observations.

I wish first to associate myself with the very happy expressions by the leader opposite on Thursday last, respecting the new members who are gracing the House for the first time. I heartily concur in what he said on that occasion. I would also, honourable senators, join in his felicitations to the mover and the seconder, both of whom discharged their duties and responsibilities well. Further, I should like to offer a word in commendation of the speech of the leader on the other side of the House, both as to subject matter and delivery.

I am sure, honourable senators, that whatever difference might develop as to detail, there can be very little difference of opinion as to the objectives set forth in the Speech from the Throne. There is on our part a universal thankfulness to Divine Providence, and to those who participated so wholeheartedly in our war effort, that victory has crowned our efforts. The splendid courage of our fighting men and women, which is true to their tradition, was matched by the unselfish and loyal support of the people at home.

I am sure that we are pleased to know that everything is being done to expedite the return of our fighting men and women to Canada;

that everything possible will be done to further their re-entry into civil life, and that provision is being made for the years that lie ahead so that in every way possible their interests will be protected. The project unfolded before our eyes of a great capital, to be a lasting tribute to those who gave their lives, or offered them, in the defence of freedom, as well as to those who worked so unselfishly at home, is I think an excellent one. I like also the suggestion of the mover of the Address (Hon. Mr. Robinson) that in lesser degree, perhaps, similar projects might be encouraged in various communities throughout the provinces.

It is natural that we should all be interested in the plans that are being made for as orderly a transition as possible from the very difficult, new, and extraordinary conditions that surround a country during a period of total war, back to the more normal conditions of peace. Then, of course, comes a thought which is uppermost in our minds—the hope that we can build better, so that the spectre of war will disappear. That, of course, involves our external relations.

The Speech says that in due course there will be presented what might be regarded as the first step towards the charter of the United Nations. There will be presented also legislation and plans which will have a direct bearing on our external relations, and which will not only seek to provide a surplus market for our products, but will endeavour to increase the flow of international trade by means of a stabilization of exchange and the removal of various impediments.

As to the field of domestic relations, I think all must agree that as we seek to improve relations among nations it is desirable that we should also seek to improve relations between the Dominion Government and the provincial governments, in order that our national machinery will function as efficiently as possible. It is essential that we recognize the diverse elements which go to make up this Canada of ours. To-day over 50 per cent of the people of Canada are descended from racial origins other than those of the British Isles. It seems to me that the recognition of this situation is a step in the right direction. It will in no way detract from the happy association that we enjoy in the British Commonwealth of Nations but it will increase our own national consciousness. All within our borders should be conscious of and proud of our nationality. This matter was referred to most eloquently by the seconder of the motion (Hon. Mr. Dupuis).

With some of the things that the honourable leader opposite said in his address I am in hearty accord. For instance, I think it was a splendid suggestion that on the occasion of the next Victory Loan campaign every possible bit of information as to the need for the money should be given to the public. It is always an excellent idea to tell the public all that can be told, but it seems to me especially important to do this in the coming campaign.

I am not in a position to discuss in detail my honourable friend's specific suggestion in regard to the single transferable vote. I think, however, the importance of the matter merits our serious consideration. I would go further than that. Perhaps we might consider not only the single transferable vote but the question of whether it is desirable to make other changes in our electoral machinery. I know of no group that is better equipped than the members of this honourable House, with their wide experience, to deal with these matters.

I want to thank my honourable friend for his reference to the quality of leadership that the government of the day gave during the war. I agree with him, but I would point out that that leadership was possible only because the people of Canada, irrespective of political affiliations, gave the Government wholehearted support. In that regard honourable members opposite were shining examples. On every platform on which I spoke, both before and during the last election campaign, I expressed the view that though the leadership given by the Government was good, the country's war effort was not attributable to the Government alone. I felt, and I said repeatedly, that as boys and girls drawn from households of every political faith in Canada had laid down their lives in defence of the country, any reference to the war effort from a political angle would be an insult to their memory. The war effort of Canada was the war effort of all the people.

Now, honourable senators, this country is faced with problems which, though different from those that confronted it during the war, are of tremendous seriousness; and I do not believe they will be dealt with successfully except through a continued national effort. Of course, it is inevitable that there should be some change in the public attitude. As my honourable friend remarked, there is a disposition on the part of people in war time to render every possible service in the common cause.

One of the important questions facing us to-day is price control. I can think of no more unpopular measure to have to enforce. Yet, honourable senators, bearing in mind what

happened after the last war in our own country, Germany and elsewhere, I feel that this matter will be as serious for Canada in the immediate future as it has been in the past six years. The danger is that the public may not appreciate the seriousness of the situation. My recollection is—I am speaking only from memory—that the increase in the price level in the twenty months after the last war was as great as if not greater than it had been during that war.

I would remind honourable senators that there is, potentially, greater danger right now because there exists a deferred need for consumer and capital goods along with a tremendous purchasing power. For that reason, while I would not for one moment suggest that any administrative actions of the Government should be accepted by this House without careful consideration, I am not certain that I could subscribe to the view which I felt was at least implied by my honourable friend as to meat rationing, rentals control and other such measures.

Of course, if after being in possession of all the facts an honourable senator or any other person felt there was no need for a certain control, it would be not only his privilege but his duty to say so. For my part, I am not in a position to say whether these various measures are necessary or not. It might be an excellent thing if one of our efficient committees—the Committee on Agriculture, and Forestry, the Committee on Banking and Commerce, or some other—asked those responsible for the controls to appear before it and satisfy honourable senators as to the need for these measures. I am not able at the moment to argue whether meat rationing is necessary or not, but I presume that it was reintroduced in order to make sure that our allies, particularly Great Britain—yes, and perhaps even the defeated peoples of Europe—shall not go hungry. There is, I am sure, on the part of honourable senators and the people as a whole, a desire that out of our bounty we should extend to the British people and our other allies every help that we can.

There is a further reason for supplying food wherever it is urgently needed. Experience has taught us that hungry and dissatisfied people are a breeding ground for social unrest and disease; and it is not always possible to prevent these evils from spreading across national boundaries. I think, honourable senators, that if we are convinced of the necessity for these controls we should do everything within our power to make their operation effective; and when we consider the tremendously serious consequences of a breakdown in our economic structure we should be careful to utter no word that would make the task of the administrative officials more difficult.

On the other hand, I am in hearty accord with the suggestion of the honourable leader opposite that we should direct our efforts towards securing larger markets for the primary industries and enabling them to purchase at lower prices the goods that they require. So heartily do I agree with his suggestion that were it not for the physical limitations of the seating on this side of the House I should invite my honourable friend to cross the floor. However, as this is not feasible, I can at least express my conviction that Government supporters who at present occupy seats on my honourable friend's side of the House will have for him from now on even kindlier feelings—if that be possible—than they have had in the past.

Honourable senators, every time that I have read a casualty list, every time that I have seen a ship bringing back boys and girls to this country—and, as I live in Halifax, this has been often—and every time that I have seen troop trains moving one after the other in quick succession, I have felt that I should like in some humble way, in my capacity as a member of this Senate, to do everything in my power to see that what they fought for is maintained, and that their hopes and ambitions are not dashed to the ground.

What we can do is a matter of judgment. There are pressing questions facing us. But in addition to what may be regarded as constitutional responsibilities there is, I think, an obligation on us as members of the Senate, with our wide experience of public affairs, to contribute our share to the solving of the grave problems with which civilization is now faced, and so do our utmost to match, however inadequately, the great contribution which our boys and girls made towards Allied victory and the preservation of our way of life.

Some Hon. SENATORS: Hear, hear.

Hon. JAMES J. DONNELLY: Honourable members of the Senate, I am not on the list of speakers today, but the honourable leader on the other side (Hon. Mr. Robertson) in his very eloquent address made particular reference to meat rationing and with your permission I should like to take about ten minutes of your time on this subject.

I speak particularly for the stock raisers and meat producers of this country. I hope there is no impression abroad that those who produce our beef cattle have any objection to

helping to supply the starving people of Europe with a reasonable portion of our meat. The stock men are just as kind-hearted as any others, but they are not quite satisfied with the way the industry has been treated. I will be somewhat frank. If you look at today's reports of the Toronto stock market you will see that yesterday 2,500 cattle were left over. Our stock raisers are quite ready to sell their cattle if they can get a price in keeping with the cost price of stockers in the spring, of the cost price of stockers in the spring, and of labour to look after their cattle. I was talking to a prominent stock dealer in Toronto last week, and I am going to repeat his remarks. He said: "The trouble is with the board in Ottawa. There is one man on that board, Mr. Todd, who has a more active brain than the other members. He has been in the employ of the packers for some time, and on account of his great ability he has been able to manipulate things in such a way that the packers have been able to reduce the price of cattle when they so desire." It is not a question of honesty. The objection is that he has practically put the industry into the hands of the packers; in the language of the stockyards, he has been able to outsmart the other members of the board.

As I said a moment ago, we have no objection at all to our beef being used to supply the distressed people of Europe. During the war the Government set up various agencies in order to get things done, and secured men of great ability to manage them. What objection would there be to a Government agency going out into the country and buying cattle? The stock men are anxious to sell. Let the Government buy the cattle, process them and send the beef to Europe. Then our stock men would be very glad to supply the cattle.

It is in the interest of this country that there be a ready market for our cattle. There are districts in the West where there is abundance of grass and hay, but there are other districts which are very dry. The stock men there desire to get a market for their cattle. If our Ontario men could get a market for their finished cattle at a reasonable price they would be very glad to buy that stock in the West and feed it in the winter time. But they must have some assurance of a market. I think my suggestion would get over the present difficulty.

As Chairman of the Committee on Agriculture I would have accepted the proposal of the honourable leader opposite to bring the officials concerned before our committee; but I understand that we are adjourning for two weeks, and as this is a very live issue today it would then be just too late to do anything.

Hon. IVA C. FALLIS: Honourable senators, I should like first of all to associate myself with those who have preceded me in extending my congratulations to his Honour the Speaker, and also to the mover and the seconder of the Address in reply to the Speech from the Throne, who, along with the honourable leader on the Government side (Hon. Mr. Robertson), have directed their attention mainly to the matters therein referred to. Perhaps I may be allowed for a few moments to speak upon a problem of major importance to the people of this country, but which received no more than a passing nod in the Speech from the Throne—the problem of employment.

While primarily a Government responsibility, this matter is of vital concern to us all. We are all equally anxious to find the right answer to the problem. Probably all of us have our own individual ideas concerning the solution. It may be that from the pooling of these ideas some benefit will come, or some assistance towards the solution of the problem.

My personal opinion today is fundamentally the same as the one I have expressed in this House on more than one occasion during the past two or three years. The three main points, the vital points in my estimation, are these. First, it is the primary responsibility of the government of a country to provide work in so far as it is humanly possible, and to provide adequate remuneration for that work. Second, it is the first responsibility of the individual citizen to accept that work and to do it to the best of his ability, in so far as he is physically and mentally capable. In the third place, I believe that the measure of a country's greatness is still the measure of thrift, of energy and initiative of the average individual citizen—

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. FALLIS: —and that parliamentary legislation and government leadership should be aimed towards developing, and not destroying, those characteristics in the individual.

I firmly believe that the situation in which Labour and Government find themselves today could have been avoided to a large extent if the Government during the past few years had spent less time and thought on overzealous paternalism, and had laid more stress on the responsibility of the individual. When, during the recent federal election campaign, and since, the Minister of Labour met every question regarding employment with the airy answer: "There are jobs for all, and to spare," the workers naturally concluded that the Minister meant what he said, and they were to

be kept at the jobs they were doing, at the same wages. If, instead of adopting that attitude, the Government had told the workers frankly and repeatedly over a period of time that conversion would involve the transferment of industrial workers from one type of industry to another, and serious readjustments, in order to provide jobs for all, and that farmers, who by thousands had answered the call for help to make munitions, would have to return at the cessation of hostilities to their neglected and unworked farms in order to perform the equally patriotic and essential task of providing urgently-needed food; if women had been told that the need of work was to be the yardstick of employment, and that if they had good homes, and husbands earning enough to support them, they should not hold a job which to another person meant bread, I believe a different attitude of mind would have been developed among the workers. But now, having been led to believe certain things, the workers are naturally looking to the Government to fulfil its promise; and the fulfilment of that promise is not going to be as easy as the Minister of Labour has led them to believe. However, serious as this difficulty may be for a short time, it is unlikely that it will constitute a major problem. That will come later, and it is upon the prospects and plans for permanent employment that I should like to speak to you for a few minutes to-day.

The majority of thinking people in Canada realize that the war emergency, with its natural accompaniment of full employment, could be followed a few years hence by an emergency of a different type but none the less serious—the type of emergency which we experienced to some extent two or three years after the close of the last war, and to a much greater extent in the 1930's. It is because of this grim experience of the past that today all governmental bodies, as well as leaders in the industrial and business world and in the community life in general, are striving as never before to blueprint the future.

As one who lives in a city small in population, but great in the proportionate contributions which it makes to the industrial life of the nation, I have been extremely interested in trying to find out from some of our industrial experts how the future appears to them. In our town, with a population of only 33,000, we have a greatly diversified industrial field, which includes the Canadian General Electric Company, the Quaker Oats of Canada, the Western Clock Company, Raybestos, Dominion Woollens, DeLaval, Nashua Paper and many others. All these plants have, of course, been running at peak capacity during the war. Now the people of the town and surrounding district are expecting these industries to continue to employ the same number of workers in the years to come as they have been employing through the war years. Indeed, the people expect even more than that; they expect that in addition these plants will absorb a substantial percentage of the men and women from the town and district who have been in uniform and are now returning to civilian life. Well, the opinion of the few industrial leaders with whom I have discussed this matter is simply that it cannot be done. And what is true of one town with such diversified industrial activity will probably be true of other cities great and small across the Dominion.

Please remember that I am speaking now of permanent employment, not of the boom period which we expect to come soon and to last until we catch up with the back-log of scarcity and demand. I stress this point, that industry will not be able to provide indefinitely the high scale of employment that is expected of it. I stress that point because in almost all the plans I have seen or heard of, and in all the statements that I have read concerning the question of employment, the central theme is that industry must do this, that or the other thing to take up the slack and prevent unemployment. And when people speak of industry in that way they do not include in their thinking such activities as mining, forestry or reconstruction, but only manufacturing.

If we study statistics provided by the Canada Year Book and other reliable sources we realize that more is being expected of our industrial plants than they will be able to perform. The latest total estimate which I have seen of employable persons at present available is 4,700,000. At the peak of peacetime employment before the crash of 1929 there were employed in manufacturing plants 667,000 workers. If to this figure we add 5 per cent for expansion, plus 100,000 to allow for increased export trade and optimism, we still have a total of only 800,000 workers, or something less than 17 per cent of the total number of employable persons as the estimated maximum that could be absorbed in manufacturing plants. I am told by the Department of Labour that at the end of 1943 there were 1,241,068 persons employed in industrial plants. Even if we concede that the number of women and other war workers, such as construction workers and farmers, who leave these plants voluntarily will equal the number of ex-service men and women return-

ing to their jobs in these plants, we still have a huge surplus of workers who must be provided for.

My first reaction to these figures was the question, "Well, why cannot industry expand and so employ more than this estimated number of workers?" The answer seems to be that industry can and probably will expand, but that today an increase in the production of goods does not necessarily mean a proportionate increase in the number of workers. We have to face the stern reality that, because of the steady increase in the amount of electric power used per employee, plus better tools, plus a constant flow of new labour saving inventions, the continuous trend in industry today is towards the production of more and more goods with less and less labour.

Of course, during the first years of peace there will undoubtedly be a great demand for rehabilitation equipment for the devastated countries. Much of this must go abroad as a gift, or on long term credits; but irrespective of who pays for this material there will be for some time a market for more than the normal amount of manufactured products. But again, as with the domestic market, the extra employment provided will be of a more or less temporary nature. Nevertheless it will be of great value in giving the country time to prepare for the days that lie beyond the boom period, the days when production catches up with deficit. Then will come the creation of the inevitable surplus that spells depression.

It seems to me that there is no sense in work which has not a definite objective, work which does not produce needed goods or services. To insist that any manufacturing plant shall give work, whether or not there is a demand for the plant's product, has always appeared to me to be stupid. But I do not pretend to be an economist. Perhaps I have been taking a rather pessimistic view of the long-range possibilities of employment in this country.

If we approach the problem from another angle and recognize that expansion along other lines of national industry and extension of services to the people are just as necessary as expansion in industrial plants, we can form a much more optimistic picture of the future. For example, I think we could do with a little more Government interest in our forests and mines. Speaking along this line on the 22nd of August, the Right Rev. R. J. Renison, Anglican Bishop of Moosonee, prophesied a post-war boom in that district. He said the Precambrian shield and black spruce mean hope, wealth and employment for many times the hundred thousand people who have settled there, and that this land of gold and pulp is the hope of the future of Ontario. He based this statement on the fact that gold and pulp are among the most fundamental needs of present day economics. That this fact is appreciated by private enterprise is evidenced in the announcement made on September 7 of the intention of the Marathon Paper Mills of Canada to spend at least $15,000,000 in construction of a new plant on the north shore of Lake Superior and to employ 1,500 men there.

The nation could co-operate with private enterprise, and do its share by carrying on more reforestation and by employing a greatly increased number of men in the care and protection of our forests. In the year 1941 alone we lost 1,745 million cubic feet of merchantable timber through fire and insects. We hear much about the cost of adequate forest protection, but very little about the huge loss to the country which occurs year after year owing to lack of adequate protection.

One of our greatest sources of new wealth, the mining industry of Canada, has lain practically dormant throughout the war years because of scarcity of material and labour. Now it only awaits the green light to become once more one of our major industries and open up another great avenue of employment. As a woman I was particularly interested in the visit to Ottawa a week or two ago of Mrs. Viola MacMillan, first woman president of the Prospectors' and Developers' Association of Ontario. The report of an interview that appeared in an Ottawa paper stated that she had come to Ottawa to learn from government officials what the plans are for power and transportation in the Northwest Territories. She said that the association of which she is president was sponsoring a ten-year plan to encourage suitable young men to go into mining, by getting them to attend prospectors' classes and helping them to get jobs. My idea is that it would be well worth while for the Government to assist in every possible way corporations and individuals who are willing and financially able to open up additional avenues of employment, and that a strong endeavour should be made now to direct people away from the idea that jobs are to be found only in manufacturing plants.

Another answer to the question "Where shall we look for additional permanent employment in the years ahead?" is to be found in the extension of needed, useful services. I would mention these three as outstanding examples: first, conservation of our natural resources; second, increased recreational facilities; third, extension of health services.

No one needs to stress in this Chamber the importance of measures that have been taken to conserve our natural resources. We all know that there is a great field for increased employment in the extension of such measures. I am, of course, quite aware of the fact that much has been talked of along these lines, and some things have been done; but what has been done has usually been of a comparatively minor nature to meet some special need, and not as part of a planned national economy with the objective of providing employment. No one, for instance, will dispute the important effect conservation measures can have in preserving and regulating our water power, which is closely interlocked with our forest problems and forest wealth. Of the four greatest sources of wealth in Canada, namely, our farms, forests, mines, and electrical power, three are vitally affected by what we do, or fail to do, in conservation, and there is room for great extension of employment in this field.

The extension of recreational services would embrace a wide variety of items ranging all the way from the creation of more great National Parks and the granting of more large-scale support for cultural subjects to more playgrounds for children.

The third field for extension of services which I mentioned is the field of health and medical services and here, of course, the possibilities are almost unlimited, for medical services would include education and sanitation as well as the services of doctors and nurses; also the providing of hospitals and sanitoriums. This has been for years one of our most pressing national needs, and yet year after year we have seen the National Health Bill pigeon-holed on one pretext or another, while family allowances, not nearly so urgent a need, was made law almost over night. Of course, I freely acknowledge that the latter was much more spectacular and a much better vote getter.

Opposition to substantial nationally planned extension of services such as I have outlined is based on the belief that the cost would be a heavy burden on the taxpayer. I do not think that would be so. Increased activity in mining and lumbering would be a source of new wealth, and the services I have mentioned would from a national viewpoint, soon become almost, if not entirely, self-sustaining because of the additional employment given in other parts of our national life to meet these requirements.

By way of illustration, I may remind honourable senators that recently the Government and citizens of Ontario subscribed a sum sufficient to erect a new Sick Children's Hospital in Toronto. If the need for such accommodation throughout the Dominion were to be adequately met, that building should be duplicated in the other provinces. From the employment angle it is obvious that the building, equipping and staffing of these hospitals would require not only the services of doctors and nurses and maintenance staffs, but as well would provide employment in the building trades and in the factories which turn out the equipment required.

Speaking of cost, if we do not provide employment for our people, we shall find that this becomes expensive too. Honourable members will appreciate what it costs, not only in money but also in lessened physical efficiency and in the lowered morale of our people, when thousands of families are on relief.

So in closing I come back to my original theme, that to me it seems a mistake to place so much of the onus of prevention of unemployment on our industrial plants alone, and that a great and useful service could be performed by the Government planning now for intensive development of our natural resources and extension of useful services to the people as part of a long-range source of permanent employment. I believe that if this policy were carried out in so far as it is practical and feasible, it would pay us valuable national dividends in the form of much needed permanent employment, with its resultant higher average standard of living, more healthy minds in healthy bodies, and a better all-round citizenship.

Some Hon. SENATORS: Hear, hear.

Hon. A. C. HARDY: I did not wish to interrupt the honourable lady senator during her speech. Now that she has resumed her seat, will she tell us who made a promise that jobs would be found for everyone at present wages, and when and where such promise was made?

Hon. Mrs. FALLIS: I think the honourable senator has misunderstood me. I did not say that that was a promise. I said the Minister of Labour had stated over and over again that there were jobs for all and to spare, and that the workers naturally concluded that he meant they were to be kept in their present jobs at their present wages. That is the conclusion they drew from the Minister's statement; it was not a statement by me.

Hon. Mr. HARDY: It was the idea of labour itself.

Honourable senators, I am not going to discuss the Speech from the Throne at any length. It seems to me to follow only too well the time-honoured tradition, in that it gathers volume as the years roll on and that what it discloses of Government policy is in inverse ratio to its length.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HARDY: If this tradition continues to be followed, what the Speech from the Throne will become in the next few years it is difficult to say. I have always felt that the less the Speech from the Throne says the better. Apparently it is meant to hide what is really behind the mind of the Administration—always a wise course. It is the course Sir Oliver Mowat pursued for some thirty years, and I venture to say very few Speeches from the Throne contain more wisdom and give less real information than those which that wonderful old statesman used to prepare for the Ontario Legislature.

I wish to convey my compliments to all our new senators, to His Honour the Speaker on his appointment to his high position, and to the mover and the seconder of the Address in reply to the Speech from the Throne.

This is the second time within five years that we have been able to congratulate two new leaders taking office at the same time. I wish them a very happy tenure of leadership for many years to come on their respective sides of the House—as they are to-day.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HARDY: I was much interested in the very liberal and generous speech of the honourable leader on the other side of the House (Hon. Mr. Haig). Apparently he could not find very much to criticize in the Speech from the Throne. I do not blame him for his failure, nor am I surprised at it, because, although it does not say too much, I think it is very satisfactory to the people at large.

The honourable gentleman dealt at some length with the merits of the single transferable vote. While probably many students of electoral reform will agree with every word he said, it is questionable whether its adoption would not emphasize and perpetuate the groups which he hopes the single transferable vote might abolish. Whether it would or not I do not know. But I have a solution to offer him which would be effective immediately, and, I think, very satisfactory: let the good old Tory party come holus bolus into the great Liberal party.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HARDY: I think our friends opposite would find an organization ready-made for them, and there would be no difficulty in choosing a leader or, if necessary, arranging for a double-barrelled leadership. I believe it would do the Liberal party good to have with it a somewhat middle-of-the-road party, as the Conservative party has become, since so far as I can see the Liberal party is bound hell-for-leather down the road in competition with the C.C.F.—probably in an endeavour to cut it off. The moderating influence of our friends on the other side might at least halt the rush in that direction by the present Administration. I am not going to criticize the Administration on that account. It may be quite right. Time will show.

While I do not suppose my honourable friends across the aisle will take what I say seriously, there is one thing which I have no doubt will follow before very long. Unless the two old parties, either separately or together, start a real system of education for the electors of this country, we shall find the communistic forces headed by the C.C.F. Party taking a very much stronger position in our public life than they are to-day. That party is composed largely of preachers and pedagogues, and there is never a day that those gentleman are not educating the electorate. They have been brought up to do that, and they have made a wonderful job of it, whether we like it or not. If we cannot get preachers and pedagogues, then we shall have to get publicans and sinners out of our political parties to undertake the work; but the sooner they do it with a well-thought-out system the better it will be for this country. I offer that suggestion to my honourable friends opposite. I can offer it even more strongly to the Liberal party, because being in power it can take a lead in such educational work. Let me add that we shall always be glad to receive our friends on the other side. There will be a light in the window to welcome them, and I do not think they would feel too unhappy in the Liberal fold.

Hon. Mr. EULER: Come across!

On motion of Hon. Mr. Lambert the debate was adjourned.

ADJOURNMENT OF THE SENATE

Hon. Mr. ROBERTSON moved:

That when the House adjourns to-day it stand adjourned until Wednesday, October 3, at 3 p.m.

The motion was agreed to.

The Senate adjourned until Wednesday, October 3, at 3 p.m.

THE SENATE

Wednesday, October 3, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EMERGENCY SITTINGS OF THE SENATE

NOTICE OF MOTION

Hon. WISHART McL. ROBERTSON rose to give notice of the following motion:

That for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses as registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

He said: I am a little in doubt as to the need for this particular resolution which, if I am not mistaken, was associated particularly with war measures. However, I thought that to present it would do no harm, since in the event of some unforeseen contingency it might facilitate the business of the House and meet the convenience of those members who live at a great distance from the capital.

Hon. JOHN T. HAIG: Honourable senators, I am agreeable to the resolution being set down on the clear understanding that it be not treated as a precedent. As the honourable senator has very properly said, we passed a similar motion in order to meet any contingency arising during the war. The Minister of Justice in the other place has said that the war is not yet over, but I doubt the correctness of his statement. I would suggest that in future sessions a motion of this kind be not presented.

Hon. Mr. LEGER: This is simply a notice of motion.

The Hon. the SPEAKER: Yes, it is a notice of motion.

MEAT RATIONING

STATEMENT BY GOVERNMENT LEADER

On the Notices of Inquiries and Motions:

Hon. WISHART McL. ROBERTSON: Honourable senators will recall that at our last sitting I stated that, if satisfied of the necessity of meat rationing, rentals control and other similar measures, we should do everything in our power to facilitate them. In response to my remarks the honourable senator from South Bruce (Hon. Mr. Donnelly) referred to meat rationing and offered some specific suggestions for providing a ready market for our cattle. He added that this was a very live issue, and requested that the Government give it consideration during the adjournment of the Senate.

His suggestions apparently were based on the assumption that Canadian stock raisers and meat producers have had difficulty in finding a ready market for their cattle, and he proposed that a government agency should be set up to buy the cattle, process them and send the beef to Europe. He presumably felt that this would create a more satisfactory situation with respect to price, delivery and shipment, and would encourage the buying and feeding of stocker and feeder cattle.

I am advised that the buying and selling of cattle during recent weeks has been carried on at unprecedented levels. The published reports of the Department of Agriculture indicate that during the four weeks ending September 15, slaughter of cattle under federal inspection in Canada amounted to 162,661 head. This compares with a figure of 107,629 in the corresponding four weeks in 1944. The slaughter for 1944 established a record for that particular period of the year. The slaughter during this particular period of 1945 not only greatly exceeded that of 1944, but also created a record for any consecutive four weeks.

The honourable senator referred to a carry-over of 2,500 cattle in the Toronto stockyards on September 12. I am advised that this is not an abnormal number of cattle to be carried over from one day to the next, particularly in midweek. Normally, cattle arrive at the stockyards in large numbers on the first two or three days of the week. When packing plants are working to near capacity the cattle cannot all be killed on the day on which they arrive. However, it is worth noting that by the end of the week the stockyards had been practically cleared of slaughter cattle, so that packing plants had to depend upon early arrivals in the following week to continue full-scale slaughtering operations on Monday.

As to cattle prices, all market reports indicate that for some weeks past slaughter cattle have brought prices equal to or better than those prevailing one year earlier, when meat rationing was not in effect and was not even under discussion. It is true that the prices

of stocker and feeder cattle have been slightly lower this year than last year, but only by a matter of from 25 to 40 cents per hundred pounds. Such difference as has existed, however, constitutes an added inducement to farmers to buy unfinished cattle for further feeding.

That farmers have taken advantage of the opportunity is indicated by the fact that during the four weeks period under consideration the stocker and feeder cattle returning to the country numbered 22,833, as compared with 19,398 in the corresponding four weeks of 1944. This large movement of stocker and feeder cattle to the country indicates a greater than normal purchase of feeder cattle for finishing and later delivery to the markets. The recorded figures are, of course, in addition to the very large unrecorded volume of transactions carried on directly between farmers in the country.

As to the suggestion that the Government might buy cattle and have them killed, and the meat processed and sent to Europe, it is only necessary to point out that the killing and processing facilities available in the country are already being used almost to the limit of their capacity. The intervention of the Government as a buyer and seller could not increase the number of cattle slaughtered or the amount of meat delivered. It might, indeed, have the effect of temporarily slowing up the present high rate of activity by the interjection of a new and untried method of doing business at a time when marketings are extremely heavy.

If there is any "bottleneck" impeding the movement to Great Britain and Europe of the record quantities of beef now being produced in Canada, it is in the limited capacity of available freezing equipment rather than in the slaughter of cattle. Fresh beef, in order to be deliverable in good condition to Great Britain, must be hard-frozen before leaving Canada. Moreover, it must be frozen within a few days after killing, and must be kept frozen continuously until delivered to the trade in Britain. Beef when sold in the Canadian market is normally not frozen. Consequently, when cattle slaughter is heavy and beef is diverted from domestic to export channels, freezer capacity may become the limiting factor in the volume exported. Freezers in Canada are now being used to their practical limit, and there is every reason to expect that a continuance of freezing at the present rate will take care of the volume of beef that may become available for shipment to the United Kingdom.

One other method of exporting beef, namely, canning, is available to us, and this also is being used very largely at the present time. The full utilization of canning equipment reduces the demand for freezer space, and also makes possible the delivery of meat to destinations which cannot accept fresh frozen beef because of a lack of refrigeration facilities at the delivery point. All of the meat going from Canada to the liberated countries of western Europe and to UNRRA is being canned, because this is the only form in which meat can be generally distributed in those countries without serious spoilage.

Hon. JOHN T. HAIG: Mr. Speaker, I do not want to object to what my honourable friend is saying, but his remarks are out of order. This is not an answer to any question. The honourable senator from South Bruce, (Hon. Mr. Donnelly) in dealing with the Speech from the Throne, made a statement. The honourable leader opposite has already spoken on the Speech from the Throne, and there is no way we can answer what he is now saying. He is out of order. The statement he is making should be made in answer to a question from this side of the House. I am not objecting to the statement, but I suggest that, in order to make it legal, the honourable senator should move that the subject be referred to the Committee on Agriculture for investigation and report back to this House. Then honourable senators would have an opportunity to speak as they wished.

Hon. Mr. ROBERTSON: I think the honourable leader opposite and other honourable members will recall that the honourable senator for South Bruce took occasion to refer specifically to the suggestion which I have made, namely, that if my honourable friend was not satisfied as to the necessity for rationing, it would seem to be an excellent idea to refer the question to the appropriate committee, so that explanations could be given. You will recall, honourable senators, that the honourable gentleman from South Bruce approved of the suggestion, and spoke on it specifically because, as we were about to adjourn for two weeks, he felt there was not time enough to carry it out; but he thought the matter of sufficient importance to be brought before the House at once.

I took cognizance of his remarks and immediately had the matter referred to the appropriate source for a specific answer to the suggestion he had made, feeling that it was a matter of urgent importance. I am now taking the first opportunity I have had to answer. If I have trespassed too greatly, I would ask the indulgence of honourable senators. I very

much appreciate the constructive suggestion which was made, because information is all-important in this matter.

Honourable senators will appreciate that in a matter of this kind I am not in a position to debate in detail with honourable senators who have a very wide knowledge of the subject. I have answered as best I can as soon as possible, and if honourable senators are not satisfied with the sufficiency of the answer, I would suggest that they move to have the matter referred to the appropriate committee so that they can hear the explanation as is deemed desirable. I am sure that this House would give sympathetic consideration to such a motion.

Hon. C. C. BALLANTYNE: Honourable senators, as this is a tremendously important question, I would suggest to the honourable leader that such a motion be made, and if no one opposite will make it, I shall be very glad to move that this question be referred to the Committee on Agriculture. When their report reaches this House we can go into a Committee of the Whole, and thus all members will be able to take part in the debate.

Hon. R. B. HORNER: Honourable senators, may I suggest that time be given to bring witnesses, such as shippers from Western Canada, before the Committee?

The honourable leader has been reading some figures as to the amount of stock which has been handled. In that connection I should like to say that on Monday last I was in Winnipeg with a carload of cattle from home, and at that time the Commissioner told me that since meat rationing had gone into effect cattle were off two cents and heavy calves were down three cents a hundred during all of last week. This applies to the whole of Western Canada. There is very strong complaint as to what the management of the Meat Board meant to the producer. That is what the honourable senator from South Bruce (Hon. Mr. Donnelly) referred to a couple of weeks ago. Apparently all the Government is interested in is securing the beef, regardless of what the producer gets for it.

Hon. Mr. ROBERTSON: I beg again to remind honourable senators of what they themselves must be cognizant, that I am not in a position to debate this subject. I have taken the first opportunity to present the statement handed to me in reply to the request of the honourable senator from South Bruce, and I have followed that up by suggesting that if that statement is not deemed sufficient we might proceed as the honourable senator from Alma (Hon. Mr. Ballantyne) has proposed.

Hon. Mr. HAIG: Finish your statement.

Hon. Mr. ROBERTSON: I am through.

Hon. Mr. BALLANTYNE: Do I understand the honourable leader is now going to move that the question be referred to the Committee on Agriculture?

Hon. Mr. ROBERTSON: I think the honourable senator from Alma should frame an appropriate motion, for I assume he will be specific as to what the motion involves—whether it is to cover the whole subject of meat rationing or the specific subject brought to our attention by the honourable member from South Bruce—in order that we may know what particular officials are to be summoned before the committee. I would suggest that the regular procedure would be for the honourable senator to give notice of his motion for the consideration of the Senate.

The Hon. the SPEAKER: In order to regularize our proceedings I would suggest that notice of motion be given setting forth in specific terms the question to be inquired into. Then when the motion comes before the House honourable members can express their views in regard to it.

Hon. Mr. LEGER: Honourable senators, it does not seem to me to be absolutely necessary that notice of motion be given. The subject-matter already has been debated in this House and we have had at least two speeches on it. If I am in order, I would move that the subject-matter now under discussion be committed to the Committee on Agriculture.

Hon. Mr. HAIG: Meat rationing.

The Hon. the SPEAKER: If the subject-matter can be specifically stated in a notice of motion, it would be the more regular course to follow. The present discussion has arisen on the calling of "Notices of Inquiries and Motions". The debate on the Address is to be resumed to-day and probably will continue for some time; there will be ample opportunity to proceed as I have suggested.

SENATE STANDING COMMITTEES

APPOINTED

Hon. Mr. ROBERTSON moved:

That the Senators mentioned in the Report of the Committee of Selection as having been chosen to serve on the several Standing Committees during the present Session, be and they are hereby appointed to form part of and constitute the several Committees with which their respective names appear in said Report, to inquire into and report upon such matters

as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required; and also that the Committee on Internal Economy and Contingent Accounts have power, without special reference by the Senate, to consider any matter affecting the internal economy of the Senate, as to which the Honourable the Speaker is not called upon to act by the Civil Service Act, and such Committee shall report the result of such consideration to the Senate for action.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, September 13, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Honourable Mr. Robinson for an Address in reply thereto.

Hon. A. K. HUGESSEN: Honourable senators, in resuming the debate on the gracious Speech of His Excellency, there is one preliminary duty incumbent upon me, the very pleasant duty indeed of offering my most respectful congratulations to you, sir, upon the very distinguished position which you now occupy as the head of this Chamber. May I say, sir, that it gave me a great deal of pleasure to sit behind you during the three years that you were the leader on this side of the House, and I am sure it will give all of us equally great pleasure to sit beneath you as you conduct the proceedings of this assembly.

There is a tradition, and a very pleasant one, always followed in debates on the Address, and that is for every participant to say a few words in appreciation of the speeches by the mover and the seconder of the Address in Reply. It gives me the very greatest pleasure to conform to that ancient and happy tradition and to congratulate the honourable senator from Summerside, Prince Edward Island (Hon. Mr. Robinson) and the honourable senator from Rigaud (Hon. Mr. Dupuis), who respectively moved and seconded the Address. I think, honourable senators, we all agree that they acquitted themselves very well of a difficult and, perhaps to a new member, a rather nervous task. We look to both of them to contribute to our debates and to make valuable contributions to our knowledge. I did not have the privilege of personal acquaintance with the honourable senator from Prince Edward Island before he came to this Chamber, though I had heard of the excellent work he had done in the Canadian Legion war services for our overseas boys while in London. But the honourable senator from Rigaud I can claim, I hope, to know quite well. We have together fought more than one political battle on the platform, and he and I are colleagues at the Bar of Montreal. Will he allow me to extend to him a warm and cordial welcome as a member of this Chamber?

There is one other feature of our proceedings at the commencement of this particular session to which I should refer—the fact that we have a new leader on each side of the House. Will they allow me to express to them my warmest congratulations? May I say how happy I am to serve on this side of the House under the banner of the honourable senator from Shelburne (Hon. Mr. Robertson), and how glad I am to see as leader on the other side, not as an opponent but as a frank and friendly critic, the honourable senator from Winnipeg (Hon. Mr. Haig), who for many years has taken so prominent a part in the debates of this Chamber. I am quite sure that under their joint management the business of the country will be carried on in this House with dignity and dispatch.

Our honourable leaders at the opening of the session treated each other with the greatest of courtesy and consideration, as I am sure they will continue to do throughout the sessions of this House. But perhaps they will allow me, without offence, to make one suggestion to them? When contentious matters arise let us sometimes have from both of them the flash of fire and thunder of artillery. It would be a pity if the atmosphere of this Chamber were to be too continuously that of a Sunday-school. Sunday-schools are very good things in themselves. But enough is perhaps too much of a good thing.

Hon. Mr. HAIG: May I ask the honourable gentleman whether he is an authority on Sunday-schools?

Hon. Mr. HUGESSEN: Perhaps I am as much an authority on Sunday-schools as is my honourable friend.

Hon. Mr. HAIG: Maybe more so.

Hon. Mr. HUGESSEN: Now and again when contentious matters come under discussion let us have the smell of powder so that we may sharpen our wits and enliven our debates.

Hon. Mr. LEGER: Would the honourable gentleman have made that suggestion some seven or eight years ago?

Hon. Mr. HUGESSEN: My honourable friend's question indicates to me the wisdom of my having made the suggestion now.

There is one word more of a preliminary character which I wish to say, particularly to the large number of members who have recently joined this assembly. You have been warmly received already, and nothing that I might say could add to the cordiality of your reception, but I should like to assure you that I join most heartily in the welcome. I should like, however, to offer to you one observation and one suggestion. The observation is that you will find this to be a very friendly and a very appreciative assembly. This House welcomes members who take its work seriously and play their part in its debates and committees. I would add that I know of no deliberative assembly which is more generous in its judgment of speeches made by those who have a contribution to make, or more appreciative of hard work done by its members. I think—if I may again for a moment address the new members—that as in many other things, you will get out of this Senate just about as much as you are willing to put into it.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HUGESSEN: If you take an active part in our discussions and work hard in our committees you will find compensation in the admiration, the esteem, yes, and the affection of your fellow-members.

My suggestion to the new members is that you take an active part in our debates. We are glad to hear new voices, and fresh points of view are always welcome here. It is true of course that during the war the activities of this Chamber have been somewhat curtailed and the amount of useful work possible to it has been somewhat limited. That condition I hope is rapidly passing away. If you will for a moment glance at the legislative programme for the present session, particularly in the field of international affairs, set forth in the Speech from the Throne, you will see a number of subjects in regard to which I think this House could do very useful work. We have, for instance, a reference to the approval by Parliament of the United Nations organization set up as a result of the conference at San Francisco; we shall have to deal with participation by this country in the International Monetary Fund and the Bank for Reconstruction and Development to be set up as a result of the Bretton Woods conference; we shall have to deal with the question of mutual aid for the rehabilitation in large measure of the countries of Europe. Those matters are all referred to in the Speech from the Throne.

Now, honourable senators, those are matters of vast import, and they fall outside the region of ordinary partisan activities with which we associate, and quite rightly, the lower Chamber. It seems to me that the Senate of Canada can make a great contribution to the public life of this country by taking upon itself the function of deliberating upon international affairs in the same way that assemblies of similar character do in other countries. I refer particularly to the House of Lords in England and to the Senate of the United States.

The mention of international affairs leads me to the few topics which I wish to consider in relation to the Speech from the Throne. We have come to the end of the war, and sometimes I think it would be advisable if we were to pause and try to determine in our own minds what position Canada has reached as a result of six years of war. Now and then we are apt not to realize quite as fully as we might that this country has advanced very rapidly in international rank. We are now one of the important nations of the world. We were recognized at San Francisco as one of the most important of the middle powers, taking rank immediately behind those five great aggregations: the United States, Great Britain, the Soviet Union, France and China. Perhaps sometimes we are not quite sufficiently accustomed to that idea; but that is the position we have reached in the world today, and it behooves us to lay our plans and shape our policies accordingly. In the eyes of the world Canada has reached a position of considerable importance.

That being so, I welcome those parts of the gracious Speech which tend to lay emphasis on our emergence as a nation. I refer particularly to those two passages which relate to a Canadian flag and to Canadian citizenship. Dealing first with the question of a Canadian flag—

Hon. Mr. BALLANTYNE: May I be allowed to ask the honourable senator this question? I am not against a Canadian flag, but inasmuch as the Parliament of Canada has not yet adopted a Canadian flag, why is it that the Union Jack has been lowered and our merchant marine flag substituted for it?

Hon. Mr. HUGESSEN: As I am not a member of the Government, that is a question which my honourable friend should address to the leader on this side, not to me.

Let me quote the Speech from the Throne with reference to the question of a Canadian flag:

My Ministers believe that the position attained by our country among the nations of the world makes it desirable that Canada, like the other nations of the British Commonwealth,

should possess a distinctive national flag. You will be asked to appoint a select committee of members of both Houses of Parliament to consider a suitable design for a Canadian flag.

Now what is a national flag? Surely it is a symbol of nationhood; it is the outward and visible sign of all those feelings, traditions, hopes and aspirations, which go to make up a nation. I feel that it will be an excellent thing for us to have in this country a symbol to which we can all look up in that way. Now I do not wish to be misunderstood. I am proud of the Union Jack.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: It gives me a thrill to see it flutter in the breeze. It has served us well during the formative period of our country. We have been happy to live under it, and we have enjoyed its protection. We know what it means as the flag of a great and proud nation, the British people, who have rendered great service to the world—great and distinguished service—and not greater at any time than during the past six years.

Hon. Mr. HORNER: What is the matter with it now?

Hon. Mr. HUGESSEN: The fact remains that it is the flag of Great Britain. It has no particular designation to show that it has any special connection with Canada; and, as the Speech from the Throne indicated, I think it is now time for us, like the other members of the British Commonwealth, to design a flag of our own.

We are to have a joint parliamentary committee to consider the design and to make a report. I have given some thought to this question of a national flag, and for what it may be worth, I offer some suggestions to the House. It seems to me that it should fulfil three requirements. First, it should incorporate in a position of prominence and honour the Union Jack. None of our people would have it otherwise. By so doing it will give evidence of our membership in the British family of nations, and will be an indication of the natural origin of about one-half of our people, who trace their ancestry from the British Isles. The second essential to my mind, is that it should include in a position of prominence and honour some symbol or design to represent the blood of France that flows in the veins of nearly one-third of our citizens. May I remind honourable senators that our citizens in whose veins flows the blood of France are the descendants of those who first settled in this land; and it is they who have a better title, or at any rate an older title than any of the rest of us, to call themselves Canadians. The third requirement should be that our flag must bear some symbol or emblem that is distinctive of our own country, and which all the world will recognize as such. I suggest that the emblem might be, for instance, the maple leaf or some similar emblem. A fourth element which I think would be desirable, is that our national flag should be as simple in design as possible. That might be difficult of attainment in view of the three prerequisites which I have just mentioned; but, to the extent possible, I believe that our flag should be simple in design and not too intricate in pattern. A national flag, after all, should be clear and plain for all the world to see. It would be a mistake, I think, to try to put too much or represent too much in our national flag. No doubt the matter will be gone into with great thoroughness by the joint parliamentary committee, and after their investigation I am sure they will achieve a satisfactory result.

Now on the question of Canadian citizenship, the gracious Speech from the Throne has this to say:

> The Government also considers that it is advisable to revise and clarify the definition of Canadian citizenship, and to bring the legislation respecting national status, naturalization and immigration into conformity with the definition of citizenship. You will be asked to approve the required measures.

The measures have not yet been brought down, and therefore we have no details of them. However, generally speaking, I should like to say that I welcome any steps which will place more emphasis on our present status and less on our racial antecedents. I think that in the past in this country there has been too great a tendency to classify ourselves according to racial origins, which in many cases were so remote as to lose all possible meaning. How, for instance, can you designate as an English-Canadian a man whose family has lived in this country for the past four or five generations, and who has in his racial strain not only English, but perhaps part Irish, Dutch and German blood? How can you classify as a French-Canadian a man whose ancestors have been in this country for three hundred years, and who, very likely has, as so many have, Scotch and other bloods intermingled with his French blood? It seems to me that a man of that kind would have a right to call himself a Canadian, pure and simple, without any reference to his ancestral origin.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: People in this country are too prone to classify themselves, and to allow their government to classify them, as English-Canadians, French-Cana-

dians, Danish-Canadians or Ukrainian-Canadians, or hyphenated Canadians of some kind or another. The tendency has been to emphasize the racial origin at the expense of the "Canadian". I think that is wrong. Keep the prefix if you like, but place the emphasis on the suffix. Let us emphasize our united future and not our divided past. For that reason I welcome any legislation, such as is now foreshadowed, which will embody the idea of Canadian citizenship; that will be equally the right and equally the pride of everyone of us.

Now it is idle to deny that in this vast country we have great diversities of racial origins, tongues, beliefs and interests. But let me ask you to consider these diversities in the light of the position that Canada has achieved in the world of to-day. The outside world knows nothing, and cares less, about these diversities. I was much struck by a remark which was made to me a few days ago by a boy who has just returned from four years of service with our armed forces. He was commenting on our tendency in this country to classify ourselves by our racial origin, or by the province from which we happen to come. This is substantially what he said: "In England, in Italy, in Belgium and, yes, in Germany, we were looked upon, and we looked upon ourselves, as Canadians. Nobody was interested in our racial origin or in the part of the country from which we came. By the peoples of those countries we were accepted and welcomed as Canadians. We represented the strength, the goodwill, the riches and the help that the name 'Canada' has come to mean to the other nations of the world."

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: Now I suggest to you that that is a feeling which exists in the minds of every one of the boys in our fighting forces when, with their hearts full of hope, they turn their faces homeward to the land of their birth. I suggest that we should follow their example; that from now on we should see ourselves as the people of other nations see us, and think of ourselves as the peoples of other nations think of us. Likewise, we should think of ourselves as, together, constituting one nation—a nation which has an important part to play and an important contribution to make to the world of today and of tomorrow.

It is a truism, of course, it is a thing which has been said countless times during the last few years by many tongues far more eloquent than mine, that no nation can any longer live to itself alone. In the modern world isolationism as a policy is no longer possible; it is not only dead but it is damned. Henceforth our external relations as a country are going to be far more important than any of the internal questions on which we may differ from time to time. If you want proof of that, look again at the Speech from the Throne and read how, in paragraph after paragraph, it refers to matters of international importance of all kinds.

Honourable senators, I should like to repeat a very striking phrase that was used two or three years ago by the late President Roosevelt, when he said: "This generation has a rendezvous with destiny." We in Canada are now called upon to act as a nation. That is the reason why I welcome the steps that have been announced in the gracious Speech with reference to the Canadian flag and Canadian citizenship. It seems to me that those steps will emphasize our national status in the minds of our own people, and will help us to develop the mental attitude that we shall need as we face the world of tomorrow.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. BENCH: Honourable senators, I should like, first, to associate myself with the good wishes expressed to the honourable the Speaker, and to the leaders on this and the other side of the House, by those who have preceded me in this debate. I should like also to add my voice to the chorus of congratulations which has been raised in recognition of the fine forensic efforts of the mover (Hon. Mr. Robinson) and the seconder (Hon. Mr. Dupuis) of the Address in Reply to the Speech from the Throne.

I was admitted to this Chamber under the leadership of the gentleman who now graces the Speaker's Chair, and I should like to take this opportunity of recording my appreciation of the many courtesies and the good advice which I have received from him since that time. These courtesies, I might add, were reflected in the attitude towards me, as the youngest member in point of years in this Chamber, of the honourable member from Alma (Hon. Mr. Ballantyne), who has recently retired from the leadership of the other side of the House.

Anyone listening to His Excellency's Speech must have shared with me an appreciation of its underlying theme—Canada, having emerged victorious from the most desperate armed struggle of its history, may now turn its legislative talents to the happier tasks of peace.

As was said by the honourable gentleman from Inkerman (Hon. Mr. Hugessen) who immediately preceded me, this Parliament may now concern itself not with the ugly problems

of waging war, but with those related to the achievement of a fuller measure of social justice and security, prosperity and happiness, for our own citizens and those of the other nations of the world.

This prospect would seem to signal a broadened horizon of activity for the Senate as one of the two Houses of our Canadian Parliament. As was pointed out by the honourable gentleman from Inkerman (Hon. Mr. Hugessen), during the six years we have been at war the normal functions of this House have been very considerably restricted. For the purpose of most effectively mobilizing the resources of our nation to meet and defeat belligerent aggressors, Parliament has seen fit to delegate to the Governor-General in Council and to Crown agencies much of its law-making powers. Whether or not we agree that these delegated powers always have been exercised wisely, none would venture to argue that the principle of delegation under the impact of war was not a sound one. However, one of the practical results of this step has been to leave the Senate much less opportunity to perform its normal function in the scheme of Confederation. The overriding needs of the emergency reduced to comparative unimportance matters associated with the rights and interests of minorities, not to mention the rights and interests and even the liberties of individuals, with all of which the Senate of Canada normally must be concerned.

On other occasions, both in and out of this Chamber, I have ventured to draw attention to the position which is held by the Senate of Canada in our parliamentary structure. Incidentally, I should like to seize upon this opportunity to convey to honourable senators an expression of my gratitude for the great honour which they conferred upon me at the last session by spreading on the pages of the Senate Hansard a copy of a speech made by me upon this topic at the city of Hamilton.

I do not intend to burden this House with a repetition of what I have previously said on the general subject of the Senate. I merely seek the indulgence of honourable senators for the purpose of respectfully pointing out what seem to me to be the expanding opportunities which now lie before this branch of Parliament. I am convinced that no position in our parliamentary scheme of things, excepting only membership in the Cabinet, offers greater scope for public service than membership in the Senate. Here we are free of motives of political prejudice; we are independent of the whims and fancies of public favour. We need be concerned only with a desire to act in the best interests of all sections of the Canadian people.

Notwithstanding these considerations, it would be folly not to recognize that the Senate of Canada, as a branch of our Parliament, has suffered a very substantial loss of prestige in the eyes of the Canadian public. It has been referred to as an "anachronism" and a "political limbo". It is so long since it has left any positive impression on the public conscience that many misunderstandings have arisen as to its purpose and its powers. In fact, in the writings of certain learned gentlemen who claim to be authorities on the constitutional aspects of Canadian Government, one can find considerable evidence of ignorance of the work of the Senate. Not long ago, I was amazed to hear it said by a distinguished member of the legal profession, one who ought to have known better, that the Senate has no power to initiate legislation. More recently a Saskatoon newspaper, in commenting upon the appointment of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) described this House as the "somnolent arena". I am sorry that the honourable gentleman is not at the moment in his seat, but knowing him as we all do I am sure that none of us expect him now to fall asleep.

One does not like to recall these unpleasant references to the Senate, but if there is to be a realistic appreciation of the status of this body in the public mind it would seem necessary that we be frank with ourselves and also with the people of Canada. The shadow of the Senate undoubtedly has been growing less and less. If it is not to disappear entirely something must be done to improve the place of the Senate in the parliamentary sun. As every honourable senator knows, I am by no means the first member of this Chamber to address myself to this subject. In our records, dating from shortly after the Act of Confederation, there will be found expressions of a similar nature. Time and again it appears that efforts have been made by the Senate to induce the Government to give it more work to do, so that it may share more directly with the House of Commons the legislative burden. But almost all such attempts have proven abortive.

If, in their wisdom, governments see no advantage in using the facilities of the Senate, then, it would seem to me, this honourable House must formulate and execute its own programme for better serving the purpose for which it was created.

If honourable senators will give some thought to the way in which our Parliament functions as compared with the Congress of the United States, they will realize that, whatever the technical position may be, there is

no regular parliamentary forum here in which public views and criticisms can be heard. Every member of this honourable House must at some time have remarked to himself the great difference which exists between the functioning of the Senate of the United States and that of the Senate of Canada. My own impression is that, through its committees, the United States Senate is serving constantly as a sounding board of public opinion.

This happens only infrequently in Canada. The reason for this failure I believe is that the Canadian people have let fall into disuse the instrument which they have in their Senate and which very well could serve the same purposes here as its counterpart serves in the United States. If Canadians were fully aware of their opportunity to be heard through the facilities of the Senate, I think they would take increasing advantage of it. I am equally convinced that Government loses a great opportunity in failing to put to active use the means at its disposal, the proper functioning of the Senate, to gain an impression of public reaction on not only the making of the laws but their administration.

I was interested to note the remarks made by the honourable leader on this side (Hon. Mr. Robertson) when the Senate was last sitting, and referred to again today by honourable senators on the other side, relative to the subject of meat rationing. The honourable leader struck a note which I feel is very much in the same key as my own thinking. He said it might be an excellent thing if one of our efficient committees asked those responsible for the controls to appear before it and satisfy honourable senators as to the need for these measures.

I respectfully suggest that the incipient revolt against meat rationing is the result of two things: first, a natural desire to be free of regimentation after six years of patriotic submission to such rules; secondly, and probably more important, a lack of conviction on the part of the people that there is a practical need of the measure to carry out our obligations to the other nations of the world. There is possibly a third reason: I have frequently heard the suggestion that we were pushed into meat rationing by vocal expression of one or two members of the United States Senate.

If meat rationing is necessary—and I am prepared to accept the assurance that it is necessary—I am perfectly satisfied that the people of Canada would submit to it readily and willingly if they were given their day in court to state their case and hear the Government's side.

I have had a little personal experience as a bureaucrat, and I know the value of taking the people into your confidence. As long as the administration of the Wartime Wages Control Order was kept as a "hole-in-the-corner" operation in a back room of the Confederation Building it was in constant trouble. There were strikes and threats of strikes. As soon as the National War Labour Board made it a matter of policy to hold its hearings in public and give the parties concerned an opportunity to be heard openly the fever went out of the problem.

If it should still be deemed advisable, as has been suggested here today, that a committee of this Senate should undertake the responsibility of holding public hearings on the matter of meat rationing, I believe we should not have such exhibitions of revolt against the Order as we have seen during the past two or three weeks.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: Moreover, if that committee were able to report in favour of the measure, it might be safely predicted that the people of this country would accept it willingly and generously and give to the Wartime Prices and Trade Board the co-operation necessary to make rationing a success—something that agency of Government is not getting today.

Having referred to the subject of the meat rationing, it might be appropriate at this point for me to draw the attention of honourable members to the current threat of a nation-wide strike in the packing house industry. Press reports indicate that the strike is to be called for the purpose of enforcing wage increases. The control of wage and salary rates in the Dominion is part of the Federal policy to meet and overcome the disaster which would result from inflation. There has been set up under Dominion Government auspices a tribunal for the purpose of administering this wage control in a manner which is designed to be fair and equitable to all workers in Canada.

Any strike action which may be taken to enforce wage increases, without resort to the normal processes provided by the law, would seem to me under existing conditions to be a matter of Federal concern. This would appear to be even more so where the threat of a tie-up is on a nation-wide scale in a basic food industry at a time when our need for adequate provision of such supplies was never greater. Surely any such threat is one of which the Parliament of Canada should take cognizance. Is any group or section of the national community to be encouraged to take the law into its own hands?

Employees in the packing house industry may have some real basis of complaint with respect to the level of their wage rates. In such case the Canadian people should demand that they submit their case for adjudication by a properly constituted tribunal. If they elect not to do so, then the people of this country, and those of starving Europe who are dependent upon Canadian sources of supply, will be at the mercy of the unlawful and possibly ill-considered action of one sectional group. In this event it would appear that the Government has no practical means at its disposal to meet the situation. True, the law purports to impose penalties for what have been described as illegal strikes, but it does not require much imagination to realize that it is quite impossible to prosecute and punish hundreds or thousands of individuals who participate in any such breach of the written law.

I suggest that these issues should be aired in the court of public opinion, making sure that all interested parties receive a fair hearing. I would go so far as to say that in a situation such as that which now threatens in the packing house industry the Senate of Canada might actively interest itself in a solution of the problem. In default of the complaining parties taking their case to the National War Labour Board, and resorting to the strike weapon instead, I think the matter should be referred for inquiry to the appropriate Senate committee. To its sittings should be invited not only the complainants and others directly concerned, but representatives of all sections of the population who may be affected by the dispute. Parliament should seize upon the earliest possible opportunity to learn at first hand the reasons underlying disturbances or threatened disturbances of this type, which affect the national interest. Only through such direct investigation can the causes of the trouble be removed. Otherwise, it is not beyond the realm of probability that Canada will find herself faced with a general strike I see in the present disturbed state of our labour relations several indications of this.

The Speech from the Throne forecasts that as a result of the agreements which it is hoped to conclude with the provinces it will be possible to effect "a reorganization of the Dominion tax structure on a simpler, more equitable basis, conducive to the expansion of enterprise and employment." This statement will be most happily received by all sections of the country. However, I suggest that there yet remains a very important work to be done in the field of taxation, which need not wait upon any decision of the Dominion-Provincial conference regarding the redistribution or reorganization of taxing methods. I think we can be reasonably certain that income tax, and the related impost on excess profits, so long as the latter is needed, will continue as Federal taxing measures. No one will argue that the mechanics of assessment and collection of income and excess profits taxes do not need overhauling.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: The Income War Tax Act, first passed in 1917 and amended and added to from time to time since then, has never been revised and consolidated. In the result, today it is so complicated that hardly anyone can understand it—and as a lawyer I do not think that is making too great an admission. I am surprised that even the officials of the Department of National Revenue who are charged with its administration can carry out their duties with any degree of uniformity. Here is a very practical and much needed work that the Senate could undertake. I respectfully suggest that we should have a committee of this honourable House set up for the special purpose of considering and revising the Income War Tax Act and the Excess Profits Tax Act, as regards the procedures of assessment and collection, with a view to their modernization and simplification—so that even I could understand them.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: Then, too, our electoral laws are in much the same condition as the taxing statutes which I have just mentioned. The honourable leader on the other side (Hon. Mr. Haig) a few days ago gave expression to the proposal that there should be in Canada a system of the single transferable vote. Other honourable senators and members in the other place have expressed themselves similarly. Not long ago a suggestion was made to me that we should preserve our system of national registration for electoral purposes and that there should be maintained in each district or county a register of all persons of voting age. Thus we would be able to maintain a running census of the voting population and do away with the expensive and somewhat clumsy method of enumerating the voters in advance of each election. In this connection, I notice that certain enumerators are now being prosecuted in the city of Toronto on charges arising out of the performance of their duties in the recent federal election. It seems they put on the voters' list the names of a number of graduates of the University of Toronto who happened to be then under the voting age.

A system of permanent registration, properly devised and administered, would overcome these weaknesses in our election laws.

It may be argued that the Senate, not being the elected branch of Parliament, should not undertake a study of this kind. I do not agree with that attitude. It seems to me that, quite apart from the fact that we have more time than the other House, and better facilities for doing the work, the very circumstance that the Senate is not directly concerned with the application of our election laws, and thereby is free of any bias in regard to them, better equips it to give impartial study to the whole matter and to formulate recommendations for the consideration of Parliament. Any such effort on the part of the Senate, if it did nothing more than provide an opportunity for the expression of public views, would in my humble estimation constitute a fine service to our country.

There is yet another matter with which I think we might concern ourselves, and which directly affects this Chamber and its work. This is to make a study of, and to report to Parliament upon, the advisability of amending the Salaries Act and other Acts dealing with the remuneration of our public officials. It is a little-known circumstance that the Leader of the Government in the Senate receives no remuneration beyond his sessional indemnity. How the leader of this House can be expected to spend the time and energy necessary to the proper execution of its business, without being paid for it, is beyond my understanding. I submit that the office of Government Leader should be recognized as a full-fledged Cabinet position, carrying with it the same salary and allowances as are assigned to other ministerial positions.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: I would also suggest for similar reasons that the position of the leader on the other side should carry a salary status comparable to that of the Leader of the Opposition in the other House.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: There are other inequalities in our statutes relating to salaries. We are constantly hearing complaints about the basis of remuneration provided for the judges of the country, and I have also heard it suggested more than once that the salaries of deputy ministers and other civil servants should be reviewed and revised. If the Senate were to undertake a study of this problem and report its recommendations to Parliament, I suggest that thereby it would be making an important contribution to the machinery of government.

Now, honourable senators, I have ventured to put forward these suggestions to-day as a respectful indication of the great opportunities which we in this House have to advance and assist in the work of Parliament. These are only my own ideas. I am sure that other honourable senators more experienced than I am could add to the list very materially. May I add the hope that during this session the Senate may undertake some work on its own account which will effectively demonstrate to the Canadian people that we are not only a necessary but a very useful branch of our parliamentary machinery.

On motion of Hon. Mr. Roebuck the debate was adjourned.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, October 4, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILLS

FIRST READINGS

Bill B, an Act to incorporate The Canadian Jewellers Institute.—Hon. Mr. Campbell.

Bill C, an Act to incorporate Dominion General Benefit Association.—Hon. Mr. Haig.

Bill D, an Act to incorporate International Air Transport Association.—Hon. Mr. Hugessen.

Bill E, an Act to incorporate Ottawa Valley Trust Company.—Hon. Mr. Lambert.

INTERIM COMMISSION ON FOOD AND AGRICULTURE

REPORT REFERRED TO COMMITTEE ON AGRICULTURE AND FORESTRY

Hon. WISHART McL. ROBERTSON: Honourable senators, with unanimous consent, I would move:

That a copy of the first report to the Governments of the United Nations by the Interim Commission on Food and Agriculture, Conference Series, 1945, No. 1, laid on the Table of the Senate on 11th September, 1945, be referred to the Standing Committee on Agriculture and Forestry.

My reason for presenting this motion is that probably next week there will come before us from the other place a measure, based upon the report, which has to do with Canada's participation in the international conference on food and agriculture. In the meantime I think it will be advantageous to have this report before the Standing Committee on Agriculture and Forestry, where departmental officials who have detailed knowledge of the subject may be heard. In this way we shall become better acquainted with the measure and more able to appreciate its full significance.

This interim commission was established by the United Nations Conference on Food and Agriculture, held in May, 1943, at Hot Springs, Virginia, in an effort to solve on an international scale the problem of surplus food production in some countries and the shortage or even lack of food in others.

Canada has taken a prominent part in this international effort, in that the Canadian Ambassador to the United States was the first chairman of the conference; and I notice that Canada's proposed contribution to the contemplated budget comes immediately after the contributions of the United States, the United Kingdom, the Union of Socialists Soviet Republics, China and France. Indeed it represents 5·6 per cent of the total budget as against France's suggested contribution of 5·69 per cent. For the benefit of those who are interested in our fisheries, I may say that I understand our delegates are particularly anxious to have the international association give greater recognition to the possibilities of fish as a food, and I believe that already they have achieved considerable success in that direction. Honourable senators, particularly the honourable senator from Northumberland (Hon. Mr. Burchill), who is a past president of the Canadian Forestry Association, will be interested to know that the report gives considerable prominence to forestry production. I am confident that the information to be submitted to our committee will help us when the measure to which I have referred comes before us for formal consideration.

I cannot say at the moment just when the Committee on Agriculture will meet. The honourable senator from South Bruce (Hon. Mr. Donnelly) who so courteously and efficiently presides over that Committee will not be in Ottawa until next week. When he arrives I will consult with him, and perhaps, if it is convenient, we will have the meeting next Tuesday. I should like it to be held as soon as possible so that we may have before us all the information available when we come to a consideration of the measure itself, for it is desirable that this measure should have Canada's ratification before the 16th of October, the date on which the international conference takes place in Quebec

I would advise honourable senators, particularly the newer ones, that although the report will be referred to the Committee on Agriculture, this does not mean that anyone will be debarred from attending. It simply means that only members of the committee will be entitled to vote. Every member of the Senate has a right to attend the committee meetings, and I would urge all who are interested to do so, for I am hopeful and confident that some enlightening information will be forthcoming.

I would move, with the concurrence of the House, that this report be referred to the Committee on Agriculture and Forestry.

The motion was agreed to.

EMERGENCY SITTINGS OF THE SENATE

MOTION

Hon. Mr. ROBERTSON moved:

That for the duration of the present Session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the honourable the Speaker be authorized to notify honourable senators at their addresses registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

He said: Honourable senators, this is the motion of which I gave notice yesterday.

Hon. Mr. LEGER: Honourable senators, personally, should be happier if the Leader of the Senate would add after the words "authorized" in the seventh line, the words "on three days previous notice". The motion as it stands would permit the members who remain in Ottawa to assemble here and pass any legislation that might be ready. This was done, to mention an extreme case, when war was declared on Japan, and yet the province most vulnerable to attack was not represented here at all. We declared war before the United States did so, and before we had been attacked, at least in a physical sense. It seems to me that we should have some notice. We represent the provinces. A province most vitally concerned in some legislation might be prejudicially affected by reason of not being represented, therefore, it seems to me only reasonable that some advance notice should be given. If it is deemed desirable to let the motion go as it

is, I have no great objection; but I think we would feel happier if it were varied to the extent I have suggested. I am not offering an amendment, I am only asking the Leader opposite if he would include what I have just suggested in his motion.

Hon. Mr. ROBERTSON: Honourable senators, as far as I am concerned, I merely adopted the phraseology used ever since the resolution was first introduced in the Senate. As I said yesterday, I had some doubts in my mind as to whether such a resolution was necessary or not. If the resolution as it stands would cause any inconvenience, I should be very pleased to accept the suggestion of my honourable friend. I should like to know how the Leader opposite, or any other senator, feels in regard to it. I am quite willing to abide by the opinion of the House.

Hon. Mr. HAIG: The honourable senator from Saltcoats (Hon. Mr. Calder) has made a suggestion to me which I think has merit. It is that the three days notice should not be made arbitrary but that the honourable the Speaker be given the power asked for on the understanding that he is to give three days' notice except in cases of extreme emergency.

Hon. Mr. LEGER: That would be satisfactory to me.

Hon. Mr. ROBERTSON: It is suggested, honourable senators, that, instead of changing the phraseology of the resolution, it be passed on the understanding that should it become necessary to act upon the resolution it would be desirable to have at least three days notice.

Hon. Mr. HAIG: Uuless it be in a case of extreme emergency, when immediate action has to be taken.

The Hon. the SPEAKER: Is it suggested that the motion be amended?

Hon. Mr. HAIG: No, Mr. Speaker.

Hon. Mr. HOWARD: His Honour will use his own judgment.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, to adopt the motion?

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the Session, and the motion of Hon. Mr. Robinson for an Address in reply thereto.

Hon. ARTHUR W. ROEBUCK: Honourable senators,—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: Honourable senators, I thank you for the welcome. I should like to join in the very eloquent remarks made in his masterful speech, by the honourable member from Summerside (Hon. Mr. Robinson) who, in moving that a humble address be presented to His Excellency, thanked the older members of this House for the kindness with which they had welcomed the new members. The friendly welcome that was extended to us was, I can assure you, very highly appreciated. I wish to join in that expression of thanks and to add that I myself was most favourably impressed by the courtesy, the good fellowship and the kindness with which the older senators—and may I say as well, the officers of this House—welcomed us, the newcomers, to this assembly.

May I also join in the congratulations so eloquently tendered to you, Mr. Speaker, upon your assumption of the responsibilities and duties of your high office. And if I am not presuming too much as a new member, I should also like to join in the congratulations and the good wishes that have been extended to the two honourable gentlemen who have undertaken the duties and responsibilities of leadership in this House. I refer to the honourable senator from Shelburne (Hon. Mr. Robertson) and the honourable senator from Winnipeg (Hon. Mr. Haig).

May I, at the opening of my first address in the Senate, acknowledge the gratitude that I feel for the privilege which I now enjoy of addressing this most distinguished assembly. I am particularly grateful to the honourable senator from Inkerman (Hon. Mr. Hugessen) for the kind remarks which he made on the floor of this Chamber yesterday afternoon when extending a welcome to the newcomers. He gave us the assurance that our voices—he did not add, as he might have done, "however raucous"—would be welcomed, and that our views, however immature,—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROEBUCK: —would be tolerated. I appreciate that assurance very highly, and I can tell the honourable gentleman that it makes me feel more comfortable as I rise for the first time here to state a few thoughts which perhaps are immature and which certainly will not be presented in any finished way.

The honourable senator from Winnipeg (Hon. Mr. Haig) expressed himself very strongly in favour of the alternative vote in single-member constituencies. As I under-

stood him, he felt that that reform would give us assurance that no person could be elected to a seat in the House of Commons except by the consent of a majority of those voting in his own constituency. The honourable gentleman is not in favour of minority representation. Neither am I. In my view, the representation of a majority rather than of a minority in a constituency is a most important principle, and I wish to suggest to my fellow members that the time has come when we should cease considering this measure purely from a viewpoint of party advantage. To my knowledge and experience, it has been so considered, not only in this Parliament but in the legislatures as well, over a number of years.

The time has arrived in the political development of Canada when we must consider this measure from the standpoint of principle and not of party advantage. I myself am a democrat. I believe in the rule of the majority. I am prepared to accept the decision of a majority, even when I do not agree with it. I would go so far as to accept a government of the opposite political persuasion if, God forbid, the people of this Dominion determined in favour of it. My honourable friend to my right (Hon. Mr. Leger) will admit that in this I am going pretty far. If the people of this country make a decision, I, as a democrat, am prepared to accept that decision with the best grace possible under the circumstances, and willingly, knowing that people learn by making mistakes and that there is no substitute for experience. I will take my place with my fellow citizens in accepting any decision of the majority of the people.

But what I fear, honourable senators, is the election in this country of a government which does not possess the confidence of a majority of the people, a government attempting to rule although it has not been elected by a majority of the votes cast. I tremble at the thought of what might happen in Canada did a government representing a minority attempt to enforce views and policies to which the majority is opposed. It is that possibility, because of a wrong principle involved in our present method of voting, which so impresses me in favour of this measure of the alternative vote in single-member constituencies. And if honourable members will bear in mind that possibility—of a majority in the other House representing a minority in the country endeavouring to impose on the rest of us policies and practices of which we not only do not approve but actively disapprove—then we may count upon the support of that measure by the Senate.

Honourable senators, in the Speech from the Throne there are a number of points which to me are of exceptional interest. To begin with, the Speech gives notice of the end of the most terrible war in history, and it expresses humble thanks for our deliverance. It expresses remembrance of and pays reverent tribute to those who have paid the price of conflict. It acknowledges Canada's tremendous war contribution, the result of that glorious partnership between our warriors and our workers. In the victory over the Axis powers, the authors of the Speech say, "We find the asurance of the ultimate triumph of righteousness as we seek to bring into being a new order founded upon world security and social justice." "World security and social justice", those are fine words. And they are used in earnest, for His Excellency assures us that the Government will shortly bring in measures to assist the starving millions in Europe and to expedite the rehabilitation of their devastated areas.

Fortunately the Speech comes nearer home when it deals with the demobilization of the men and women of our armed forces and their rehabilitation in civil life. It also speaks of the maintenance of a high level of employment and national income. When a Government sets out to establish what it calls "a national minimum of social security and human welfare" it is quite natural that it should in the first instance turn to the work of men's hands, such as the building of homes, the construction of public works, and similar activities. In furthering social security and human welfare it is also natural that the Government should turn to humanitarian legislation, such as providing for floor prices for farm and fishery products, old age pensions, health insurance, family allowances, preventive medicine, and of course the re-establishment of war veterans. These are splendid measures, and because of their paternalistic but beneficial nature, in my judgment the Prime Minister and his colleagues will go down in history as the most humanitarian government of our time.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: I commend these measures most heartily, for in common with all honourable members I have seen something of the shady side of life, I know something of what goes on in the poorer homes of our nation.

But while with all my heart I approve such measures, at the same time I recognize their limitations. No hand-out, no sop, no charity, and no pump priming, however generous it may be or however vigorously applied, is sufficient to establish permanent prosperity or the highest type of social welfare.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: Business activity is one of the essentials of human welfare, and upon it almost all other things are built. Therefore I say to you that business activity and a full measure of employment at high wages are the prime attributes, not of charity, but of social justice.

Some Hon. MEMBERS: Hear, hear.

Hon. Mr. ROEBUCK: Given this quality of social justice in our society, both general well-being and high national income follow as a matter of course. With failing profits to industry and lack of jobs at good wages, inevitably you have business depression, hard times, poverty, disease and unhappiness. Indeed, unless you have prosperity with its corollary of high national income, decadence is the fate of our nation.

Henry Wallace, now Secretary of State for Commerce of the United States, a man with a very bright mind and with a background of broad experience, has recently published a book entitled "Sixty Million Jobs." He states his belief that it is possible to bring about full employment and business prosperity in a free-enterprise society without at the same time submitting to what has been described as planned economy—a euphonious term for bossism—and without disastrous inflation and the objectionable features of an unbalanced budget. He believes that this excellent condition may be brought about without the sacrifices which so many of those who speak of its desirability seem to think are necessary.

But, honourable senators, I would call your attention to the fact that Henry Wallace speaks of free enterprise. He does not advocate free monopoly, or free privilege, or free-booting of any kind. It is free enterprise of a true character that he has in mind when he promises the result of business activity and full employment. He speaks also of the gospel of abundance rather than the gospel of scarcity. While I suppose almost everybody would agree in the generalities of my statements, there yet are those in this country who say that, because the war is over and we are now no longer destroying wealth by the billions of dollars, wages must come down. There are those who actually would use the increasing supply of manpower to force wages down. I submit to you, my fellow-members, that the citizen who at this time joins in conspiracies to reduce wages is no friend of Canada.

An Hon. SENATOR: Hear, hear.

Hon. Mr. ROEBUCK: I appreciate, however, that there are those who hold a bona fide view that, in order to compete in foreign markets, we must produce more cheaply than our competitors. Of course there is no answer to that statement. We must produce cheaply if we would sell to advantage in foreign markets. On the basis of this truism, they proceed to argue that in order to produce cheaply you must reduce the standard of wages. Well, by way of reply, though by no means completely meeting the argument, I would say that if in order to trade abroad it is necessary that we reduce the standard of living at home, then the sooner we cease trading abroad the better. But of course that is not the case at all. Their argument is based upon a fallacy. The true explanation is that wages are not the only element which enters into production. High wages do not necessarily mean high costs of production; and, conversely, low wages do not necessarily mean low costs of production.

I call the attention of honourable members to the trade in manufactured goods which flows from countries of comparatively high wages and good standards of living to countries of abnormally low wages and low standards of living. I cite, as an example only, the trade in manufactured goods which flows from the British Isles to low-paid and starving India.

To sustain my position that high wages do not necessarily mean high cost of production, or to put it conversely, that low wages do not necessarily mean low cost of production, I quote the words which the senator from Winnipeg (Hon. Mr. Haig) uttered in this House just before the adjournment. Here is what he said:

> During this war and in the preceding years of peace the United States demonstrated to the world that through the use of inventions and machinery they could produce goods faster than anybody else, and still pay high wages.

I say to those who would like to engage in the foreign trade of Canada that they must depend upon the things which the honourable gentleman from Winnipeg has specified. They must seek advantage in their own intelligence, in their organizing ability, in machinery and systems, in order to keep the cost of their goods down to a point at which they can sell them in competition with other countries. That can be done in this country as well as anywhere else. They must rely on the things I have enumerated, because we will not tolerate in this country the impoverishment of our workers. There is no alternative.

Now I suggested that low wages accompanied by high rates of production inevitably result in social stagnation, in business depression, poverty and unhappiness. I call your attention to certain general facts. Is it not true that in times of depression warehouses are filled to the roofs with goods

which people have produced, and which people need and unfortunately cannot buy? I suppose that all of us in this Chamber remember the burning of piles of coffee on the wharves because of the lack of a market in which to sell; we all recall the driving of hogs into the Mississippi; and I am sure that none of us will forget that in the disastrous days of depression through which we have passed our own elevators were full to the eaves with wheat that we could not sell. The purchasing power of the masses all over the world had been so depleted that they had nothing left to exchange for needed commodities. After they had paid the tax collector and the landlord, there was nothing left which they could trade with us for the food which they so sorely needed and which we would have been so happy to supply. In other words, you must keep purchasing power in the hands of your people.

Let me give you an illustration. The manufacturers of agricultural implements never close their plants, or cease operation, so long as the farmer can pay his notes; the manufacturers of food and clothing never discharge their employees in periods when the housewife has the wherewithal to furnish her table and clothe her children. To paraphrase a very old aphorism, "The shoemaker's children do not go barefoot when the shoemaker's customers can buy shoes and pay for them."

In other words, honourable gentlemen, purchasing power in the hands of the people is the key to business activity; and business activity is the sine qua non of a happy, industrious and prosperous people.

The Honourable C. D. Howe is a very great organizer. He is a genius at that sort of thing. He is now busily engaged in tooling up the factories for post-war production. But I suggest to you, that it will be futile to turn out radios, washing machines and refrigerators if there are no buyers to buy them. I would suggest that a super-organizer is not at all essential; just let dollars jingle in the pockets of the workers, and manufacturers and merchants will spring up like mushrooms in the night to supply all needs. My submission is that the way to promote business activity is to maintain purchasing power in the hands of the workers. The way to maintain purchasing power is to increase wages, not to decrease them.

Let me illustrate once again. The beneficent family allowance act distributes among the people, the workers in the main, something like $200,000,000 a year in purchasing power. The effect of that $200,000,000 is to-day being felt in the factories and on the farms of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HOWARD: No doubt about it.

Hon. Mr. ROEBUCK: When you discuss social legislation, you talk in millions; but, honourable senators, when you discuss wages you talk not in millions but in billions of dollars. The effect of increased wages to our workers, in keeping factories and farms active in this country, would be proportionately greater than the results obtained from the raising of money in the public treasury and handing it out in gifts to those who need it, and in saying this I am not objecting to social legislation.

During the war Canada's greatest customer was the Government. But, obviously we can no longer depend upon Government buying to keep our factories moving. The Government does not need to buy now. At least, the Government does not need to buy in such great quantities, because it does not now need to destroy in such great measure. We must distribute our products amongst our people. Why reduce wages under these circumstances?

The billions of dollars which during the last five years flowed into the boiling cauldron of war may now, if we are sufficiently wise, flow like sunshine into the homes of our people. It is within our power to produce in this country the grandest civilization that yet has been known upon this earth.

The honourable member from Peterborough (Hon. Mrs. Fallis) made a most excellent speech before the adjournment. It was a speech on the subject of employment, and I commend her for the thought which she has given to this vital question. She was rather critical, I admit, of the Minister of Labour for what she called his "airy remark": "There are jobs for all and to spare." She doubted the ability of manufacturing industry to absorb the thousands of men who are being discharged from our armed forces and our war factories. On the other hand, she found reason for optimism in contemplating the possibilities that lay in other fields of endeavour, fields other than that of manufacture. She enumerated farms, forests, mines and water powers. Well she might, honourable gentlemen, for these are the natural resources of our country. To the farms, the forests, the mines and the water powers, she might well have added the fisheries. She was right. She envisaged in the use of these natural forces a vast reservoir of paying jobs. She was right; what is a job after all but the transformation of natural commodities or forces into a form that satisfies human desire? I will go further than the Minister of Labour, who says there are jobs for all and to spare. I think he might have

said, "There should be jobs for all and to spare." I will say this, that in a properly constituted society of free enterprise, where man and capital have free access to natural forces, the limit of jobs is the limit of those who will fill them—and I might add, in the words of the Minister of Labour, "and to spare."

Now what should we do? My suggestion is that we should make business and employment profitable by every proper means that is within our power. When I say "business" I do not mean just big business, that has done so well during the last five years. I have in mind for the most part little business, which has been so often crowded to the wall. And I suggest that the first step in the way of making business profitable, and therefore capable of extending employment, is to get off its back.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: Perhaps I might illustrate what I mean. In order to employ our population we should ameliorate taxation upon both industry and consumption, taxation which, in my judgment, is to-day bleeding Canada white. I turn to the excess profits tax, which as now devised allows industry established in the period before the war to accumulate and to retain the profits of pre-war days, while at the same time it restricts the non-profitable industry of those times, and new industry, to rates of retained profits so meagre that expansion and development are practically impossible. There is good reason to tax profits that are in fact excessive, for excessive profits arise from the ownership of natural forces, and from monopolies such as hide behind tariffs, patents, and Government favours. Because of the unfair advantages possessed by industry in these classes, profits are greater than would be possible in free and open competition. But taxation of profits which are excessive in fact is not the principle of the present excess profits tax. In my judgment, it is deadly and vicious.

I was pleased to note that this subject is mentioned in the Speech from the Throne. I think it is at last recognized that if we maintain taxation of this character, we shall drive the enterprising young men of the rising generation across the international line into the United States, where the founding of new business is not a practical impossibility, as it is in Canada today.

The Speech says that the financial agreements in contemplation at the recent Dominion-Provincial Conference "would make possible a reorganization of the Dominion tax structure on a simpler, more equitable basis, conducive to the expansion of enterprise and employment." I take that statement to mean an intention to alter the basis of the excess profits tax and other imposts which have the effect of destroying industry and enterprise and thus limiting employment.

I was interested in another statement in this remarkable Speech from the Throne, a statement which leads us to expect measures calculated "to stimulate the restoration and expansion of external trade." I take it, honourable senators, that that means the Government is contemplating the abolition of the foreign exchange tax of ten per cent, which has had the effect of abolishing the free list in the Canadian tariff and of raising the tariff wall which we have built around ourselves to the highest point in history. I hope that that statement in the Speech forecasts the introduction in this Parliament of measures that will re-establish the principle of low tariffs as a policy of the Liberal Party.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: The income tax falls, of course, with varying intensity on different classes of our people; but, honourable senators, I protest against any tax measure which still further reduces standards of living that are already below the level of decent subsistence. I further protest against an income tax which takes from our best workers in the middle classes of society one-half or more of all that they can earn. We put up with that sort of thing during the war: first, because we had to; and secondly, because in those days we were not critical, our minds having been concentrated on the one end of beating Germany and the Axis powers. But those days have gone by, and I submit that we should not now be called upon to endure this form of excessive taxation. The Australian Cabinet has seen fit to announce a reduction of 12½ per cent in personal and income taxes. Canada must do something along the same line.

Should these remarks come to the attention of the Minister of Finance and should he do me the honour of reading them, I can imagine his asking, "How is it possible to carry on government in Canada if these sources of revenue dry up?" My answer, honourable senators, is three-fold. First, we must reduce the cost of government in this country. By that I mean that we must reduce the tremendous expense of our civil and military establishments. Secondly, I think we must—and I am sure we should—endeavour to increase our population. My third answer is that the Minister of Finance should seek sources of revenue which do not have the effect of killing

enterprise and industry, that is to say, taxes imposed upon ownership rather than upon enterprise.

The first of these proposals, that we should reduce the cost of our civil and military establishments will, of course, be unpopular; but I submit that the Minister of Finance must face up to that job and do it immediately. With regard to my second proposal, that we increase immigration, I call the attention of honourable senators to the fact that depressions come upon peoples when the profits of the nation's industry are insufficient to carry the nation's overhead. When I refer to overhead in this connection I have several things in mind: first, land rents; second, the burden of taxation; and third, the cost of railways and other public services of that kind. Of course, there are other overheads, but I mention these.

I point out to honourable members that land values in Canada, from the Pacific to the Atlantic, have been advancing during these last two or three years. Notwithstanding price ceilings, land values have been steadily inching up. As we know, our tax burden has been multiplying. And the cost of transportation and of other such services is very high. What then is the answer? I suggest it is to increase our numbers and so spread the burden among more people. If we bring into this country selected people who will actively engage in enterprise, then our railways will continue to be as busy as they are to-day, our tax bill will be less burdensome, and our land values may perhaps be carried at their present level. Unless there be an increase in our numbers, I tremble for the future of business activity in this country.

I submit, honourable senators, that twelve million people must not and should not attempt to pre-empt for themselves the greater part of a whole continent. That condition cannot last. We should not and we cannot reserve for so sparse a population the vast areas and wonderful natural resources of this country. Right now, Canada should take into consideration the revision of her heartless policy of the "closed door". In order to promote prosperity and full employment, we should encourage selective immigration to the extent of about 500,000 persons a year. In this way we could double our population in the next twenty years, as we did in those years which preceded 1911.

I suggest that the Minister of Finance should seek sources of revenue which do not discourage industry, which do not kill employment, which do not increase the cost of living and bring about unhappiness in our land. If you will permit me, I should like to illustrate my point by the historic tale of the "Toll-gates on the Rhine". Long, long ago there were pirates on that fabled river. There have been pirates in modern times, but those ancient pirates wore bandanna handkerchiefs around their heads and carried cutlasses between their teeth and preyed upon commerce as it moved up and down the river. In course of time one robber pirate, more intelligent perhaps than the others, figured out a better system of collecting tolls than by cutting throats, which at best was messy and disagreeable. He gave notice that those traders might pass up and down the river with a whole skin who called at his wicket and paid his fees. He thus established the first toll gate on the Rhine, a very profitable enterprise. Others followed his example. By the twelfth century there were some nineteen toll gates established—now remembered by the ruined castles that delight the eyes of passing tourists. By the thirteenth century the number had grown by a further twenty-five, and by the end of the fourteenth century there were no less than sixty-four toll gates preying upon commerce on the Rhine. The exactions of these robbers were so great that they offset the advantage of river transportation, and merchants carried their goods upon their backs along the river banks as they had done before boats were invented.

You and I, looking back upon those barbarous and unenlightened times and contrasting them with the intelligence and understanding of our own day, may wonder why it was that the victims of this iniquitous system did not combine and clean it out. The answer is that every one who might have done so was too busy figuring out how he himself might change a cottage into a castle and thus establish a toll gate of his own.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROEBUCK: Of course, eventually the toll gates disappeared, and today only the ruins of their castles remain to remind us of those buccaneering barons of ancient times. But I doubt whether any real progress has been made, for the owners of the wharves along the banks of the Rhine now collect in rents what the robber barons formerly exacted in tolls, and the results are pretty much the same.

I have used that historic incident to give point to the following suggestion. If the Minister of Finance would increase his revenues without injuring his people, let him look for modern "toll gates on the Rhine" in our present society, and let him take

taxes from those who acquire but do not themselves produce. That is his problem, to hunt out the "toll gates on the Rhine".

What a country this would be, honourable gentlemen, if when we hoist that new Canadian flag we at the same time pull down the Jolly Roger.

Some Hon. SENATORS: Oh, oh.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: Let me say, honourable members, that social justice is the basis of prosperity. If we eliminate one injustice after the other, we shall in the very nature of things establish a beneficent age, without, as I have already said, the necessity of submitting our people to regimentation and the loss of their liberty through direction from above. In a country where jobs are plentiful and business is prosperous and free, people do not resort to excessive, violent measures. Injustice, with its resulting stagnation, poverty, sickness, and unhappiness—this is the thing that drives men to drastic remedies.

In closing may I quote the words of this remarkable Speech from the Throne; His Excellency the Governor General concluded his Speech with these impressive words:

> May you be inspired by the vision of a better future for humanity which it is now within the power of the United Nations to create.

Hon. F. W. GERSHAW: Honourable senators, I wish first of all to compliment the mover and the seconder of the Address, and also everyone else who has contributed to this debate. Every speech up to the present moment has indeed been excellent.

Like the last speaker (Hon. Mr. Roebuck) I should like to express appreciation of the very kindly welcome that we new members have received from our colleagues and the officers of the Senate.

We have been reminded that membership in this Chamber carries with it an obligation. The honourable Leader of the Government (Hon. Mr. Robertson) indicated our obligation when he spoke of our making a contribution that would in some small way compare with the contribution made by the host of young men and women of our armed forces. They have fought victoriously the greatest war of all time. We rejoice that many of them are returning from the field of battle, but we are filled with sorrow when we realize that so many of our brave men must rest forever in the land where they fell. So long as memory lasts, so long as histories are written and read, their skill and fortitude and heroism will redound to their everlasting glory.

The underlying thought running through the Speech from the Throne seems to be that the Government is determined to keep up the national income, to improve the standard of living, and to maintain full employment. What I am about to say may have rather a local application, but I do believe it is one way in which in great measure these desirable purposes can be accomplished.

I should like, honourable members, to draw to your attention the fact that a great disaster has befallen the farming industry in southeastern Alberta and southwestern Saskatchewan. Owing to hot winds and the lack of rainfall crops have perished, with the result that poverty and want are the only returns from a year of toil by the farmer and his family. Some families have already been reduced to such desperate straits that they have only the family allowance cheques of their children to live on. The crops harvested were so poor that hardly sufficient was recovered for seed purposes. Cattle could not be fattened and had to be sold for low prices, and cows failed to produce milk because of poor grass and lack of water. In many places even the gardens did not grow the food which is so badly needed.

Here in the East the average annual rainfall is from twenty-five to forty inches, but in the districts to which I have referred it is very much less. At a place called Empress, the centre of a farming district, the normal rainfall is 8·93 inches; this year the precipitation was only 2·31. In the Manyberries district the normal rainfall is 5·11 inches; this year they had only 3·94 inches of rain. Those of us who have lived there for some years realize that conditions are gradually getting worse, because many streams, sloughs and small lakes that were a fair size years ago are slowly drying up. Twenty years ago there was boating and duck shooting on some lakes which today are completely dried up, and the land they covered will not produce anything. Drought, however, is not new in those districts; but, as I say, the condition is getting gradually worse, and now it is evident that moisture from the sky cannot be depended upon.

Away back in 1856 the British Government, being desirous of learning more about the Northwest, issued instructions to Captain John Palliser to organize an expedition for the purpose of exploring and reporting upon the part of the Canadian West lying between the South Saskatchewan river and the forty-ninth parallel of north latitude. He got his little band of venturesome men together, and they encountered many of the difficulties and experienced many of the trials, hardships,

and sufferings of our early pioneers. They endured privations and faced many dangers in travelling across what was then that great lone land. Their contacts with the roving bands of Indians, then the only inhabitants, were not always happy. Captain Palliser prepared a report, which is now of great value from the historical standpoint. Honourable members will find a copy of it in the Library of Parliament. He reported that an area, roughly triangular in shape, with the present town of Alsask—somewhere near the boundary between Alberta and Saskatchewan —at the apex, and with the base extending from Cardston in Alberta to Deloraine in Manitoba, was unfit for agriculture. This area is known today as the Palliser Triangle, and the years that have followed since he went over that ground have to a great extent justified his forecast.

On July 20, 1856, Palliser was travelling westward from Regina, and in his journal he made the following entry.

> Our course was due west, and as far as the eye can see there is nothing but desolate plains.

Then again in 1874 Colonel Walker, one of that historic band of original Northwest Mounted Police, one of those men in scarlet who have done so much to gain the confidence of the Indians and drive out whisky runners and other undesirable characters, when he was travelling through that area said that never had he seen a pasture field so lacking in food as were the prairies around for 150 miles. It is true that a few years later, in 1879 and 1880, a botanist by the name of Macoun travelled through that land and found conditions very much better.

That has been the experience. There are some good years and there are many poor years. For instance, that country was largely settled in the period from 1908 to 1912; 1913 and 1914 were rather dry years; 1915 and 1916 were wet years and there were good crops. Then there was a long series of dry years right up until 1927 or 1928; and again a few good crops. All through the 30's not only were there poor crops, there were poor prices, and of course the people were impoverished. The years 1938, 1939, 1940 and 1942 were good, but the last three years have been worse than any. We hear the same record year after year; the crops are growing and look promising; then the hot winds and dry weather come along and the reports are that the crops are suffering. A little later the indications are that there will be a half a crop; maybe there will be a setback, and finally when harvest time does come the crops have to be ploughed down, or the yield is only two or three bushels per acre. So now after three years of crop failure, there is an emergency in that district. The time has come when some government action must be taken. It must be government action, because the private capital is not available to correct conditions over that great area.

In talking over this problem, I have met many men who say, "Why not move them all out? Let the land go back to the ranchers; let the land go back to the Indians." But really that is not the answer. In that district churches and schools have been built in the towns and cities; telephone systems have been established; telegraph lines and new railways have gone through; roads have been constructed, and in the towns and cities there is provision for medical care—there are supplies and things of that kind. People who live there find more satisfaction in living there than they could by going to far-off places where none of these facilities are available. Further, the moving out of a large number of people from many districts would bring sadness, suffering and hardship. These people have become attached to the place. Some are making a living—a few are able to make a living—and it would be a very great hardship to move wholesale the people who have settled there.

That is not the answer, because assistance can be given. The Prairie Farm Assistance Act has been a great help. If there is a crop failure year declared, a farmer can get up to $2.50 an acre for as much as 200 acres, or half of his cultivated acreage up to 200 acres. In an emergency year he can get up to $2 an acre. This has been the means of preventing hardship in many, many homes. In recent years the Prairie Farm Rehabilitation Act has been of great benefit. Some 8,000 dugouts, stock-watering reservoirs and small irrigation schemes have been constructed. In places where it is possible to get a run-off they are a great aid to the settlers.

May I mention one place in that very district that Colonel Walker described as a desert, a little area that would feed only one cow without irrigation? That area, with irrigation, has produced as much as 250 tons of feed in one year. The short-grass area contracts and expands with the seasons. There are some areas where power farming can be successfully carried out. The man with the big area and powerful machinery can produce wheat very cheaply. This is the crop which stands the drought best. But the man on the half section leads a short life and a lonely one; he leads a very poor life and before long is impoverished or has to move out.

Now in Australia, according to Mr. Justice Davis, the Canadian High Commissioner, a ten-year plan for the installation of reservoirs

and further irrigation of a million acres of land has been developed. In Western Canada a similar programme is desperately needed. Irrigation schemes have been surveyed and thought feasible; the water is available and some progress has been made in setting them up. One which is close to my heart, the Redcliff Ronalane scheme, was started with private capital. Sir Ronald Lane and his associates invested many millions of dollars in it. At Vauxhall there is an area of 42,000 acres that has been producing splendid crops for a number of years. That scheme could be extended to irrigate another 150,000 acres, at the very low price of $20.00 an acre. A considerable number of surveys have been made, and a great many ditches and reservoirs are already in existence. Additional land could be irrigated without enlarging the main canals. That would bring prosperity to a large area. It would employ 500 men for the next three years and make permanent homes for many people.

Another district is the St. Mary Milk River area, in Southern Alberta. This area has been surveyed and it has been declared that 345,000 acres could be irrigated at an estimated cost of $43.99 per acre. That project would bring great prosperity to the people who, year after year, have met with disaster. The reason why it should be undertaken at once is that the international streams must be made use of. By a treaty between Great Britain and the United States made in 1909, it was agreed that if one country did not make beneficial and productive use of those streams the other country could do so. We have not built structures, as the United States have done, to look after our share of the international waters. The American structures are large enough to make use of our share of water as well as their own. The Spring Coulee dam, the key structure in that big irrigation scheme, should be built. The Meak Commission in a recent survey suggested that the Dominion Government should build large dams, construct reservoirs, build connecting canals and provide sufficient storage for Canada's full share of the water; also, that the province should build the lateral canals and set up irrigation districts. This would mean that each government would spend between seven and eight million dollars. The contribution by the province would be in some measure recoverable by water rentals.

It is the opinion of all engineers, and men who have lived in the locality for many years, that those streams of water should be put on the dry, barren areas and should not be allowed to run off to Hudson's Bay. By doing something to make that land productive we would add to the richness of human life in that area. Such an undertaking would increase production to the benefit of both Western and Eastern Canada, because then the goods manufactured in the East could be bought and paid for by the people of the West. Irrigation would make homes for the discouraged farmers on the dry areas; it would provide homes for returned men who are desirous of going on the land, and it would make it possible to raise perishable and seasonable products. It would not add to our surplus of wheat; it would, however, produce the food which we need most, and for which there is a market. We could have canning factories, quick-freezing plants and possibly beet-sugar factories. It would bring employment to a great number of people; it would help the livestock industry, and it would turn those deserts into veritable gardens. Having seen life in the dry areas, and having observed methods of living in an irrigated area, I believe that irrigation makes the home more homelike. Flowers, small fruits, vegetables, shade trees and shrubs can be grown to gladden the heart and make people more happy and contented, and protective foods, such as milk, butter, eggs and cheese—many of which are needed by not only the growing child but the adult as well—can be produced.

An Hon. SENATOR: Home-grown vitamins.

Hon. Mr. GERSHAW: Vegetables, fruits and things of that nature which are so badly needed in all areas of Canada. The people of Canada do not get enough of such foods. Also, life would be happier, because there would be more and better social and community activities. In those areas at the present time there are only about 3·5 persons per square mile; in partly irrigated areas there are 12·7 persons, and in fully irrigated areas there are 29·7. I firmly believe that the Government should initiate these irrigation measures, the results of which would endure for ages to come, and would be a great blessing to this and future generations.

Some Hon. SENATORS: Hear, hear.

On motion of Hon. Mr. Kinley, the debate was adjourned.

PRIVATE BILL

FIRST READING

Bill F, an Act respecting The Quebec Railway Light and Power Company.—Hon. Mr. Lesage.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, October 5, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill G, an Act to amend an Act respecting Vancouver, Victoria and Eastern Railway and Navigation Company, the Nelson and Fort Sheppard Railway Company and Great Northern Railway Company.—Hon. Mr. Farris.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Robinson for an Address in reply thereto.

Hon. JOHN J. KINLEY: Honourable senators, I want first of all to thank you for your warm and generous welcome and for your most gracious greetings to me on my becoming a member of this Chamber. Your welcome to the other new members has been equally cordial. I wish in particular to thank the honourable senator from Inkerman (Hon. Mr. Hugessen) and the honourable senator from Lincoln (Hon. Mr. Bench) for their kindly advice and counsel to us. I can assure them that it is highly regarded and appreciated. The officials of this House and the staff of attendants have been most considerate in looking after us and in getting us settled down to our new duties. This attitude on the part of both members and officials at once created a most agreeable atmosphere of cordiality, and made manifest that the grand old virtues of kindness and courtesy still abide within these walls.

I believe that a new member designates the place whence he comes. I come from Lunenburg, Nova Scotia, but I am reminded that Honourable Senator Duff also comes from Lunenburg and is so designated. In view of this I choose to be known as the Senator from Queen's-Lunenburg—the dual constituency in Nova Scotia that I had the privilege of representing in the Commons. All my experience in public life up to the present has been in active politics, as an elected member, a capacity in which I have always felt it an honour to serve. Naturally, the service is strenuous, but it has to be that way if one is to survive. Members in all parts of the country must keep in close touch with their own private affairs. They are expected to look after their own business, because that is usually the test of how well they can look after the public's business. Unless a man can look after his own business successfully, he is not very highly regarded when he seeks to become a servant of the public.

The indemnity paid to an elected member of parliament has always been such that, unless he has another source of income, he finds it hard to carry on the duties expected of him and at the same time maintain his family. There is a divided interest. One is obliged to do two things at the same time. I suppose that is the way one gains experience—in the field—for the work one has to do in Parliament. There are many perplexing problems to be decided in the face of conflicting interests and strong competition, both in the field and in Parliament. Public duty calls for the best; to prevail is always a struggle, and as honourable members here know, there are many casualties.

Membership of the Senate imposes a responsibility equal to that imposed by membership of the House of Commons, but it is mellowed to a degree by an independence and security which make this Chamber different. I think this is a place for sincere and reasoned consideration and debate. The lack of urge to score on an opponent is something that is of great advantage. Furthermore, we need not be so much interested in or considerate of things ephemeral. We can take a long range view. With the security that we have here goes the obligation to avoid extremes, to be courteous and tolerant. With courtesy added to tolerance, we should endeavour to find and know the truth. I do not wish to be misunderstood. I am a party man. To me tolerance is not neutrality; I was never known to be neutral. We in Nova Scotia are not built that way. Most senators have been trained in the political life of this country by long service in politics, and politics is the art of government. Others are appointed because of outstanding merit. Together they form an assembly to which mature minds are called in the service of their country.

Democracy is the will of the majority, and we are advised that democracy will function badly unless the rights of the minority are carefully preserved. The preservation of

those rights is a function the Senate can perform. Parliament is so constituted—and I think this was part of the plan of those who conceived Confederation—that the Senate is the guardian of minority rights in Canada; it is also a place for review and appreciation. That, I think, is perhaps the principal function of the Senate. That function should be invoked for the maintenance of freedom, stability and true progress.

The field of research is important, perhaps more important today than at any time in the history of the world. As I said, senators are trained and practical men in the science of politics. I believe they are qualified to constitute an active council for political research. In fact, that has been demonstrated many times. When I was a member of another place I used to visit Senate committees, and I want to say that I was always greatly impressed with their dignity and decorum, and with the ability and experience of their members as shown by the way in which they conducted their affairs. I have in mind particularly the Special Railway Committee, which did good service some years ago under the joint chairmanship of two senators.

I listened with interest on Wednesday to the honourable senator from Lincoln (Hon. Mr. Bench), who I believe has made a study of the functions of the Senate and is an authority on that subject. I do not know how far he goes with regard to what may be called innovations by the Senate. As I recall it, my summons to the Senate said that I was being called for assistance and advice. It seems to me that while it is well that we are able to introduce legislation in the Senate, nothing should be done to impair our function as reviewers and appraisers of legislation which is introduced in another place. Senators should, I think, keep well informed, in order to be in a position to review matters coming before them. In my opinion, we should not try in any special way to keep busy doing things that we are not expected to do; we ought to be a body of well informed men and women, equipped to exercise good judgment in the interest of stability and true progress.

I want to congratulate the newly appointed Speaker of the Senate. His Honour is an old and distinguished parliamentarian, whose record of service and achievement could well be referred to as showing the best qualifications for a senator. He has for many years given political service in provincial and federal fields. Prior to his present appointment he was, as we know, Government leader in the Senate. He is a distinguished member of the medical profession. The fact that his real home is in the Maritime Provinces will, I think, add lustre to his reputation as a great Canadian.

Hon. Mr. HAIG: There is some question about that.

Hon. Mr. ROBERTSON: No. Carried.

Hon. Mr. KINLEY: I also wish to congratulate the new leader on the Government side (Hon. Mr. Robertson). He also is a Maritimer and a Nova Scotian, and that comes closer home. He and I were colleagues, serving together in the legislature of our province, and he has long been my friend and neighbour. He comes from an old Liberal family which has been active and honoured in the political service of Nova Scotia. His father was a speaker of the legislature, and a brother is now a judge. His family were free-traders, and now that free trade seems to be one of our hopes for the future, I have no doubt that my honourable friend will be in his element as leader of the Government in this Chamber.

There has also been a change in the leadership of the Conservative Party in the Senate. The former leader, the honourable senator from Alma (Hon. Mr. Ballantyne), I knew years ago when he was Minister of Marine and Fisheries. He was a colourful minister, and we in the Maritimes were much interested in him. He has a fine personality and great ability. But time marches on and I suppose youth must be served, so now we have as Conservative leader the honourable senator from Winnipeg (Hon. Mr. Haig), whom I wish every success. He has a big responsibility, but also a great opportunity in a forum where constructive criticism will, I am sure, find a receptive audience.

I also want to compliment the mover and the seconder of the Address. The mover (Hon. Mr. Robinson), also a Maritimer, comes from the "Garden of the Gulf", Prince Edward Island. He acquitted himself in a splendid manner, and we know that he will protect the rights of his province in this Chamber. The seconder (Hon. Mr. Dupuis) is an old associate of mine, who was long a vigorous member of the other House. Both these honourable gentlemen rose to the occasion and did a difficult job well.

The Speech from the Throne officially records the great victory for which we were so long and anxiously praying. In the words of the Prime Minister of Great Britain, the last of our enemies has been laid low.

The Speech gives thanks to Providence for our victory, and since I think the paragraph is well worth remembering I will quote it:

As you assemble at the opening of a new Parliament, I join with you in giving humble and grateful thanks to Divine Providence for the deliverance which His mercy has vouchsafed to the peoples of our own and other lands. We of this day and generation have been the witnesses of a mighty manifestation of the workings of the moral law which inexorably connects wrongdoing with retribution. It is as applicable to nations as to men.

In these words His Excellency puts first things first. We all bow reverently as we join in that recognition of the help of Divine Providence, for it brings to our mind "a mighty fortress is our God."

Our armed forces, the men in the air, on the sea and on the land, those who in the front lines made the final sacrifice and who by their valour and fortitude protected and brought freedom to the United Nations, are not forgotten in the Speech from the Throne. I am sure that the paragraph which pays tribute to our glorious fighting men is whole-heartedly endorsed by every member of this House. Undoubtedly Canada will ever remember with pride the heroic exploits of our armed forces and also of our merchant seamen. In this regard Parliament has a duty to keep green the memory of those who have fallen. We salute those who are now returning and we are glad that preparations for their re-establishment in civil life are well under way.

Tribute is also paid to the men and women of Canada, without whose loyal and steady work—on our farms, in our forests, mines and fisheries, in our factories, workshops and offices, in our hospitals and homes, and in the transport and other services—victory could not have been achieved. Canada's great contribution to victory has been made possible by the unbroken partnership of her warriors and her workers. It all adds up to a mighty war effort, and we have been assured by the highest authority that it was magnificent.

May I also pay my tribute to the Government of Canada, whose members bore the responsibility for our war effort. Nobody knows the anxious hours and hard days experienced by the Cabinet, and especially by the Prime Minister. He surmounted every difficulty, and while some things might be criticized, the over all effort, which is the real test, was superb. Moreover, the electorate returned the Government once more to power, and thus it has a definite mandate to help in the building of a new world order.

Before I discuss this important subject I desire to refer to one or two statements by some honourable members who have preceded me. We are all interested in the suggestion of the honourable leader opposite (Hon. Mr. Haig) with respect to incorporating the single transferable vote system into our electoral law. We in the East do not know as much about the working of the system as they do in the West, where the local legislatures, having tried it out, are familiar with its operation. I suppose that it was resorted to as a cure for certain conditions. But I am not at all sure that it would be wise to adopt the system for the rest of Canada. I fear it might cause considerable log-rolling, and destroy something that is of considerable value to the electorate.

We were all delighted with the splendid speech which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) delivered yesterday. With much of what he said I agree. I think he can claim to be a reformer. But for an old parliamentarian I thought he showed a delightful irresponsibility. He is a finished speaker and his rhetoric was fine, but I am not so sure of the soundness of his mathematics. Business must deal in balance sheets, with definite items and conclusions, and his argument does not seem to add up. There must be an intake before there is an output, and one must bear relation to the other. His story about the castles on the Rhine was enchanting, but I am certain there are free-traders in Nova Scotia who think that those toll-gate castles have their counterpart to-day on the waterways of Canada and in the great centres where things artificial and iniquitous first show their head. He carried the dramatic scene to its climax when he raised the Jolly Roger—the pirate flag that we associate with the sea stories of our youth.

I believe the Minister of Finance will be delighted to reduce taxation. However, although the war is over, our responsibilities as one of the United Nations are not ended, and nobody will suggest that we assumed too many. I am all for lowering taxes, but I would point out, notwithstanding war-time taxation, the average man in Canada—including wage-earners in the lower brackets, where the subsistence level would apply—is better off than he was before the war. I am told on reliable authority that the increase in the standard of living is better by 15 per cent than it was before the war. At the same time the price ceiling has been maintained most vigorously, though, as we know, not without criticism.

I believe the first reduction in taxes should be in the lower income brackets, and that excess profits in whatever form, simply because they are excess, should be the first to be taxed and the last to be relieved. I do agree, however, that our method of computing the excess profits tax is outmoded. There should be a simpler way, perhaps by a general per-

centage, without regard to the earnings of the companies before the war. As the war went on our method of computation took on the appearance of bonusing the affluent companies. The little companies that in peacetime struggled to exist were obliged to continue to struggle in wartime. With long service most of their equipment was written off, and a computation based on the capital employed gave them very little capital to work on. I think that in the interest of our smaller industries especially there should be a review of taxation.

There is a practical way to go about this. Yesterday the honourable senator from Toronto (Hon. Mr. Campbell) gave notice of motion for the appointment of a special committee to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of these taxes. I have no doubt that this motion will be proceeded with in due course; and when the committee is appointed we shall have full opportunity to discuss the subject freely and to secure authoritative information from departmental officials and others who may come before the committee.

The honourable senator from Lincoln (Hon. Mr. Bench) the other day talked about rationing. At that time the pot was kept boiling by disturbances related to the rationing system in Canada. He thought, and I believe it to be true, that people were tired of regimentation. Certainly, after six years of war, everybody is tired of regimentation, but scarcely anyone will deny that the legislation and regulations were necessary. I think it is conceded generally that they are still necessary. Do not forget that rationing is a factor in holding the price ceiling. If you do not ration, the people who have money to spend may buy two suits of clothes instead of one. Rationing is for the purpose of dividing available goods evenly among the people, so that greed cannot prevail. It seems to me that the people who are in the low income brackets should be the first to defend rationing by the Government of Canada. I still think rationing is necessary. We have commitments abroad, and rationing is the only means by which we can satisfy them.

We are told there are four kinds of flesh, three of which are for food—the flesh of beasts, of fish and of fowl. It seems to me that when fish and fowl are unrationed in Canada, particularly as this is the hunting season, we can get along very well, and nobody need go hungry because of rationing. I believe that the internal routine of meat stores has been somewhat disturbed. The use of tokens has been especially objected to, and it may be that which has caused most of the trouble. However, the retailers of Canada have derived many advantages from wartime economy; most of them are doing better than they did in peace time. They must realize that they have many privileges, and that competition is almost non-existent; they must also appreciate that they have had a buoyant economy due to the war, and that profits have been greater than at any other time. Their only difficulty today is they cannot get enough goods to sell. I am glad to know the Retail Merchants Association of Canada have taken a good stand. Let us hope their purpose will prevail.

Honourable senators, I wish to speak for a little while on what is known as "the new world order". We see it referred to in the Speech from the Throne. As a business man, I should like to see something definite as an objective. We have a good start in what was known as the Atlantic Charter. This Charter, as you know, came into being on August 14, 1941, when the President of the United States and the Prime Minister of Great Britain met on a battleship off the shores of Newfoundland. There they gave to the world the Atlantic Charter. It was a statement to the world of what we were fighting for, and what the countries proposed to do when the war was over, in order that a new order might prevail. Twenty-six nations signed the Atlantic Charter. The basis of the Charter is four freedoms: freedom of worship, freedom of speech, freedom from fear and freedom from want. With regard to the freedom of worship, we scarcely appreciate its value in this country because we know that it has been here for generations. While there are countries where such freedom is not enjoyed, in Canada no man can be challenged for the way in which he chooses to walk humbly before his God.

Freedom of speech is of great importance. We have an almost unlimited freedom of speech. We are told sometimes that members talk too much in Parliament and that their speeches are too long. Personally, I never saw much harm come from long speeches. I believe it would be better to have reams of long speeches in Parliament than one page of bad law. There is nothing like the wind of public opinion blowing through the legislative halls to clear the air and prevent the passing of bad laws. Therefore, members should take their time and discuss matters carefully. When they do this they are rendering their best service to the country. The

newspapers, while they say we talk too much, talk to us every morning and evening, and we are expected to take it and like it. In a democracy such as Canada, the speeches in Parliament are very beneficial, and whether they are long or short we can well afford the time they require.

As for fear, it takes two forms—fear of danger from within and fear of danger from without. Fear of danger from without should be remote, because Canada is perhaps the safest place in the world to-day. We have as our neighbour to the south that great country the United States; we are associated with the British Empire, and we enjoy cordial relations with the greater part of the world to-day. This being so, as far as fear of danger from abroad goes, we can assume that we are safe. The fear with which we must deal is the fear of danger from within—the fear of unemployment and the fear of sickness. Yet we are told that the greatest fear is of fear itself. I am sure that there is no part of the world in which the four freedoms outlined in the Atlantic Charter are as abundantly practised in the lives of the people as they are in Canada at the present time. If we compare ourselves with the other nations of the world, we find ourselves in the front line.

Now, honourable senators, we come to want, and that is our big job. Naturally, when we see want we ask what makes want. Want, as I see it, is the absence of the necessities of life. What causes want? Sir William Beveridge, in that splendid report which caught the imagination of the world, said that want was caused principally by four things—ignorance, squalor, disease and idleness. Dealing first with ignorance, there was never a time in the history of the world when education was more important. We pride ourselves on our war effort, on the wonderful job done by our industrial workers and our armed forces. But we must not lose sight of the tremendously valuable research carried on by a relatively small number of highly trained scientists, who finally produced a bomb more destructive than any other weapon ever invented. That shows that mind is still the standard of the man. From the standpoint of the safety of the nation, it was never more important than now that the people of Canada should be educated. I am told that our colleges and universities are crowded with students. It is a good thing to know that provision has been made for the higher education of so many of our young people. In the modern world of machines and science, what chance has a person without education? It is not necessary that most of our young people take courses in Greek and Latin, but in this machine age they should be trained to use their abilities for the improvement of themselves and their country.

As to squalor, I need not say much. We all are agreed that cleanliness is next to godliness. So let us be clean in mind and body.

Then there is disease. Well, that is something we have always been fighting. This country now has social security legislation which should do much to combat disease. I believe the programme is a good one. By reducing disease we shall help to abolish want. The people must be educated to accept this programme, for sometimes they are not willing to submit to things that are for their own benefit.

As to means for the prevention of idleness, we have learned a lot during this war. I am not a theorist—on the contrary, I regard myself as a realist—and I have come to the conclusion that what is physically possible for a nation is financially possible. I think that our governments and industries, with free enterprise, should be able to see to it that unemployment is kept at a minimum.

Hon. Mr. HORNER: That is good Social Credit doctrine.

Hon. Mr. KINLEY: I do not know what doctrine it is, but I have often thought that wherever a serious body of men are congregated there is an element of truth to be found in what they say. But there is error also. The question is whether the error is greater than the truth. That being so, I should not be surprised to discover that there is a grain of truth in the doctrine of the people who are associated under the name of Social Credit.

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. KINLEY: As public men—and I have been in politics for many years—we must be concerned with the presence of poverty in the midst of plenty. I think anyone would find it difficult to explain why that condition should prevail in a democracy. It is because I believe that family allowances will help to abolish poverty in the midst of plenty that I am a strong supporter of them. It is a curious fact that while we hate war and hope there will never be another, certain scientific and industrial projects develop more rapidly in war-time than in periods of peace. We wonder why that is. Well, I think the reason is probably to be found in the fact that necessity is the mother of invention. We should also bear in mind that in peace, as in war, initiative must be encouraged if

we are to have progress. Then, too, we must protect the rights of individuals, including the right to succeed.

Under the heading of prevention of idleness I think it would be appropriate to refer to yesterday's press report of a message that President Truman sent to the United States Congress. The report said, in part:

> Seeking approval of a Canadian-United States agreement of March 19, 1941, to build the Great Lakes-St. Lawrence seaway and develop hydro-electric power from the project, he said experience had shown beyond question that the prosperity and defence of the two countries "are closely linked together".
>
> His message followed joint resolutions introduced in the Senate and House of Representatives Tuesday, proposing approval of the agreement.
>
> In a message to the legislators, Mr. Truman said that opening the Great Lakes to ocean navigation and developing 2,200,000 hydro-electric horsepower, as the project envisions, would:
>
> 1. "Furnish lucrative employment to many thousands of our people."
> 2. "Make it possible to utilize our war-expanded factories and shipping facilities in the development of international economic co-operation and enlarging world commerce."
> 3. Increase consumption of electricity which "will mean more jobs, more income and a higher standard of living".
>
> Mr. Truman noted in his message that Canada, in expectation that the United States would go through with the agreement, has already built more than half its share.

Down in the Maritime Provinces our people are not sure how they regard the St. Lawrence waterways scheme, but I think that under certain conditions it might be greatly to their benefit. In coastwise shipping Canada is controlled by the merchant shipping agreement, which provides for reciprocity with low-standard-of-living nations. We have no reciprocity with the United States in coastwise shipping, but I do not see how we can carry on the commerce of the St. Lawrence waterways in future without such reciprocity. Nova Scotia is a province surrounded by the sea. Many of her young men, especially those who are being demobilized from the Navy, are naturally looking for employment as sailors. In the past it was her sea-going trade that made her great, and in my opinion that will be necessary to make her great in the future. If we can make with the United States a reciprocal agreement for coastwise shipping, Nova Scotia may again come into her own as a very prosperous province on the eastern coast of Canada. I believe this is an opportune time at which to negotiate with the United States for such an agreement. I regard the matter as being very important, and I commend it to the attention of the honourable leader of the Government (Hon. Mr. Robertson).

An important problem facing us just now is that of Dominion-Provincial relations. We all are familiar with that wonderful document known as the Sirois report. I believe that the persons who prepared it rendered a great service to Canada. Nevertheless, I feel that because of the extensive wartime changes in the financial burdens as between the Dominion and the provinces, that report is now a bit outmoded. During the war the activities and responsibilities of the provinces were much restricted, and as a result provincial treasuries were able to build up surpluses. It seems to me that the first duty of Canadians is to make Canada a great country. When the representatives of the provinces come here for the next Dominion-Provincial conference it should be made clear to them that the wartime expenditures assumed by the Federal Government constitute a burden which, but for the virility of our citizens and the vastness of our natural resources, would stagger a country much larger than Canada. I hope that at the conference the provincial premiers will not permit any matter of political advantage to outweigh considerations designed to make our country strong.

Now I want to say a word about labour. For more than thirty years I have been an employer, and I have always had cordial relations with labour. I think that readjustment is going to be difficult. Labour is asking for shorter hours. Well, it seems to me that science and machines should make shorter hours possible. I do not see why under modern conditions men should have to work throughout daylight in order to make enough to live. We have advanced too far for that, and we ought to try to reduce the daily working hours in Canada. In endeavouring to make it possible for men to earn a living wage, as I think they should, there are certain conditions which must be taken into account. It is necessary, for instance, that a price ceiling be maintained. So you must co-ordinate the price ceiling with wages; you cannot have them out of line.

During the six years of war, conditions were such as to almost amount to the bonusing of industry. Many companies were carrying on their peacetime production to a limited extent, but they all had to take war contracts. These contracts of necessity were largely on a cost-plus basis. When a manufacturer went to the Prices Board and said, "I am manufacturing peacetime goods at a loss," he would be told, "Yes, but your over all profit is all right and we are not going to change." The manufacturer could say, "Yes, but the day will come when we cannot lean on this war con-

tract, and then how long shall be able to manufacture goods at a loss? It will be a peculiar situation when we have to tell our customers that we must charge more for our goods after the war, and it is not economical to carry on in that way." However, the Prices Board had a difficult job on their hands—to keep down the price ceiling. My firm is servicing a fishing fleet around Lunenburg. We are paying our men ninety cents an hour for their work, and the price ceiling limits our charge to that figure. In my plant wages have gone up 100 per cent since the outbreak of the war. I do not object. I should like to see wages stay at that level. But the price ceiling was erected years ago when wages were lower.

There must be some adjustment, and that adjustment is going to cause some difficulty. I do not think the difficulty will be insurmountable, because, being reasonable people, we shall get together. Labour and management should do their utmost to co-operate with each other. That is the only safeguard against governmental interference. Undoubtedly, unles they do work together amicably, the State will step in and eventually there will be a dictatorship, which means strict regimentation. After all, the most important consideration is not the rate of wages, but what those wages will buy. Money is the yardstick of value. The basic thing to be considered is that your dollar shall buy a dollar's worth of goods; and if you keep down inflation it is bound to do that. In order to accomplish this we must do certain things that perhaps will not be to our comfort.

The Speech from the Throne intimates that the definition of Canadian citizenship is to be revised and clarified. I think there should be Canadian citizenship, and that it should be defined as such. I recall that some years ago when Canada was at war my wife and I were returning home. Before the ship docked we had to sign the passenger manifest. As I signed I was asked, "Your racial origin, please." I answered, "Scotch." My father happened to be a Scotchman from Prince Edward Island, where my honourable friend over here (Hon. Mr. Robinson) comes from. When my wife was asked for her racial origin she looked at me and said, "I have got to put down 'German'". I need not remind honourable members that the ancestors of the people of Lunenberg came to this country two hundred years ago. They gave a sovereign to the British Crown. They followed George Louis, Prince of Brunswick-Luneberg, who became George I of England. When my wife stated her racial origin was German, our fellow-passengers did not know what to make of it. During the taking of the last census I was interested in seeing how some persons described their racial origin. In one district in my county I found that about 30 per cent put themselves down as English and another 30 per cent as Dutch. I doubt whether there is a single person there of Dutch or English origin. It all shows how unfair and embarrassing it is in wartime to require Canadians to state their racial origin. One and all, we should be Canadians. There may be people in this country whose vision of home is in some other land than Canada, but surely the time has come when we should have a Canadian citizenship, and I commend the proposal of the Government in this respect.

We are also told by His Excellency that his ministers believe it desirable that Canada should possess a distinctive national flag. I realize that this proposal will arouse a good deal of controversy. I am of opinion that we should have a distinctively Canadian flag, and I think the time has come to consider a suitable design. We all admire Great Britain, we are all proud of our association in the Commonwealth of Nations, but we do like to have something of our own. It has been suggested that the Red Ensign with, I suppose, the maple leaf or the coat of arms in the fly should be the flag of Canada. Yesterday an honourable member asked why the Government was flying the Red Ensign on the Parliament buildings. The answer was that it was in honour of our men from overseas, because that was their flag. But the Red Ensign is really a flag of commerce. It is the flag of the British merchant marine; it can be flown on a British ship in any part of the world, and cannot be regarded as distinctively Canada's. True, the Red Ensign bearing our Coat of Arms is flown on Canadian vessels—if we may call them such. There are really no Canadian ships. They are British ships of Canadian registry. We might select as our national flag the Union Jack with some distinctively Canadian emblem in the fly. I have no settled opinion to offer, but I welcome the intention of the Government to ask for the appointment of a select committee of members of both Houses to consider a suitable design for a national flag.

Now that peace has returned to the world, honourable senators, let us remember that to preserve peace you must have beneficence and good will.

Some Hon. SENATORS: Hear, hear.

Hon. R. B. HORNER: Honourable senators, it is with some fear and trembling that I attempt to address the House to-day. I find myself in a rather difficult position. So many new and able debaters have presented

their views to us that I feel if I fail now to make an attempt I shall perhaps be beaten for all time.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HORNER: First of all, I desire to congratulate Your Honour on your appointment to the position of Speaker. I also wish to say that though while you were leader of the Government I may often have been rude to you, yet I never received anything but kindness in return. I appreciate that very much, and I assure Your Honour that I shall endeavour not to transgress the rules of the House or give you cause for any uneasiness. I wish also to congratulate the mover and the seconder of the Address, and to convey to the new leader on each side my best wishes for their success in their new positions.

I was very much interested in the address of the honourable senator from Lincoln (Hon. Mr. Bench), particularly that part referring to the duty of senators and his admission that the Senate was losing favour throughout the country. I have had some experience of this attitude. I know a very fine chap who lost his sight in the first war. He was formerly a soldier representative for the Saskatchewan government, but now lives in Toronto. He writes in our farm paper in what he calls the South East Corner. For a time he wrote some very bitter criticisms of the Senate. I happened two or three years ago to be coming east, and on the train we had what we call a smoking room parliament. We had a lively discussion. I tackled him on his attitude towards the Senate and proceeded to tell him that while I would not claim that senators had any special knowledge and ability, at least they were supposed to be good citizens and to have worked in many lines in the best interests of their country before their appointment. I said it was a peculiar thing that even men who, like himself, did not approve of the Senate might profit from the remarks of members of that House. In one of the drouth years I had the privilege of travelling across the country, and, having the experience, I was able to make an estimate of what the current crop would be. I gave an interview to a reporter of the Calgary *Herald* during which I objected strongly to the Government selling the wheat at the then price of 85 or 86 cents, when it should be selling at not less than $1.25, and I stated that the total western crop would not be more than 130 million bushels. I guessed the exact millions of bushels, and I doubt that anyone has ever come closer than that. Subsequently several farmers and others, strangers to me, came up and shook hands. One of them said, "Well, I don't care if you live to be a hundred, I made $5,000 or $6,000. I was just going to sell my wheat when I read your interview. I held it and received that much more for it." One after another came up and shook me by the hand and reported similar profits. After telling this story I asked one man why he paid any attention to what those people were talking about. He said, "Oh, well, I thought you were a senator and would likely know." When my friend in the smoking car wrote his next article he said, "We left Mr. Aberhart stretched out on the wash basin, and we failed entirely to deal adequately with the Senate because of the presence of a genial member from that body."

Honourable senators may recall my remarks about the wonderful potatoes we grow in Saskatchewan. Well, just the next week after that speech Saskatchewan bonds went up 10 points on the New York market.

Now I wish to comment on some items that I see in the Speech from the Throne. With some of these I heartily agree and am very thankful that they are there.

. . . I join with you in giving humble and grateful thanks to Divine Providence. . . .

I am very thankful for that extract from the Speech. Might I be allowed to read further?

The victory over Nazi and Fascist tyranny in Europe and over Japanese militarism in Asia has been bought at a great price. As the appalling extent of the power of the forces of aggression and tyranny was revealed, the free peoples of the world slowly began to realize what they owe to the Allied Nations who first opposed the aggressors. To their heroic resistance and to the armed might of all the United Nations, humanity owes not only its freedom but everything which free men value and cherish most.

Honourable senators, because I like to honour men while they are still alive, I hope it will not be out of place for me to mention the name of Winston Churchill. I recently read an article in the New York Times entitled "Greatness is Among Us." The article quoted a statement by Mr. Churchill as follows: "We fight by ourselves alone, but not for ourselves alone." It went on to emphasize the greatness of the man when England was in dire danger of invasion and showed his humble simplicity when he got up to announce the victory in Europe. I strongly believe that at times one man may change the whole course of history. If that statement be true, it is entirely possible that the inspiration supplied to freedom-loving people by Winston Churchill had a great deal to do with the securing of allies and stimulating the will of the people to fight.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HORNER: Another portion of the Speech from the Throne for which I am thankful is as follows:

The deep sympathy of Canada is with all who have been bereaved, and with those who have suffered impairment of body or mind, imprisonment, privation or want.

It is very proper that we should think of those whose sacrifice has been so great.

Another part of the Speech which interests me is as follows:

The maintenance of long-term markets for our primary industries is receiving close attention. The continuing need for foodstuffs both at home and abroad will ensure, for some time to come, a heavy demand for the products of our farms and fisheries.

I want to take the Government to task on this question of long-term markets. Coming from Western Canada, where the farmers' hog production has, in my opinion, decreased to not more than 25 per cent of what it amounted to last year, I am frightened at the suggestion of long-term markets. I believe that we have missed the market, that we have lost millions of dollars. I maintain that had the Government adopted the right policy, the farmer would have received up to 20 cents a pound for dressed pork. But practically nothing was done. There was a bonus of 15 cents a bushel given on all the barley grown. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) spoke of income tax destroying industry. I know a farmer who produced $2,000 worth of pigs. He said he had worked from 5 o'clock in the morning until 9 o'clock at night at this most disagreeable task only to find when it was finished that all he was earning was income tax. So he got rid of his pigs. The value of the pigs was all consumed in excess profits tax.

If the Government had been sufficiently far-sighted, I claim there would be no need for meat rationing to-day. There would have been an abundance of meat for consumption in Canada, and plenty for shipment to Europe. If the farmer had received fair treatment, it would have been a simple matter for him to produce hogs. The situation in regard to beef is somewhat similar. I regret that the honourable senator from Peel (Hon. Mr. Marshall) is not here. If he is available, I think I will engage him to sell my cattle in the future.

I listened to the speech by the Leader opposite (Hon. Mr. Robertson) when he spoke of the number of cattle that were being cleared through the yards. The honourable senator from South Bruce (Hon. Mr. Donnelly) suggested that, when there was a shortage of meat, the Government undertake the supervision of buying. That would encourage the feeding of animals. Now any other business in which men are engaged, such as manufacturing, is generally done under contract. At least that is the case with respect to most of the commodities the farmer has to purchase. The manufacturer bases the price of the goods on cost plus his profit. But with cattle it is altogether different. Cattle are not like goods that can be packed away in a warehouse. You may go ahead and hire help and feed your cattle, but they must be sold at the proper time to make any profit. Otherwise, when you go down to sell your cattle you find the market bad. Incidentally, I should like someone in the Government to tell me why hogs dropped 25 cents last week. I think I can tell you why. It is the usual situation. Farmers like to have their pigs come in April so that they may have time to fill out; therefore, as a result the bulk of the hog production goes to the market at one time. At such times the packers may not be buying, and the price is down; but at other times, when the hogs are not coming in, the price will pick up. Then when the rush is on again the price goes down once more. This is what the farmers are complaining of, and have been complaining of for years.

I mentioned once before in this Chamber the method of weighing live stock. One honourable senator said it was impossible to criticize the method of weighing because the scales were all automatic. On my way home I mentioned this to a shipper. He said: "That is all right, but a cane shoved into the scales made a difference of 300 pounds on three beasts I was shipping. When I complained of it and went out and watched the weighing, I got 300 pounds more."

I recently brought a carload of cattle to Winnipeg, 34 head, and they brought me the enormous price of $1,565. That is an average price for meat, I would say, of about ten cents per pound. The Government apparently expects the hard-working farmers to sell their beef for ten cents a pound and then go to the butcher shop and pay 40 cents a pound for whatever is available. You will need an inspector in every farmyard, and where the farmer has any spunk the inspector will need an armed guard. Why should the farmer give his stock away and starve himself?

The difficulty of getting cattle weighed is one of the reasons given for inability to clear the yards. What happens is this. The cattle are taken out in the yard after they are fed. There are several buyers for one company, and they are on a more or less competitive basis. Each buyer is trying to buy cattle

that will produce the highest percentage of output after being slaughtered. For instance, a man buying for the Swift Canadian Company has certain animals marked to his name, and he gets credit for them. They are kept out in the yards away from feed, and pounded around and kept away from the scales as long as possible. Finally they are weighed. I have here nineteen weight slips for fourteen white-faced calves, all alike. Four or five weight slips should have taken care of the whole load, but there were nineteen. And I ask honourable senators to notice that there is not an odd pound shown on any of them; they are all for even figures. The weight is recorded at the lowest even figure. There is no object in weighing in so many drafts, except to take as many pounds as possible from the shipper. I am doubtful of what a committee of the Senate would accomplish in this matter. The Government have been implored to take some action; they know the situation very well. They also know they could secure all the bacon required if they would just raise the price.

Now I wish to criticize the Government rather severely with respect to their handling of strikes in this country. The honourable senator who just spoke concerning the labour question (Hon. Mr. Kinley) has been fortunate in having no trouble in his particular operations. It seems to me the policy of the Government has been to always wait too long. Delays should not occur. Surely the labour situation should have been settled beforehand. It is deplorable that now, when there is such a demand for cars and other commodities, so many men should be idle. And in the West, perhaps throughout Canada as a whole, people will freeze this winter because 9,000 coal miners are on strike. I do not blame the miners at all. These men are heavy meat eaters and the present ration means almost starvation for them. Why, I have had working with me men who would eat the entire weekly ration of meat at one meal. The Government should see that these miners are given an increased ration so that they can go back to work. The rest of the people would not begrudge it to them. I am speaking from experience when I say that men doing heavy work must get adequate food. I have worked on the drive on the river, and in the bush, and I know that men who do not get enough to eat cannot stand that kind of work very long. How could a company expect a hungry man to go out at four o'clock in the morning and stand in running water up to his waist? The officials in the department know very well what the conditions are, and I am surprised that they have not granted the miners' request for a larger ration. If people freeze to death this winter, the responsibility will rest on the Government. This matter should be settled without further delay.

The honourable senator from Inkerman (Hon. Mr. Hugessen) is greatly concerned that we should have a new flag. Well, the flag we have is quite all right for me, but if he wants an emblem that recognizes the various races in this country, I have no objection. I should like to see him include in his flag something representative of the first Canadians, the Indians. This reference to Indians reminds me of a book that interested me very much, the Memoirs of Vincent Nolte, which is to be found in the Parliamentary Library. It was written more than ninety years ago, and is, I believe, a true story of conditions in the preceding half century. The author had dealings in cotton and in financial transactions, having been himself at one time connected with a financial house in Lombardy, Italy. He too met robbers "on the Rhine" and at various other places. He speaks of President Andrew Jackson and says his greatest claim to fame lies in his elimination of Indians. So far as I can find out, our North American Indians were perhaps about the best of all the so-called savage races.

I want to commend the Government for its plan to spend some $2,000,000 on the rehabilitation of Indian homes—a measure that is long past due. Certainly our Indians in western Canada have a very high record of enlistments in this war. A man in the Mistawasis reserve, near where I live, had ten sons in uniform. Almost every physically fit man in the reserve joined up. I think Indians should be allowed to vote without any restrictions whatever. They are a fine type of people, as they have proved whenever given a chance. If my honourable friend also wishes to have the Eskimos represented in some way on his flag I shall not object, though I repeat that the present flag is all right for me.

I realize that, as many men have said before, Canada is a difficult country to govern because of its extreme length from east to west and its relatively short depth. The honourable senator who just preceded me (Hon. Mr. Kinley) apparently thinks that free trade would be a good thing for Nova Scotia. I can assure him that western Canada would give three cheers for free trade too; but I do not know that the rest of Canada would be so well pleased with it. Much of the western trade would be with the United States, where a better market for our products can often be found. Last fall a farmer friend of mine had to sell 150 lambs because his feed was

gone, and as there was no demand for them in western Canada he could get only six or seven cents a pound. Some time later the Government was persuaded to open up the market to the south, and lambs then went up to thirteen and fourteen cents a pound. Just think of it, honourable senators! The poor farmer who raised these lambs got only six or seven cents, but the man who held them for a while and fed them got thirteen or fourteen cents. That is another instance of the "toll-gates on the Rhine" mentioned by an honourable senator yesterday (Hon. Mr. Roebuck). As the late Dr. Motherwell used to say, they who need the most get the least. I understand that my duty in this Senate is not to help those who can take care of themselves, not to intercede on behalf of the packers. My criticism of these concerns has not been profitable to me. On one carload of live stock I lost $400 or $500.

Hon. Mr. ASELTINE: Did they give you right weights?

Hon. Mr. HORNER: I do not think so. However, I intend to do my duty, and if we all do that I believe we can abundantly prove to the Canadian people that their rights are protected in this Chamber. Perhaps one of the reasons why people throughout the country have become politically hardened is that they feel members of another place often speak with a view to getting votes in their respective constituencies. But we in this Chamber, not having to seek election, can do our duty without fear or favour, and we must fight to protect our people from being robbed by "toll-gates on the Rhine." In ancient times there used to be a toll-gate on the Dnieper River, but the situation was a little different there, for the workers were robbed by the idlers on land. The early settlers around Kiev used to trade with Byzantium, as Constantinople was formerly known, and at the rapids of the Dnieper they were faced with the alternative of paying a heavy toll or being prevented from shipping their goods.

The honourable senator from Medicine Hat (Hon. Mr. Gershaw) spoke of the Palliser Triangle. I am heartily in favour of anything that can be done to provide irrigation. A matter that I do not recall having heard mentioned by any honourable member so far in this debate is the effect of lack of water upon duck and other wild life. Duck shooting is a sport that brings large sums of money into Canada. At Brooks, Alberta, every room in the hotel is reserved by sportsmen a year ahead of the shooting season. Yet the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine) tells me that thousands of young duck die in Saskatchewan because of a shortage of water. Ponds that are formed in the spring dry up later on, and the mother ducks teach their young to walk in search of water; but before most of them can find any they die of thirst or are killed by coyotes or hawks. It is an ideal country for all kinds of game birds, but more water must be provided.

I used to have a farm down in the Palliser Triangle, and I know how important rainfall is. In some years there will be a crop failure, but there will be years of abundance. In 1943 and 1944 the farmers in that area paid more income tax than the farmers in Ontario and Quebec combined. Any expenditures that the Government may make on the improvement of farming conditions out there will be returned over the years to the federal treasury. Some of the land around Flaxcombe has produced as much as thirty bushels of flax to the acre, but a lot of the money that the farmers should have had has been lost in speculation on the Grain Exchange. I know farmers right in that area who have lost from ten to twenty thousand dollars. That is another "toll-gate on the Rhine." We arrest men who run a poker game and take a rake-off, but in a dry year the country elevator man, not having much to do, has got to protect his job, and he or his company receives $3 for every thousand bushels of wheat traded on the Winnipeg Grain Exchange.

Hon. Mr. ASELTINE: Why not abolish it?

Hon. Mr. HORNER: Why not abolish it. Trading in rye was left open. Last fall the farmers, those who need the most, got the least; about fifty cents a bushel.

Hon. Mr. McRAE: Why did they not sell to the Pool out there?

Hon. Mr. HORNER: Don't get me started on the Pool.

Some Hon. SENATORS: Go ahead.

Hon. Mr. HORNER: I could tell you something about that. I lost a lot of money, but I am still heartily behind the Pool. I remember the days before the Pool, the days of the "toll on the Rhine," when the spread between waggonload and carload was 10 cents a bushel. Now if a farmer has a load to sell the spread is about one cent. The Pool elevator is responsible for that. In every conceivable way the Pool has more than paid the farmers regardless of anything it may have lost for them. There is great anxiety on the part of these line elevator companies that think they have a God-given right to take their toll, as I suppose the robber barons

in the castles on the Rhine got to think that they had a perfect right to sit there and take toll.

Now, I shall be getting myself really well liked—

Hon. Mr. ASELTINE: Advertised.

Hon. Mr. HORNER: Yes, advertised; but I am still determined to do what I believe to be my duty. The Pool has been the salvation of our western farmers. They paid sufficient to build every line elevator and storage bin in Western Canada, and besides a lot of their money went all over the world. To my mind there is no justification for the Grain Exchange being reopened for rye, none whatever. The man who last fall got 50 cents a bushel should have received a dollar. Then those that needed the most would not have received the least.

I agree with the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) as to our need for more immigration. But he did not go far enough. We ought to have five million immigrants in the next few years. We must have more people in this country. Today we can no longer find men for certain classes of work.

I wish the honourable gentleman had developed his remarks on the causes of slums. He had nothing to say about idleness—one of the main causes. We all seem to be afraid of working with our hands. Our universities are partially to blame for this state of mind. The idea seems to be that if you get a good education you can sit at ease and take "toll on the Rhine." We seem to have quit recommending the good old practice of working with our hands, of earning our living by the sweat of our brow. Apparently we are going to live in some kind of Utopia where we shall do nothing for ourselves and the Government will bonus us when we are young, and we will just float along in luxury. But this is not all: we are told we must compete with countries whose people are not afraid to work. I should very much like to know how that is possible. Every article we produce will cost an excessive sum, and we shall be expected to trade with people who are willing to work twelve hours a day.

In that connection, it appears that we are going to build homes instead of finding jobs. Where in future are we going to get the log-cabin fellows who will go into the bush with an axe and hew out homes? I do not object to the building of homes for our people, but I am fearful of what will be the position of a nation of young men and women who are brought up under these conditions.

Hon. Mr. JONES: Hear, hear.

Hon. Mr. HORNER: How shall we hold our place with the other nations of the world if we raise a class of people that cannot lift a hand to make a home or hold a job?

I wish the Government would tell me what plans it has for providing employment for the people who will live in the houses that are being built at excessive cost. But first of all I want to criticize the cities. We all remember when Toronto and Montreal were both striving to become the largest city in the Dominion. When they were engaged in that great game they said to outsiders, "Come on in and help our city grow." Then when bad times came they said, "Get out of here! If you haven't any money you cannot stay here." It was about the same with other large cities.

Hon. Mr. DAVID: Toronto was bad, Montreal worse.

Hon. Mr. HORNER: What is happening today? People who could go back to a farm home are waiting on the Government's doorstep to have a house built in the city.

Hon. Mr. DAVID: That is right.

Hon. Mr. HORNER: I was in Calgary the other day and learned that permits had been issued for twelve hundred new homes. In Saskatoon a few years ago people would not pay taxes on their property, and gave it back to the city. I do not like to be complaining, but I do think that somebody in authority should warn these people that possibly the houses are costing too much. A service man returning from the war with a little money may think it will last forever, but it certainly will not, and the houses the Government is now building are, for their size, costing altogether too much. That man would be better off to go out and build himself a home in the country.

I want to mention something in connection with what it costs labour to live. The Government regimented everybody but the restaurant owners. They give you five cents' worth of bacon in strips as fine as a shaving; I reckon they sell it at the rate of $8 a pound. A working man would have to go to three restaurants to eat, and even then he would not have had a full meal. I certainly would have to eat three such meals if I was hungry, or else eat six or seven times a day. The Government has allowed these restaurant proprietors to charge five cents extra for a cup of tea or coffee, and there is no second cup.

Hon. Mr. LACASSE: And no sugar.

Hon. Mr. HORNER: That raises the labouring man's cost of living from 10 to 15 per cent. Then he has to pay so much income tax that he cannot put by a solitary dollar. The restaurant proprietors have had to do all sorts of things with their soaring profits in order to escape paying higher income tax. They have installed air-conditioning, leather seats and a lot of other fancy dodads to get rid of their extra profits and bring themselves within a lower income tax bracket. They run wild while every other class in the country is regimented.

I notice in the Speech from the Throne there is mention of a grandiose scheme to beautify the city of Ottawa and adjoining district.

Hon. Mr. LAMBERT: Hear, hear.

Hon. Mr. HORNER: This city is at about the narrowest part of Canada; when you go north you are in deep snow and on unfriendly land. But go out west and you will find animals by the drove, living clear out to the Arctic Circle. In the province of Saskatchewan we have a larger area of agricultural land than all the eastern provinces combined. We are but a few people here to decide on spending money to adorn and beautify a permanent capital. This is not the proper place for the capital of Canada. The capital should be moved to Western Canada, "Where the deer and the antelope roam, and the skies are not cloudy all day." Out west there are many beautiful sites for a capital city, and you would not need to hire anybody from France to plan a beautiful city. There you have natural beauty, and you would not have to shovel so much snow. I am entirely opposed to spending one dollar at the present time on the beautification of Ottawa. The only result will be to bring in a lot of people. They cannot live on the scenery. The grandest scenery I have ever seen is where there are only wild animals and man has not spoiled the natural beauty.

I noticed in the Ottawa Citizen of last Tuesday a dispatch from Toronto headed: "Canadian Architectural Institute Protests Hiring of Jacques Greber." This is the dispatch:

The Royal Architectural Institute of Canada announced today it had sent a letter of protest to Prime Minister Mackenzie King concerning a Government decision to engage Jacques Greber, French landscape artist and town planner, to prepare the "master plan" of Ottawa and surrounding district.

Native Talent Brushed Aside

"This institute has no quarrel with Mr. Greber, but his appointment must be considered as one more example of that inferiority complex which welcomes the foreign expert and casually brushes native talent aside," said the letter, over the signature of Forsey Page of Toronto, institute president.

"The development of Ottawa and the federal district is not and should not be a one-man job," the letter added. "Rather it should be entrusted to a group of Canadian specialists drawn from the relevant professions of architecture, civil engineering and the social sciences."

Greber, now attached to the office of the French minister of town planning and reconstruction, has supervised the building of destroyed sections of France. He designed Connaught Square in Ottawa and also designed some large gardens in the United States. He also had worked in Germany and Italy.

I may be at fault, but I call Connaught Square Confusion Square. As I used to walk by there when all the work was going on I thought: "What are they doing? Are they going to build a parking space underneath? That would be fine." But no, they snarled up the traffic in the finest shape possible. As I say, I call it Confusion Square, but the names I hear it called by others would not be fit to repeat in this Chamber.

I have never heard one solitary man who took part in the last war praise the War Memorial in Connaught Square. When in my town there was talk of erecting a war memorial I said, "Let us build a fine hall and fit it up with everything of a cultural nature to improve the young people of the district. We can have speakers come here and address us in this free hall." Between Kansas City, Missouri, and Kansas City, Kansas, there is a high hill, and on it they have built a three-hundred foot cement reinforced tower, with a small elevator inside and narrow winding stairs, and up on top they keep a fire burning day and night. Across from that tower a little way there is a building about the size of this Chamber, in which there is a collection of ancient and modern war pieces, and there is also a large and very interesting folder containing prints of the propaganda which the various countries issued during the last war. That memorial is out of the way of traffic and its three-hundred-foot tower with the lighted beacon is a guide to aeroplanes coming in at night; it is of some use; but this memorial here—if you had let me get at it I could not have done any worse!

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: The Ottawa Citizen also contains a paragraph headed, "City Not Consulted", which reads:

"The appointment of Mr. Greber was entirely a federal appointment and the city of Ottawa was not consulted," stated Mayor Stanley Lewis last evening.

"A committee representative of Canadian specialists, including outstanding landscape gardeners, civil engineers, and distinguished architects, should be appointed to confer with and to advise Mr. Greber," stated Controller Grenville W. Goodwin.

"Ottawa is the Capital of Canada, and specialists from every province have the right to decide on any plans for the beautification of the new Federal District surrounding Ottawa. Our professional men have reputations second to none, and their help and advice would be a decided asset to Mr. Greber in deciding upon his plans for the new Federal District. The people across Canada have a right to be heard in any plans for the future beautification of the Ottawa Federal District, and if they are consulted, they will take a greater pride in helping to make Ottawa one of the outstanding capitals of the world," said Mr. Goodwin.

I seriously suggest that Ottawa may not be the proper location for the capital in future when Canada's population reaches the number it should.

Now, honourable senators, you have been very kind and considerate to listen to me so long, so at this time I will give way.

Some Hon. SENATORS: Hear, hear.

On motion of Hon. Mr. McGeer, the debate was adjourned.

THE BUDGET

ANNOUNCEMENT OF MINISTER OF FINANCE

Hon. Mr. ROBERTSON: Honourable senators, for the information of the Senate, I have been advised that the Minister of Finance announced this afternoon in the other House that he will present his budget on Friday, October 12, at 8 o'clock in the evening.

The Senate adjourned until Tuesday, October 9, at 8 p.m.

THE SENATE

Tuesday, October 9, 1945.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

ESTIMATES

EXAMINATION BY FINANCE COMMITTEE

Hon. WISHART McL. ROBERTSON rose to give notice of the following resolution:

That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament, and by resolutions relating to war and other proposed financial measures of which notice has been given to Parliament, in advance of the Bills based on the said estimates and resolutions reaching the Senate.

He said: Honourable senators, this resolution has been customary since the practice was instituted of having our Standing Committee on Finance inquire into the various expenditures proposed by the estimates before the financial measures reach us from the other House. The phraseology relating to war is perhaps outdated, but I hope it is sufficiently clear to meet with your approval.

INCOME AND EXCESS PROFITS TAXATION

MOTION

Hon. G. P. CAMPBELL moved:

1. That a Special Committee of the Senate be appointed to examine into the provisions and workings of the Income War Tax Act and The Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder and to report thereon;

2. That the said Committee be composed of the Honourable Senators Aseltine, Beauregard, Bench, Buchanan, Campbell, Crerar, Euler, Farris, Haig, Hayden, Hugessen, Lambert, Leger, McRae, Moraud, Robertson, Sinclair and Vien;

3. That the said Committee shall have authority to send for persons, papers and records.

He said: Honourable senators, in support of this motion I should like to make a few observations which, I am sure honourable senators will agree, are appropriate at this particular time. We now face a period of reconstruction, not only in Canada but throughout the world, such as we have never faced before, and during this period this country will be faced by many new problems.

We have passed through a war of the most devastating character, in which human lives have been sacrificed, and during which we have departed from the generally recognized laws of economics. In this departure we had but one thing in mind, to produce the articles of war. War production was carried on without regard to cost.

We now enter the period of reconstruction, when a new policy must be adopted—a policy which will enable us to continue to produce in this country, and to maintain a high standard of living and full employment, and at the same time effect a better distribution of goods at a fair selling price. During this period we shall have the problem of high wages, and, as has been said in this Chamber, no one would argue in favour of a reduction of wages if the result were to be lower living standards for the workman. Nevertheless, we must realize that to produce in the post war period it is necessary to operate on a

competitive basis. I suggest that we should make a careful survey of our production costs during the past four years, and see how we can improve production in the future so that we may continue to produce, and to maintain the high standard of living which has been established in this country.

To do that we must have effective tools. During the war period our efficiency was developed to a point where we could compete with other nations. We have shown the world that we are not only an agricultural country, but an industrial country capable of producing in competition with nations long recognized as the leading industrialists of the world. We have demonstrated our ability to produce articles which are the equal of those produced in the United States. At the same time we have been able to demonstrate that we could survive under the regimentation which was necessary during the period of war. We have been able to appeal to our people in such a way that they have been ready and willing at all times to do anything that was required of them.

As we enter upon the period of reconstruction we must make use of the knowledge which we obtained in the industrial field during the war. We must improve methods of manufacture, and try to maintain—and I believe we will maintain—a high standard of living for our people. It will be impossible for us to do this unless we are able to harmonize the working of capital, labour and government. In order to harmonize the relations between capital, labour and government we must see that each understands the other's problems. I submit that labour has a duty towards capital, towards government and towards the people of this country—a duty to give a fair day's work for a fair day's pay. It is not enough for industry itself to improve methods of manufacture. Industry can furnish the best tools, can spend fortunes in order to provide the best methods of manufacture, but these things will not result in lower production costs unless the labourers in the plants give a full and efficient day's work.

At the same time, the Government itself has a duty towards both capital and labour—that of harmonizing the differences between these two factors in our economy. I submit that leadership is being given in this direction. We were fortunate during the war period, because labour and capital were able to get together; but today in this country, as in other countries all over the world, we see signs of strife, which can only be regarded as perfectly natural after the disturbed period through which we have just passed.

I appeal to labour to come forward during the period of reconstruction, as it did during the period of war. There is no doubt that the position of workers in factories has considerably improved over the last few years. From the point of view of net returns their position is far better than that of salaried people in this country to-day. If I may digress for a moment, I should like to point out that for the last few years there has been a constant increase in the wages paid to labour, but no corresponding increase in the income of the low salaried or white-collar classes of Canada. I feel that labour should recognize that during the war it was given every opportunity to improve its position; it has served well and it has been paid well; but, as I say, certain other classes in this country have not been equally well treated. Further, we find that a tremendous burden has been cast upon all the people by way of taxation. That was inevitable during the war, and no one grumbles about it, but it did bring great hardship upon the white-collar classes. Today these people are living at a lower standard than they did prior to the war, in contrast to labour, whose standard of living was improved. No one is quarrelling about the increased wages paid to labour, for it is recognized that they are one means of bringing about prosperity and a better distribution of the world's goods.

The honourable senator from Toronto (Hon. Mr. Roebuck) expressed the fear that there might be some conspiracy afoot to reduce working men's wages. I have no such fear. I think that our industrialists and capitalists realize that in order to have prosperity we must have high wages; that there must be enough money in the pockets of the people to enable them to buy the goods that are produced.

Now, it seems to me that one of the very important matters to be considered in this post-war period is taxation. That is why I am moving for the appointment of a committee to study the subject. I realize that the question of taxation is not wholly within the sphere of this Chamber, but I see no reason why we should sit idly by instead of doing what we can to make sure that we have a taxing statute which is capable of interpretation and will best fit into our post-war economy.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. CAMPBELL: It is with that in mind, honourable senators, that I ask for the adoption of this resolution. I feel that with the knowledge and experience of honourable senators who will constitute the committee, and of other honourable senators who will

take part in discussions before the committee and in this House, we can make a great contribution towards solving our post-war taxation problems.

Whether we like it or not we realize that taxes are here to stay. The Act is comparatively new, having been passed in 1917. It is framed largely on the statutory law of Great Britain. Since about 1832 the Imperial Parliament from time to time passed taxing statutes, and amended them periodically until about 1918, when a joint committee of both Houses, of which I believe Lord Wrenbury was a member, reviewed and consolidated the legislation. Later, commissions were set up to try to codify the income tax laws.

Our Income War Tax Act apparently was passed as a war measure, and why, during peace years, it continued to be called a war tax Act, I do not know. The Act has been well administered. At first it involved no great hardship to business or persons; but later, with the increase in rates, it became burdensome, and even confiscatory. Furthermore, constant amendments, without any attempt to consolidate or codify the law, have resulted in a statute which today is quite incapable of interpretation by any lawyer or accountant, or by any other professional man who may be called upon to advise in regard to its application. In many particulars it is simply unintelligible.

An Hon. SENATOR: Hear, hear.

Hon. Mr. CAMPBELL: I submit that no taxing statute should be left in that indefinite form. It is quite true that during the war period it was well nigh impossible for the Government or the departments concerned with the administration of this legislation to attempt to codify it or put it into more intelligible form. It is for this reason that I believe a committee such as I have proposed should study this legislation and become familiar with the problems which are daily brought before the Department of National Revenue in its administration of this law.

Sections have crept in which have the effect of taking the taxing power out of the hands of Parliament and putting it into the hands of the Minister or the Treasury Board. I am confident honourable senators will agree with me when I say that is not proper. The Government should not sponsor legislation which will vest in an individual or any group of individuals power to tax the subject and take away his property. This power should be vested in and should be exercised by Parliament alone.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CAMPBELL: Many phases of this legislation are frequently subject to attack by those principally concerned with its interpretation—the legal and the accounting professions. If a client comes to you with a problem relating to the reconstruction of a corporation, you find the Act is in such an indefinite form that seldom, if ever, can you give a legal opinion on his position in respect to taxation. It is necessary to submit your case to Ottawa and get a ruling. I may say that the experience of all members of both the legal and accounting professions is that those in charge of its administration do their best to make the legislation workable.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CAMPBELL: I have been amazed at times to see how well they have made it work. But I do not think it is fair to place officials charged with the collection of the national revenue in such a position that they cannot interpret the law they are trying to administer.

I do not wish to take time to-night to go into the various phases of this legislation that I might feel free to attack. I think it can best be dealt with by the committee which I have proposed. But I should like briefly to show how important this matter is to our national economy. We realize today that the great industries of this country have been built up from profits, and nothing but profits. After all, capital is nothing but an accumulation of profits. Today we have rates of taxation which are confiscatory; they are destroying capital day in and day out. If you analyze the financial position of the great industrial organizations which have been built up in this country, you will see that a great deal of their surplus has gone into the development of the business that gives employment to labour. Today, through the medium of high income and excess profits taxes it is practically impossible to accumulate capital with which to extend business. Capital accumulated and held in reserve is liable to taxation on distribution, and in the event of the owner's death it is liable to taxation not only on distribution to him, but also, on his death, to succession duties. Many cases will no doubt be brought before the committee to show that people who through hard work and energy have built up very substantial businesses, which give employment to a great many people, cannot do anything with those businesses except liquidate them in anticipation of heavy succession duties. That unsatisfactory condition is due to the high rates of taxation and the methods of application rather than to administration. There is an insistent de-

mand from farmers, labour organizations, boards of trade and chambers of commerce, for a simplification of our taxing statutes. In view of these circumstances I feel it is the duty of every honourable member to lend what assistance he can to the Government and to the departments charged with the administration of these taxing statutes to try to develop measures which can be interpreted without difficulty, and which will fit into our national economy in such a way as to let business expand and give capital a fair chance; or, as one honourable senator has remarked, "Let the Government get off the back of business."

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CAMPBELL: If we can so revise our taxation statutes to simplify and make them capable of interpretation, and so revise the rates as to impose a fair tax and thus give business a chance to survive, I feel that Canada will prosper in the postwar period. I believe that the future prosperity of this country starts and ends within the four corners of our taxing statutes. I submit the resolution for the consideration of honourable members.

On motion of Hon. Mr. Robertson, the debate was adjourned.

COMMITTEE ON AGRICULTURE AND FORESTRY

NOTICE OF MEETING

On the Orders of the Day.

Hon. J. J. DONNELLY: Honourable senators, before the Orders of the Day are called, I desire to refer briefly to a meeting of the Committee on Agriculture and Forestry, which will take place to-morrow at 11 o'clock, in Room 262, the large committee room on the main floor. You will recall that last week the first report of the Interim Commission on Food and Agriculture was referred to our committee. It is to consider that report that we are meeting to-morrow.

The Interim Commission came into being during a meeting held at Hot Springs, Virginia, in 1943, its purpose being, briefly, as I understand it, to increase food production by chemical research and various other means, and also to increase the nutritive content of certain foods.

Little action has been taken since; but now that the war is over the members of the Commission desire not only to talk but to act, and the Government has introduced Bill 14 in the other place so that Canada may do its part. The Leader of the Government desires that all members of the Senate should have as much information as possible on the subject, and has very properly, I believe, arranged that certain Government officials will appear before our committee and give us the benefit of all the information they have on the subject. The gentlemen who are to appear before the committee to-morrow are Dr. Barton, the Deputy Minister of Agriculture, Dr. Finn, Deputy Minister of Fisheries, and D. Roy Cameron, of the Forestry Division of the Department of Mines and Resources.

Our committee is rather small, and unfortunately a number of its members are not able to attend. As the leader explained to you last week, every honourable senator has a right to attend any meeting of any committee of the Senate—at least any Standing Committee. Honourable senators have the right not only to attend, but to join in the discussion and ask questions. As it would be impossible for the committee to bring in a report which would convey to this House all the information placed before it by the gentlemen I have just named, I now desire, as Chairman of the committee, to invite all honourable members of the Senate to this meeting; in fact, I would urge as many as possible to attend, for by so doing they will make possible a more intelligent consideration of this legislation when it is brought before the Senate.

PRIVATE BILL

SECOND READING

Hon. JOHN T. HAIG moved the second reading of Bill C, an act to incorporate the Dominion General Benefit Association.

He said: Honourable members, I will not take long to explain this Bill. It follows the standard form.

To give you some information on the Bill, may I read one paragraph from it:

> The society shall be a fraternal benefit society, carrying on its benefit and insurance work solely for the protection of its members, their families and beneficiaries, and not for profit.

It is the usual mutual benefit society Bill. It has been submitted to the Department of Insurance, whose representative, I understand, will be present to take part in the discussion when the Bill goes before the committee. I move the second reading.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Haig, the Bill was referred to the Standing Committee on Miscellaneous Private Bills.

PRIVATE BILL

SECOND READING

Hon. G. P. CAMPBELL moved the second reading of Bill B, an act to incorporate The Canadian Jewellers Institute.

He said: The purpose of this Bill is to incorporate the Canadian Jewellers Institute. This is an organization formed for the purpose of establishing a craftsman's school for students desiring to enter the jewellery trade. It is an educational institution, and follows the practice set up in the United States. A more complete explanation will be made in Committee.

The motion was agreed to, and the Bill was read a second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Campbell, the Bill was referred to the Standing Committee on Miscellaneous Private Bills.

PRIVATE BILL

SECOND READING

Hon. A. K. HUGESSEN moved the second reading of Bill D, an act to incorporate International Air Transport Association.

He said: Honourable senators, this Bill, though comparatively simple in form and not, I hope, objectionable as to detail, is of more than passing interest. The Bill, sponsored by the operators of international air services throughout most of the world, has for its object the organization of an association for their mutual advancement, with headquarters in Canada. It will be remembered that a conference of most of the governments of the civilized world was held in Chicago in December of last year. That conference resulted in an agreement to set up a body to regulate international civilian aviation. The agreement then arrived at has been distributed among honourable members, and I understand that it is to be submitted to us for consideration later in the session. Following the Chicago conference in April last a conference was held in Havana among the representatives of the bodies—whether government-owned or privately-owned—which operate international air services in most parts of the world. They decided to set up an organization of their own, known as the International Air Transport Association, to further their mutual interests.

The objects of this association are set out in Clause 3 of this Bill, which I will take the liberty of reading to you. They are:

(a) To promote safe, regular and economical air transport for the benefit of the peoples of the world, to foster air commerce and to study the problems connected therewith;

(b) To provide means for collaboration among the air transport enterprises engaged directly or indirectly in international air transport service;

(c) To co-operate with the International Civil Aviation Organization and other international organizations.

The International Civil Aviation Organization is the government organization, and honourable senators will have read in the newspapers during the last few weeks that it has determined to have its headquarters in Canada, and has in fact opened an office in Montreal. This operators' association is now proposing to follow suit, and the purpose of this Bill is to give the association corporate form and the necessary powers to carry on business in this country. I understand that its head office, like the head office of the government body, is to be in Montreal. I may say it is perhaps a matter of pride to us as Canadians that the president of this International Air Transport Association is Mr. Herbert Symington, who, as honourable senators know, is the head of Trans-Canada Air Lines.

In the debate on the Address a week ago I ventured to draw attention to the increasingly important part which this country is taking in international matters. It seems to me that we have here a rather striking example of that fact, for not only the government body dealing with international aviation but the private organization of operators is to set up its headquarters in this country.

Inasmuch as the subject-matter of the Bill is primarily connected with transportation, after second reading I shall move a reference to the Standing Committee on Railways, Telegraphs and Harbours.

Hon. Mr. LEGER: May I ask the honourable senator a question bearing on subsection (d) of section 6? Is it the purpose of the company to do its own banking business?

Hon. Mr. HUGESSEN: That subsection merely gives the power which is conferred upon every corporation to endorse promissory notes and so on.

Hon. Mr. LEGER: I do not think so. It does not say there that it is for the purposes of the company.

Hon. Mr. HAYDEN: That matter will be discussed in committee.

Hon. Mr. HUGESSEN: I am sure the matter will be explained to the honourable senator's satisfaction in committee. Obviously it is not the intention of the association to carry on a banking business as such.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hugessen, the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

PRIVATE BILL

SECOND READING

Hon. NORMAN P. LAMBERT moved the second reading of Bill E, an Act to incorporate Ottawa Valley Trust Company.

He said: Honourable senators, as indicated by the title, this is an Act to incorporate a trust company to be known as Ottawa Valley Trust Company. The purpose is simply to set up a trust company in compliance with the provisions of the Trust Companies Act and subject to the supervision of the Superintendent of Insurance. For fifteen years the sponsors of the Bill have had a close association here in Ottawa, through a company organization known as Edwards Agencies Limited, which has served the sponsors of the Bill and others in the capacity of fiscal and general agent and administrator. This organization, however, has not exercised the full powers of a corporate trustee, nor indeed does its present set-up permit it to do so. It has, however, administered large sums of money, and been uniformly successful in its operations. The sponsors now feel that the experience gained by them and the executive officers of Edwards Agencies Limited has equipped them to carry on efficiently the business of a corporate trustee. It is proposed that the authorized capital shall be one million dollars, divided into ten thousand shares of $100 each, of which $250,000 would be subscribed and $100,000 paid in by the shareholders on account of their subscriptions. That would conform with the provisions of the Trust Companies Act.

I intend, if the motion for second reading is passed, to move that the Bill be referred for further consideration to the Standing Committee on Banking and Commerce.

Hon. Mr. EULER: Will the honourable gentleman permit a question? I presume that the business of this new company will be nation wide. Is that the reason why it is asking for a federal charter instead of an Ontario charter?

Hon. Mr. LAMBERT: The primary reason for seeking a federal charter is that the sponsors of the Bill have financial interests on both sides of the Ottawa River, in Ontario and Quebec. I think the Trust Companies Act provides for the issuance of a federal charter in cases of this kind.

Hon. Mr. CAMPBELL: May I ask the honourable gentleman a question? I should like to know why the incorporation cannot be proceeded with by letters patent instead of by a private bill.

Hon. Mr. LAMBERT: I will say quite frankly to my honourable friend that, not having had any experience as a corporation lawyer, I cannot readily distinguish between an application for letters patent and one for a charter authorized by Act of Parliament. Perhaps he would be good enough to explain the distinction.

The motion was agreed to and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lambert, the Bill was referred to the Standing Committee on Banking and Commerce.

PRIVATE BILL

SECOND READING

Hon. Mr. LESAGE moved second reading of Bill F, and Act respecting the Quebec Railway, Light and Power Company.

Some Hon. SENATORS: Explain.

Hon. Mr. LESAGE: Honourable senators, since the reasons for this Bill are somewhat technical, I would ask permission to read them. They are as follows:

The Quebec Railway, Light & Power Company was incorporated by Parliament in 1895. It was declared that the undertaking of the company was a work for the general advantage of Canada and the company was authorized to operate an electric street railway in the city of Quebec and adjoining parishes and a railway line from the city of Quebec to Cap Tourmente on the north shore of the St. Lawrence river.

Since 1895 the company has operated an electric street railway system in the city of Quebec. In 1939 Parliament also granted the company the power to operate auto-buses. As a matter of fact a large portion of its passenger service in Quebec is provided by motor-buses at the present time and they are more and more replacing the electric tram-cars. The company is still operating its railway line from Quebec City to Cap Tourmente, passing through Montmorency Falls and Ste. Anne de Beaupré, with electric and steam trains. The length of this line is about thirty miles. By their nature the operations of the tramways and bus services are quite distinct from the operation of the railway line proper.

As will be seen from section 18 of the commany's charter of 1895, it had power to enter into any agreement with certain railway and street-railway companies or with any other electric railway company in the district of Quebec regarding the sale or lease of its properties. The purpose of this Bill is to enlarge section 18 so as to enable the company to obtain similar powers of conveyance or lease with respect to any company operating auto-buses.

This amendment is also desirable in view of a judgment of the Supreme Court of Canada rendered March 15, 1944. It will be found in The Supreme Court Reports for 1945 at page 16. This judgment held that the control of the tariffs of the auto-bus rates and tolls of the company came solely within Federal jurisdiction, but pointed out that Federal legislation was lacking on the subject, as the regulation of fares and tolls for auto-bus service was not included in the powers granted to the Transport Board. In the same judgment the Supreme Court held that the Quebec Public Service Board had no jurisdiction in the matter in view of the fact that the undertaking of the company was a work for the general advantage of Canada.

Consequently, the ultimate solution would appear to be the incorporation of a provincial company to take over the transportation service of the company in Quebec. In view of the fact that such provincial company might be operating auto-buses alone or both tramways and auto-buses the enabling legislation contained in the proposed Bill is necessary.

Full details on the subject will be furnished by the officers and counsel of the company before the Railway Committee.

Hon. Mr. McRAE: If my memory serves me, a similar proposal was before the Senate and the Private Bills Committee on at least one occasion, if not two.

Hon. Mr. LESAGE: In 1939 the company was authorized to operate buses, but in view of the judgment of the Supreme Court of Canada to which I have referred, it is now deemed necessary to have this legislation.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lesage the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Friday, October 5, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Robinson for an Address in reply thereto.

Hon. GERALD G. McGEER: Honourable senators, in rising to support the motion that this House offer humble thanks to His Excellency the Governor General for the gracious speech which he addressed to both Houses of Parliament, may I at once join with those who have preceded me in congratulating the mover (Hon. Mr. Robinson) and the seconder (Hon. Mr. Dupuis) on the splendid, effective and pleasing way in which they have placed the motion before us. They are new timber in this House, but already they have proven that they are good timber. This is no surprise, for they both are good stock from fine old solid Canadian family trees.

May I hasten to join honourable senators in the words of complimentary and happy approval and genuine esteem extended to the honourable senator from Kootenay East (Hon. Mr. King) on his appointment to the distinguished position he now so gracefully occupies as Speaker of this House.

Much indeed has happened, your Honour, since you and I sat together in the Legislative Assembly of British Columbia in 1916. That was twenty-nine years ago. But even then we juniors looked upon you as a battle-scarred veteran of many political campaigns. If I remember rightly, you first entered upon public life in the legislature of our province in 1903. In the intervening forty-two years you have graced positions in the Government of British Columbia and the Government of Canada. As our representative you have served as leader of the Government in this House; as the representative of this Chamber, in the first world Parliament in San Francisco you represented our nation in the absence of the Prime Minister. Now you crown your twoscore and two years of distinguished public service by assuming the duties of Speaker of the Senate of Canada.

You have done great honour to the maritime province of New Brunswick on the Atlantic, where you were born, and great honour and service to the maritime province of British Columbia, which you adopted as the base of operations for your noble profession of medicine and for that public career which has contributed so much to Canada's national progress. You could very well say:

> Much have I seen and known; cities of men
> And manners, climates, councils, governments,
> Myself not least, but honour'd of them all.

Our best wishes go with you in this new honour which you so richly merit.

May I join with all the honourable senators in the congratulations which they so generously extended to the honourable senator for Shelburne (Hon. Mr. Robertson) upon his rapid rise to the position of leader of the Government in this House. Nova Scotia may well be proud of her sons, for ever since the birth of our nation they have gone forth from her rugged shores with the faith, the industry, and the ability to make the dream of the Fathers of Confederation—a mighty and powerful Canadian nation—come true. I was privileged to spend a year in Halifax attending Dalhousie Law School. What I got there was of great value, but it was as nothing compared with what I got from my association with Nova Scotians who, I found, not

only lived in a salty atmosphere, but really were the salt of the earth. I made my first political campaign speech in Halifax in the election of 1911. I must have caught the spirit of Nova Scotia, because I have been making political speeches ever since.

Some Hon. SENATORS: Oh! Oh!

Hon. Mr. McGEER: While there I learned that we of the maritime province of the Pacific have much in common with you of the Maritime Provinces of the Atlantic. We know what it means to feel the salt spume flying and to hear the mighty oceans booming their restless and eternal message upon our shores, calling our nation to take a ranking place in the sea-borne trade of the nations of all the world. You know, honourable senators, we who come here, leaving behind us the surging voice of the Atlantic and Pacific oceans, find the complacent attitude of the Great Lakes and the canoe-minded atmosphere of the beautiful Ottawa River Valley a somewhat restraining influence upon our conception of the future glory of our nation.

Now that our Speaker is a maritimer owing allegiance to both our shores, and the Government leader here is from our Atlantic coast, it may well be that the ideal of Canada as a mighty nation of the seas—an ideal so well personified by the men of our Navy and our Merchant Marine in this war—is fast becoming more and more a reality.

I join with the honourable senators in extending to the Government leader the sincere wish that in the difficult days of the future his success will be just as great as the speed with which he has risen to positions of responsibility in the past.

I offer my tribute to the new leader on this side of the House (Hon. Mr. Haig) with a measure of real fellow feeling, because I happened to be born on the main street of that great and thriving metropolis, the city of Winnipeg, from which the honourable leader comes.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: It was a long time ago; but that does not deny me the right to boast that I was born in a cabin on Canada's western frontier. While we on this side of the House may find it easier to congratulate him as the leader of the opposition than we would have had the election gone otherwise and we had been called upon to felicitate him as the Leader of the Government, nevertheless, we are all very happy that the wise, friendly, and experienced honourable gentleman from Alma (Hon. Mr. Ballantyne) has handed over the reins to one so genial and able as the honourable senator from Winnipeg.

It is surely something more than a coincidence that our Speaker is from British Columbia, the Government leader from Nova Scotia and the leader of the opposition from Winnipeg. In this our first post-war Parliament, our Victory Parliament, the distribution of leadership fulfils the hopes of our fathers, who in Confederation days dreamed of a mighty nation reaching from sea to sea. Such incidents help us to carry on with an enlarged vision and renewed faith in the glorious future of our land.

As far as I am concerned, it is a pleasant coincidence that the Leader of the Opposition and I owe allegiance to Winnipeg—he by adoption, and I by birth; that at the commencement of my political career I had the privilege of sitting in the legislature of British Columbia with the honourable the Speaker, and that part of my legal training was secured in Nova Scotia, the home of our Government leader. It indicates that I am fortunate enough to be something of a Canadian myself, and that in the Senate itself I am in the hands of friends. Even if that were not so, the words of welcome and the general good will which honourable senators have extended to those so recently honoured by a life membership in Canada's Parliament, have dissipated any feeling that one might have that one was a stranger in a strange place. That welcome has assured me that I am a Canadian, privileged to enjoy an enduring friendship with the elder statesmen of our land.

From the moment my appointment was announced, I learned that my friends in all walks of life had a most amazing variety of conceptions of what the Senate is and was. In not a single instance was the great honour of being appointed to the Senate recognized. Some of my more radical and belligerent supporters seemed to feel that I was retiring from public life; that I was being put away from the service of my people, my province and my nation. One of my good friends wrote to me, more in sorrow than in anger, that my appointment to the Senate was but another tragic example of Gray's conclusion that "The paths of glory lead but to the grave."

Some Hon. SENATORS: Oh! Oh!

Hon. Mr. McGEER: Honourable senators, after listening to the honourable member from Queens-Lunenburg (Hon. Mr. Kinley), and the speech this evening of the honourable senator who introduced the motion to appoint a committee to investigate taxation (Hon. Mr. Campbell), and after having encountered the

genuine good will and spirit of friendship with which the doomed are welcomed to this magnificent Chamber, I have only this to say: If this be the grave, "O death, where is thy sting? O grave, where is thy victory?"

Some Hon. SENATORS: Oh! Oh!

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Honourable senators, I wish to tender my thanks to the Government, and particularly to the Prime Minister. Tonight in making this, my maiden speech in the Senate of Canada, I believe that I am enjoying the greatest privilege and honour that can come to a Canadian in the political life of our nation. My appointment to this distinguished body was not within the scope of my political ambitions, and was made without my knowledge. I find it somewhat difficult to believe that I am worthy of so great an honour. But since I am here, I want my colleagues to know what I conceive to be the purposes, the powers and the duties of the Senate of Canada. I have tried to understand what the Fathers of Confederation regarded as the role of the Senate in the life of our nation, not only in 1867 but in these days of changing conditions. I find on page 37 of the Confederation Debates, one of the books on Canadian History which I believe to be more interesting and enjoyable than any other, this statement from the greatest and wisest of all the Fathers of Confederation, Sir John A. Macdonald. He said:

In this country, we must remember, that the gentlemen who will be selected for the Legislative Council—

That is the Senate—

—stand on a very different footing from the peers of England. They have not like them any ancestral associations or position derived from History. They have not that direct influence on the people themselves, or on the popular branch of the legislature, which the peers of England exercise, from their great wealth, their vast territorial possessions, their numerous tenantry, and that prestige with which the exalted position of their class of centuries has invested them. The members of our Upper House will be like those of the Lower, men of the people, and from the people. The man put into the Upper House is as much a man of the people the day after as the day before his elevation. Springing from the people, and one of them, he takes his seat in the Council with all the sympathies and feelings of a man of the people, and when he returns home, at the end of the session, he mingles with them on equal terms, and is influenced by the same feelings and associations, and events, as those which affect the mass around him. And is it, then, to be supposed that the members of the upper branch of the legislature will set themselves deliberately at work to oppose what they know to be the settled opinions and wishes of the people of the country? They will not do it. There is no fear of a deadlock between the two Houses. There is an infinitely greater chance of a deadlock between the two branches of the legislature, should the elective principle be adopted, than with a nominated chamber—chosen by the Crown, and having no mission from the people. The members of the Upper Chamber would then come from the people as well as those of the Lower House, and should any difference ever arise between both branches, the former could say to the members of the popular branch—"We as much represent the feelings of the people as you do, and even more so; we are not elected from small localities and for a short period; you as a body were elected at a particular time, when the public mind was running in a particular channel; you were returned to Parliament, not so much representing the general views of the country, on general questions, as upon the particular subjects which happened to engage the minds of the people when they went to the polls. We have as much right, or a better right, than you to be considered as representing the deliberate will of the people on general questions, and therefore we will not give way.

It does seem that Sir John A. prescribes, as the first responsibility of the Senate, a response in all its affairs to the will of the mass of the Canadian people.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Secondly, he advances the proposition that in responding to the will of the people, it should be the duty of the Senate to extend the greatest possible measure of co-operation to the Commons in all its actions.

Now I want to dwell for a moment on what that distinguished statesman had to say about senators being as much of the people after appointment as before. My father was born on a farm in the County of Wicklow, in Ireland; my mother was born in St. Helens in Lancashire, in England. Early in life I served my time as an iron moulder, and I still carry my union card. Later I studied law. I was twice elected to the legislative assembly of my province and once to the office of Mayor of my city. I joined with the other mayors of Canada in forming the Mayors Conference in the depression years, in 1935. I had the privilege of attending that greatest of all universities on political economy in Canada, the House of Commons. So I come to the Senate with some of the qualifications that Sir John A. prescribed. I believe that while we have met the challenge to our right to live upon the earth, our whole scheme of responsible government is being challenged today as it never was challenged before. We speak of a brave new world with higher standards of living and greater measures of freedom for all the people of the earth.

But first let me refer to what was said about the Senate by another distinguished Canadian, a former Prime Minister and senator,

the Right Honourable Arthur Meighen. Writing in the Queen's Quarterly, Volume 44, page 152, in 1937, Mr. Meighen had this to say:

Some time ago a prominent and popular Canadian, a man of opposite political association to myself, said, "I am thankful in these days for the Senate! No matter what wild and extreme radicalism may sweep the country the Senate will stand firm; it will save the ship". This surely is worth saying and remembering. The forces of wild and extreme radicalism must be met right out among the ranks of our people, in their homes and meeting places; there the power of reason and common sense must be applied, the lesson of long experience must be taught, or nothing will save the ship. Surely we have learned from tragedies in other lands that the tide of a mad, militant and persistent majority never can be stemmed. It must not become a majority.

What the Senate can do is to devote its energy within its own sphere to making our laws practical and sensible, to give the best possible chance to workers and especially to the humblest worker.

That is the conception of one of the Senate's duties as stated by a man who graced both our Commons and our Senate with an ability that people in every walk of life and in every political party recognized as outstanding.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: The message of Mr. Meighen is two-fold. He charges the Senate with the responsibility of taking care of the working masses, and of seeing to it that the humblest are not despised. He warns of the danger if the masses are neglected or oppressed.

We who are responsible in these days for at least a part of the government of Canada have good reason to study with care and profound interest these words of Sir John A. Macdonald and the Right Honourable Arthur Meighen. The enslavement of the workers in many lands and the disturbing conditions that exist in the wake of this last appalling war give us reason to sense our obligation and to do something more than talk about it—in short, to use all the influence we can to raise the standard of the humblest of our workers to the point of satisfaction.

A great many people in this country and elsewhere were amazed that in a British election the services that Churchill had rendered did not save him from being defeated in his first post-war election. I suppose that the latest election in Britain resulted in one of the greatest surprises the English-speaking world has ever known. Who ever dreamed that in the wake of the war a Labour government would come to Westminster, and that in the British House of Commons members would sing "The Red Flag"?

Here is a warning given to the British people by one who to me has always been the greatest Liberal that England ever produced. At Sheffield, on September 23, 1873, Joseph Chamberlain said:

There is no patriotism or wisdom in ignoring a patent danger and a self-evident wrong. There is no folly more stupendous than that which refuses to consider just claims temperately urged by great masses of the people. There is no crime so base as that of those self-styled instructors of public opinion who pander to selfish prejudices and intolerant assumption, while they ignore the irrefutable evidence of injustice and wrong. Such men may stay for the moment the settlement of these questions, but they cannot stave it off. The time will come when the solution will be obtained with or without them; and according to their conduct now will they then be consulted or entirely set aside. If they continue the course they now pursue, the time is coming when the working class, strong in its perfected organization, as it is already in its overflowing numbers, will say to them—

"We looked for guidance to the blind,
We sued for counsel to the dumb;
Fling the vain fancy to the wind—
Your hour is past and ours is come.
You gave in that propitious hour
No kindly look, no gracious tone;
But Heaven has not denied us power
To do your duty and our own."

Nobody paid much attention to that prophecy of Chamberlain in 1873. Like other men who understood and who had the vision of wisdom, he was cast aside, but now his prophecy has been fulfilled.

Do you think, honourable senators, that we have nothing to do to prevent the troubled conditions of our own nation from growing worse instead of better? I believe that in our war programme we never were more united; but in the domestic affairs of our nation we never were so hopelessly divided.

My conception is that the government of the people of Canada flows from three political authorities. They are civic and local, provincial, and federal. The ideal of good government which our Canadian system of responsible and representative government aims at is to be found only in the wholesome co-operation of all our nine provinces with the local governments within their respective jurisdictions, and with each other and with the federal government; all of them employing all the means in their possession to prosper the development of the resources of the entire territory and make possible the progressive security of all the people, and exercising the powers at their disposal to administer impartial justice in all its bounds so that no individual, group, class, corporation or section

may advance at the expense of or to the detriment of any other. The aim should also be by periodic stocktaking to maintain in reasonable balance both the quality of benefit and quantity of advantage that flows to every section of this extensive country from the legislative and administrative action of the federal authorities.

The Duncan Commission Report dealing with Maritime Rights is an outstanding example of what can be done by periodic stocktaking. But I believe that a committee of this Senate, working in co-operation with the Commons, could have done a better job for the Maritime Provinces and the rest of Canada. My reason for believing that is this. If the work of the Duncan Commission had been done by a committee of the Senate, that work would not have ended with the filing of a report. The Senate committee would have recognized that what was necessary for the Maritime Provinces might be necessary for the western provinces, for the upper reaches of Quebec and of Ontario, or even for the Province of British Columbia; and had the committee carried through the stocktaking—which is how the Duncan Commission described its activities —we should have had a much better balance in both the quantity and quality of advantage that flows from the federal authority to the distant reaches of this great nation.

Now on the agenda there is an important matter, the St. Lawrence waterway. Our Government has agreed to the terms of a treaty, and has undertaken that the moment it is ratified by the Senate and House of Representatives of the United States it will be presented to the Senate and House of Commons of Canada for ratification.

Let me point out that the position in regard to this matter is very different in the United States from what it is in Canada. In the United States the development of hydro-electric energy is no less and no more the responsibility of the states which form the union than it is the responsibility of the provinces which form the confederation of Canada. But what has taken place? The Federal Government in the United States, as part of their attempt to overcome depression, launched a national programme of power development. They have carried on huge developments in the states of Colorado, California, Oregon, Washington and Nevada. The Tennessee Valley Authority covers a vast area of the eastern section, and now an even larger programme is under development in the Missouri River Valley. The Federal Government in Canada has done nothing. Countless millions of horsepower rush daily in idle waste down our rivers to lakes and seas. If we ratify that treaty and help build the St. Lawrence waterway, we shall spend between 250 and 500 million dollars in the development of the St. Lawrence Seaway and the power projects contemplated.

I believe that this kind of co-operation between the United States and Canada will meet with the unanimous approval of the Canadian people. It will mean the creation of a great volume of cheap power for the industries of Central Canada. But unfortunately for Canada as a whole, industry is already over-centralized in that area. Surely if we are going to approve of that project, we in the Senate, who are called upon to guard and protect the rights and privileges of all sections of the Dominion, should insist that a national Canadian power programme, similar to that carried out in the United States by the Federal Government there, be undertaken for the purpose of developing the hydro-electric power of the Maritimes, the outer regions of Quebec and Ontario, the Prairie Provinces and British Columbia.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Probably most honourable members have read President Truman's message to Congress on the seaway, but I should like to quote this portion:

> The Congress and the people of our country can take just pride and satisfaction in the foresight they showed by developing the Tennessee and Columbia Rivers and the rivers in the central valley of California. Without the power from these rivers the goal of 50,000 airplanes a year—considered fantastic only five short years ago, but actually surpassed twice over—would have been impossible. Nor could we have developed the atomic bomb as early as we did without the large blocks of power we used from the Tennessee and Columbia Rivers.
>
> The timely development of these rivers shortened the war by many years and saved countless American lives. We must ever be grateful for the vision of the late President Franklin D. Roosevelt and the wisdom of the Congress in urging and approving the harnessing of these priceless natural resources.

We Canadians are standing by, indifferent to the enormous wealth of resources that is ours to develop, notwithstanding the example that stares us in the face just across an imaginary border. That is only one example. You can find countless others.

Now, in the light of what I have said, let me come back to finding out what are the powers of the Senate. I want to apologize to those who have long been members of this House for repeating what they have perhaps heard ad nauseam, but there are many new members in this Chamber, and I for one had some difficulty in finding anything

like a clear definition of the powers and duties of this body. In any event I should like my colleagues to know what I believe those powers and duties to be, and if I am wrong, I hope they will put me right.

During the Confederation debates Sir John A. Macdonald laid down this general proposition:

In order to protect local interests, and to prevent sectional jealousies, it was found requisite that the three great divisions into which British North America is separated should be represented in the Upper House on the principle of equality . . . Accordingly, in the Upper House . . . which has the sober second-thought in legislation, it is provided that each of those great sections shall be represented equally by twenty-four members.

As you know, when the Western Provinces came in they got another twenty-four members; but the Prairie Provinces and British Columbia are separated by infinitely greater physical barriers than are the Maritime Provinces and Quebec.

Sir John continues:

There would be no use of an Upper House if it did not exercise, when it thought proper, the right of opposing, or amending, or postponing, the legislation of the Lower House. It would be of no value whatever were it a mere Chamber for registering the decrees of the Lower House. It must be an independent House, having free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty or ill-considered legislation which may come from that body.

The Senate was not prepared to be merely a Chamber of second thought or delayed action.

A special committee was appointed in 1918 to consider the question of determining the rights of the Senate in matters of financial legislation. It decided to secure the opinion of two of the ablest authorities on constitutional law in Canada. They reported to the Chairman of that committee, Hon. W. B. Ross, as follows:

We have been asked if in our opinion the Senate has the power to amend money Bills.

Sections 17 and 91 of the British North America Act place the Senate on exactly the same footing as the House of Commons as respects all legislation.

The only material derogation to this general rule is contained in section 53 which provides that Bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons.

The denial of the right to originate money Bills does not involve the denial of the right to amend them. Nothing therefore in the text of the British North America Act takes away the latter right from the Senate.

What is said in that letter is set out in detail in the committee's report.

An Hon. SENATOR: Who made that statement?

Hon. Mr. McGEER: E. Lafleur and Aimé Geoffrion. Instead of reading the full report of the Ross committee I will ask that it be incorporated in Hansard.

(The report referred to by Hon. Mr. McGeer follows).

The Special Committee appointed to consider the question of determining what are the rights of the Senate in matters of financial legislation, and whether under the provisions of the British North America Act, 1867, it is permissible and to what extent, or forbidden, for the Senate to amend a Bill embodying financial clauses (money bill), have the honour to make their second report, as follows:

Your committee begs to report the following summing-up thereof is submitted as the conclusions of your committe on the rights of the Senate in matters of financial legislation:

1. That the Senate of Canada has and always had since it was created, the power to amend bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the Crown.

2. That this power was given as an essential part of the Confederation contract.

3. That the practice of the Imperial Houses of Parliament in respect of money bills is no part of the Constitution of the Dominion of Canada.

4. That the Senate in the past has repeatedly amended so-called money bills, in some cases without protest from the Commons, while in other cases the bills were allowed to pass, the Commons protesting or claiming that the Senate could not amend a money bill.

5. That rule 78 of the House of Commons of Canada claiming for that body powers and privileges in connection with money bills identical with those of the Imperial House of Commons is unwarranted under the provisions of the British North America Act. 1867.

6. That the Senate as shown by the British North America Act as well as by the discussion in the Canadian Legislature on the Quebec Resolutions in addition to its general powers and duties is specially empowered to safeguard the rights of the provincial organizations.

7. That besides general legislation, there are questions such as provincial subsidies, public lands in the western provinces and the rights of the provinces in connection with pending railway legislation and the adjustment of the rights of the provinces thereunder likely to arise at any time, and it is important that the powers of the Senate relating thereto be thoroughly understood.

What the Senate can do is, I believe, to be found in what it has done. In 1913 the Senate stopped the Government of Canada from spending money. That is one of the great powers which the Senate enjoys. If you look up your Hansard of that date you will find the following:

Hon. Mr. LOUGHEED moved the second reading of Bill 21, an Act to authorize measures for increasing the effective Naval Forces of the Empire.

He said: This is a Bill providing that there may be paid and applied out of the consolidated revenue fund of Canada, a sum not exceeding thirty-five million dollars for the purpose of immediately increasing the effective naval forces of the Empire.

Sir GEORGE ROSS moved in amendment:

That this House is not justified in giving its assent to the Bill until it is submitted to the judgment of the country.

On May 30, 1913, the amendment was carried by a vote of 51 to 27. This is an example of that independence of the Senate which Sir John A. Macdonald declared must be maintained. It was a Conservative administration that sponsored the legislation for that appropriation. The majority of the members of the Senate at that time had been appointed by Conservative governments, yet that Senate denied the right of the Commons to pass such legislation.

Hon. Mr. DONNELLY: At that time there was a Liberal majority of twenty-four in the Senate. I was appointed to this Chamber two days before. I voted on that Bill in the House of Commons and also in the Senate.

Hon. Mr. McGEER: The honourable gentleman may be right. At any rate I have another instance where there is no question about it, because there was a Liberal government in power, but the Senate took similar action. However, that is beside the question. The point established is that the Senate has the power, and has exercised it, to stop the Government of Canada from spending money.

On the other hand, I find that the Senate of Canada has the power to recommend that the Government spend money. In 1934, in the depths of the depression, the Senate appointed a Tourist Committee. This committee made a report recommending the appropriation of $150,000 for the establishment of a travel bureau. Within two months of that recommendation the Government established the bureau, and from 1934 to 1945 there has been expended in all some $2,549,853. The estimated receipts from the tourist trade during that same period are $1,326,000,000. To the Senate must go the credit of having been ahead of the Commons in recognizing the need of something of a practical nature in the way of tourist development, and recommending suitable action.

Now that the war is over we need some more practical recommendations. Today we have to compete with the Laredo highway, which takes you through the city of Mexico and six hundred miles further south. It is being continued to the Panama canal, and in time it will be extended to Rio de Janeiro. On the west coast of Mexico there are being developed even more elaborate winter resorts than are to be found in California or Hawaii. We should look forward to making the tourist trade of this country the largest and most important item in our future trade.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McGEER: The Senate started this, and the Senate has a right to follow it through. We need better highways and accommodation for our people; our hinterland must be opened up; our parks, lakes and reserves should be developed so that they will meet the competition in tourist traffic the world over. Here we have an alternative power, to stop spending or to encourage and recommend expenditures for wise and proper development.

An incident which I thought important was one in which the Senate stopped the House of Commons from amending the British North America Act in 1936.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McGEER: The Minister of Finance, with the approval of the Minister of Justice, proposed in the Commons a redistribution of the powers of indirect taxation held exclusively by the Federal Government, and that the provinces be given power to levy indirect taxation. Following a speech in the Senate by the Right Honourable Arthur Meighen, I think both the Minister of Finance, the Honourable Charles Dunning, and the Minister of Justice, the Honourable Ernest Lapointe, realized they had made a mistake, and that the Senate was correct in rejecting the proposal. In any event, the Bill was never revived. But it is important to note that a Senate dominated by Liberal senators repudiated a measure of a Liberal government to alleviate the deplorable condition of the provincial governments. The tragic part of the whole affair was that nothing constructive was done about it by the Senate. It appears to me that the Senate could have investigated the financial position of the provinces at that time, and recommended a practical measure of relief.

Another important incident was the Old Age Pension legislation. The Bill was passed in 1925 and deadlocked in the Senate. It was deadlocked because the House of Commons refused to accept a proposed amendment. That deadlock continued until the election of 1926. In 1926 that legislation was approved by the

electorate, and then the Senate accepted the mandate of the people and passed the Bill unanimously.

It appears in the ambit of those cases that the Senate has the right to exercise these powers:

1. To maintain the constitution as it is defined in the British North America Act and our English Common Law.

2. To maintain inviolate the rights of all the provinces as between themselves, and with the Federal Government.

3. To guard and protect the rights and privileges of all territories, sections, provinces, cities, classes and groups, and the education, health and security of all individuals, especially the rights and privileges of minorities, the underprivileged and those in need.

4. To examine all Commons' legislation, and to make such amendments as may be deemed to be requisite and appropriate. To confer with a view to reaching agreement with the Commons and to review and revise if necessary all such legislation, so that it may finally be passed in the best and clearest possible form.

5. To veto all legislation deemed by the Senate to be against the good government of the people of Canada.

6. To initiate any legislation deemed to be necessary and requisite, which does not involve the appropriation of any part of the public revenue or impose any tax or impost.

7. To conduct public investigation into all matters of current public interest and concern. To initiate legislation within its powers, and to recommend to the Commons the enactment of legislation not within its powers which investigation may indicate as being essential and necessary.

8. To co-operate with the Commons, the provincial governments and all local governments with a view to maintaining throughout the Dominion, in all its parts and over all its people, a form of government which aims to do for the people that which they cannot do for themselves, or that which the Government, expressing the will of the people, can do better than the people themselves.

9. To define and initiate legislation that will meet the realities of trade and commerce, business, industry, labour, social security and social justice, and to prevent the discouragement of private enterprise and the restriction of expansion in the area of employment by excessive, discriminatory or confiscatory taxation, or improvident or unnecessary regulations.

10. To listen to the accountants, engineers operators, employees, employers, labour unions, mayors and aldermen, educational leaders, representatives of provincial legislatures, the unemployed, the blind, the sick, the aged, the underprivileged and the taxpayer.

11. To know, not only the form of the legislation of the Commons, but the subject matter which the legislation affects, and to assure the people that the Senate is the guardian of the security and the rights and privileges of all, from the humblest to the highest in the land.

12. To maintain at all times, by co-operating with the Commons, the provincial legislatures and local governments, a wholesome administration of impartial justice, assuring that no individual, corporation, group, class or section may unrighteously advance at the expense of another; to augment and put into effect, whenever it is expressed with authority, the mandate of the people.

Those powers give us a purpose to meet a great many of the situations that will arise.

I do not know how many honourable senators have read the Sirois Report. Along with the report there is a very large volume of surveys. The Sirois investigation cost the taxpayers of this country something over $500,000. The only result of it as far as I know was an angry dispute between the provincial premiers and the representatives of the Dominion Government, during a conference that failed. I have read and studied this report carefully, and I know that a committee of this Senate could have conducted that investigation, and presented in a much briefer report everything that is herein contained; and I am sure they would have suggested some practical solution for the problems that everybody knew to exist before the investigation was made.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McGEER: A fair interpretation of the recommendations of the report is that no solution of the real problem was reached.

With respect to the Maritime Rights Commission, if a committee of the Senate had made the investigation it would have been made by a group of men who had experience in municipal, provincial and federal administration. The late Honourable Newton Rowell did have some slight experience in national politics.

Hon. Mr. HAIG: He was a sick man.

Hon. Mr. McGEER: But I do not think any other member of that Commission had experience in public administration.

Hon. Mr. FARRIS: Hear, hear.

Hon. Mr. McGEER: I hear the honourable member from Vancouver South saying "Hear, Hear". He appeared before the Commission on behalf of the province of British Columbia,

and I am glad that one who knows so much about this report has so kindly approved of my remarks. If Sir John A. Macdonald was right that the Senate was nominated for the purpose of guarding and protecting the rights of the territories—that is the provinces—then this Sirois Report is of vital interest to every honourable senator who agrees that it is the duty and responsibility of the Senate of Canada to protect the rights and privileges of the provinces and municipalities.

I do not know how many honourable senators have read these documents on the Dominion-Provincial Conference. I have read them all, but I cannot say much more than that. I think the time has come when we should have a strong and able committee of the Senate to study not only the Sirois Report, but to grasp the full meaning of what these documents on the Dominion-Provincial Conference mean. I say this because a settlement of the differences between our cities and provinces and the federal government must be reached if we are to enjoy the peace, progress and prosperity which I am satisfied is available to us in the Dominion of Canada.

I am not going to say more. I hope that someone will present, and the Senate will receive, a resolution calling for the appointment of a committee. Furthermore, I believe that the Senate should make the provincial and municipal governments aware of the fact that it is prepared to champion, protect and advance the cause of local governments.

The Senate has not been content to remain a mere power for restriction and restraint, a chamber of delayed action and second thought. In the conception of its creators, that undoubtedly was one of its primary purposes, but it was only one of many equally important duties. Without detracting in any way from that essential and vastly important part of its constitutional responsibility, the Senate has supplied in the past and will offer in the future true principles to public opinion and worthy objectives for popular aspiration.

The Senate can expose the fallacies in theories of political economy that conflict with our traditional conception of expanding liberty and security under the impulse of representative and responsible government. It can give enlargement and understanding to the ideas of the age, and advance the intellectual tone of public demands on political administration. It can facilitate the exercise and progress of political power and action, not only by protecting the rights and privileges of minorities but even more so by espousing the cause of those who, unsheltered and unfavoured, are in need. It can give our nation greater unity and strength by supporting a more generous consideration of the needs of those sections of our nation less plentifully endowed than others or not as favourably located on the lines of transportation over which our commerce moves. I am speaking as one who has been closely associated with municipal life in Canada, but I am not saying anything of which any honourable senator is unaware. There is not in Canada a city with the means to take care of the education and health of its citizens and to maintain order as these things should be done. Much less is there a city able to bring about that new expansion for which we are all hoping.

I want to refer for a moment to the plan for making Ottawa a great national capital. I think the vision is a splendid one. But when the Prime Minister referred to the proposal in another place, on the 21st day of April last year, he had in mind something more than a national capital. He said this:

> I would like to see—I may not live to see it, but I hope others may—the day when the Ottawa river, instead of flowing along the north border of the capital, will be flowing through the heart of the city, the greater Ottawa that is to be, and that we shall have a capital city which will extend as far into the province on the other side of the Ottawa river as it may extend into the province on this side . . .
>
> I have one other thought in mind to which I should like to give expression and it is this . . . What finer memorial could there be than a capital city which would serve as a model of community planning for all the other cities of Canada . . . ?

That is a magnificent idea. Everybody is planning to rebuild our standard of life. Now, we see that our cities are fairly poor when we come to know them. Montreal and Toronto, for instance, have sections that are not complimentary to our Canadian standard of life. That is true not only of our older cities, for already it is to some degree true of the younger cities of the prairies and the Pacific coast. It is true of Ottawa too. Go and look about you. Are we in this age and generation going to build a great war memorial in the midst of living conditions such as abound in the cities of Ottawa and Hull? If that were to be done it would be a travesty on the sacrifices that have been made in this war.

But where are the other cities of Canada to find money to build a replica of the model that is to be built here out of the Consolidated Revenue Fund? I say, let us by all means make the national capital a war memorial worthy of a nation as great and rich as Canada is. And, by the way, in my humble opinion Canada is the richest nation on earth.

No other twelve million people possess and control such great resources as we do, with the same power to develop them and to use them in trade and in service. We are not poor in manpower, in ability, in industrial equipment, in available natural resources. We can build as a war memorial the finest national capital in the world; and if we want to have the kind of co-operation between federal, provincial and civic governments that we should have, we can give to every city in Canada the example in reality that such a model would offer. But we shall probably not do that. We shall probably do as we did in the thirties, and try to tell our people that idle men, idle wealth, idle resources and idle money are the inevitable fate of a nation that lives through a post-war period.

In my own city, if we had the means we should like to build our parks and beaches on a better plan and a wider scale. We should like to have social centres in connection with our schools. We should like to have auditoriums and music and some of the other arts. We want playing fields and stadia and gymnasia and swimming tanks. We look upon our working areas and find that for the great mass of the people the only entertainment available outside of their own homes is in the movies and the beer parlours. That is not good enough for the people of Canada today. Every city in this country needs things such as I have mentioned, and every city can have them. It is up to someone to solve the problem of bringing available resources, ability and labour together to permit the people to produce what they are capable of producing out of their own resources.

I also want to say a word on the question of meat rationing, which I think is another problem that this Senate should tackle. We are having difficulty with meat today because for the first time we have gone into the exporting of it. The other day we shipped 90,000 eggs in one vessel from the port of Vancouver through the Panama Canal to England. We had never shipped a single egg that way before.

In Vancouver we have no shipside cold storage facilities. The other day we had a strike at the American Can Company. An enormous quantity of fish was being caught, and fortunately the strike was settled, though just in time to prevent the loss of thousands and thousands of pounds of salmon that might have occurred because of the lack of cold storage facilities. I believe we are in the meat exporting business to stay. We are going to ship beef, poultry, eggs, bacon and butter and other agricultural products not only to England and to Europe, but to the countries across the Pacific. I am confident that we should now be preparing to build our freezing and storage facilities upon a larger basis than we ever dreamed of building them before.

We have no ships to carry that new traffic over the seas. Many of the ships built in this war are already obsolete. They were merely cargo carriers built as rapidly as possible to carry the largest volume of tonnage in the shortest possible time. Only one country in the world has increased its tonnage. The tonnage of the British Empire, I understand, has fallen from some 22 million tons to between 14 and 15 million tons. Germany's, Japan's and Italy's tonnage has been practically wiped out; so has that of Belgium, Norway and several countries. Because of these facts I believe that in every shipyard in Canada we should be moving to build ships designed to carry our ever-increasing foreign trade over every ocean. Yes, we are in the export trade, and our foreign commerce is going to be far greater than it has ever been before. In addition to lending hundreds of millions of dollars to people abroad, who are going to pay for our exports out of our own loans, we ought to have some clear regard for what the Federal Government should be doing in building up facilities that will make it possible to carry the foreign trade in ships built in Canada, out of Canadian material, by Canadians, and operated by Canadians from Canadian docks.

It seems to me rather an unhappy experience to pick up the newspapers and find that England has a representative in Ottawa seeking aid, and that he has been in Washington on a similar mission. We in the British Empire own 43 per cent of the world's agricultural land and 50 per cent of the world's known resources. Surely the time has come when there should be a great British Empire conference to work out the problem of co-ordinating the exchange of these resources among ourselves for the purpose of building the Empire's defences, industries and resources.

Hon. Mr. HORNER: Empire trade, too.

Hon. Mr. McGEER: Yes, Empire trade if you will. We are, I think, forgetting some of the old ideas of what the Empire means. I remember hearing over and over again that famous statement of Sir John A. Macdonald:

> As for myself, my course is clear. A British subject I was born, a British subject I shall die.

Well, I can echo that in saying: A man of the people I was born, and a man of the people I shall die. But I am not so far removed from England that I do not see the plight she is in today, and I think that we

should hear the call and respond to it openly and generously. Sir John A. Macdonald voiced a similar sentiment; and he was not the only one, for Sir Wilfrid Laurier said:

Any thought of separation from Great Britain, if any such thought exists anywhere—and I do not believe it does—would be a folly and a crime. When England is at war, we are at war, and the thought of being neutral would be like the command of King Canute to the sea to recede from his feet. No action of ours could bring that about. When England is at war, we are at war.

The true conception of the British Empire is the conception of new, growing, strong and wealthy nations, each one developing itself on the line of its own needs and conditions, but all joining in the case of common danger, and from all points of the earth rushing upon the common enemy.

On another occasion he said:

England has proved at all times that she can fight her own battles, but if the day were ever to come when England was in danger, let the bugle sound, let the fires be lit on the hills, and in all parts of the colonies, though we might not be able to do much, whatever we can do shall be done by the colonies to help her.

Now, with England in a desparate plight for food, are we going to say something different from what we said in the midst of war? I do not know how it impressed honourable senators, but the proudest moment in my life was when, sitting in the House of Commons, I heard our Prime Minister stand up and say that he would ask Parliament to provide means for financing the forwarding to England of a thousand million dollars worth of food and war materials, and he added that it would be sent forward as a gift without any strings, the only consideration being that it would help towards success of the common cause.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: Surely that is the spirit that should prevail. I do hope that before this session is over the Senate will pass a resolution calling upon our Government to carry out the policy of advancing to the Mother Country all that we have by way of surplus, without charge and without strings, in the hope that having come through this war successfully England will regain her position as head of the British Empire, a recognized power in world leadership for the betterment of mankind.

I feel that Canada, Australia and New Zealand could feed not only England but as well could go a long way towards feeding India. I fear, as a great many men fear today, that the great spirit of co-operation which we developed during the war is going to be overwhelmed by the old spirit of covetous and selfish commercialism. Well, we have no reason to believe that we can afford to have a disagreement among the English-speaking races of the world. If ever there was a time in our history when our future peace and security depended on the kind of unity that is born of good will, it was in the dark days of 1940, when we stood alone facing the most appalling danger that had ever threatened us; but now the danger that might develop in a short period of time is infinitely more powerful than anything that Hitler ever had in his possession. The time for rebuilding the British Empire, for maintaining the strongest bonds of Anglo-American friendship, is here. The call upon Canada and the rest of the union of the English-speaking world is greater today than it has ever been. It is a matter to which the Senate can devote its time and attention. I hope that the Prime Minister, now across the seas upon probably the greatest mission any Canadian ever undertook, will develop that British Empire co-operation, and that in the celebration of our victory in 1946—which no doubt will be the year of great celebration—we shall be able to look forward to the fullest co-operation not only between the British Commonwealth and the United States, but also between our English-speaking world and the Soviet Union. In that co-operation lies the promise of a peace that will mean the freedom of the world. The Senate with all its wisdom and power can play a great and important part in putting the house of Canada in order and contributing in many ways to all the things we have to do today.

On motion of Hon. Mr. Euler, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, October 10, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

APPROPRIATION BILL NO. 4

FIRST READING

A message was received from the House of Commons with Bill 17, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave, I would move the second reading now. This is an interim supply bill for another one-twelfth of the main estimates. In terms and amount of money it is the exact duplicate of a bill passed about a month ago, and it is made necessary because of the fact that additional funds will be required not later than the middle of this month. Honourable senators may recall that the War Appropriation Bill passed last month covered approximately two-twelfths of the estimated war expenditures for the year, but that the ordinary supply bill was for only one-twelfth of the main estimates, or $29,769,000.11. As I have already remarked, the present bill is for the same amount.

The motion was agreed to and the bill was read the second time.

PRIVATE BILL

FIRST READING

Bill H, an Act to incorporate the Arctic Institute of North America.—Hon. Mr. Beauregard.

The Hon. the SPEAKER: When shall the Bill be read a second time?

Hon. Mr. BEAUREGARD: Tomorrow.

ESTIMATES

EXAMINATION BY FINANCE COMMITTEE

On the Order:

That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament, and by resolutions relating to war and other proposed financial measures of which notice has been given to Parliament, in advance of the Bills based on the said estimates and resolutions reaching the Senate.

Hon. WISHART McL. ROBERTSON: Honourable senators, it had been my intention to proceed with this motion today, but a few minutes ago I was advised of a proposed amendment—I have not its exact phraseology—the purpose of which, I understand, is to enlarge my motion so that all resolutions and bills laid before the other House should, in advance of their reaching this House, automatically go to our respective standing committees for consideration concurrently with their consideration in the Commons.

I am not prepared at the moment to express any opinion as to the desirability or otherwise of the suggested amendment, but I may say that the principle has to a certain extent been adopted in our practice of referring estimates to our Finance Committee, and in respect to the report of the Interim Commission on Food and Agriculture, which we referred to our Standing Committee on Agriculture and Forestry. I have not had an opportunity to consider the possible ramifications of a blanket reference, and I would ask that the motion stand.

The motion stands.

BUSINESS OF THE SENATE

INQUIRY

On the Orders of the Day:

Hon. JOHN T. HAIG: Honourable members, before the Orders of the Day are called, would the Leader of the House give us some idea of the legislation that is likely to come before us? I see the estimates are down today. What are the prospects of adjournment?

Hon. WISHART McL. ROBERTSON: I am glad the leader opposite has asked that question, because it gives me an opportunity to acquaint the House with the exact circumstances, as far as I know them.

The immediate business to which we must attend this week is the interim supply bill and the measure with respect to the ratification of Canada's participation in the Food and Agriculture Commission. As this Commission meets next week, it is desirable that Canada, if Parliament sees fit, ratify her participation in it. The measure necessary to accomplish this will be before us perhaps tomorrow, and already has received some consideration in committee. It is expected that there may be a completion of business, including Royal Assent, tomorrow afternoon.

I had intended to state to honourable senators that when we adjourn tomorrow afternoon, or Friday, we will stand adjourned until October 29. I had so intimated to some honourable senators, with the qualification that circumstances beyond my control might cause a change of plan. Such a circumstance has arisen, inasmuch as it is necessary and desirable that Parliament pass a resolution concurring in the Charter of the United Nations so that it can be signed and ratified in London before the end of October. As this resolution has not yet been considered in the other place, I must ask honourable senators to consider an adjournment until Tuesday, October 23, at 8 o'clock in the evening.

Hon. A. D. McRAE: Honourable senators, I am not going to object to the proposal of the leader.

Hon. Mr. COPP: He has not made one yet.

Hon. Mr. McRAE: I would remind this House that its weakness during the war period was the all-too-frequent adjournments. During the war there was not a great deal to be done; but now the war is over and the country is faced with many problems which demand careful consideration. We have not forgotten the very able address delivered by my colleague, the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) last evening, in which he set forth the responsibilities of this honourable House and the powers it enjoys. I now want to go on record as being opposed to frequent adjournments such as we have had in the past. We owe a duty to the people of this country, and I should like to see it discharged.

I want to compliment the honourable leader on his progress so far. It has been most encouraging. We must not lapse into a period of silent sleep for anything like two weeks. Too often in the past we have done this, and have given the excuse that there was no business coming to us from the other House. That day is past. The door of opportunity is wide open for us to co-ordinate our efforts with those of the House of Commons—to inquire into and investigate the many problems with which Canada is now confronted. I am sure that such a policy would be approved by the Government and appreciated by the country. I feel very deeply about these adjournments, and I hope the one now proposed will not be regarded as a precedent. I should like to see this House give continuous service during the session. We have many things to deal with. Let us continue to work.

INCOME AND EXCESS PROFITS TAXATION

DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Campbell:

That a Special Committee of the Senate be appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder and to report thereon;

(2) That the said Committee be composed of the Honourable Senators Aseltine, Beauregard, Bench, Buchanan, Campbell, Crerar, Euler, Farris, Haig, Hayden, Hugessen, Lambert, Leger, McRae, Moraud, Robertson, Sinclair, and Vien;

(3) That the said Committee shall have authority to send for persons, papers and records.

Hon. WISHART McL. ROBERTSON: Honourable senators, in view of some speculation as to the attitude of the Government in connection with this motion, I wish to take advantage of this opportunity to make a brief statement. The Government looks favourably on the motion of the honourable senator from Toronto (Hon. Mr. Campbell) for the setting up of a committee to study the provisions of the Income War Tax Act. The necessity is recognized for some revision of the administrative procedure of our income tax law. As indicated in the Speech from the Throne, if an agreement is reached with the Provinces it "would make possible reorganization of the Dominion tax structure on a simpler, more equitable basis, conducive to expansion of enterprise and employment."

I desire, however, to draw to the attention of honourable senators the great pressure of business which has fallen on the shoulders of the officials of the two departments concerned with taxation, and would impress upon the minds of honourable members of the proposed committee the magnitude of work involved in this connection and the necessity at the present time of arranging their meetings so as not unduly to interfere with the work of departmental officials pending the conclusion of the Dominion-Provincial Conference.

On motion of Hon. Mr. Leger, the debate was adjourned.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Robinson for an Address in reply thereto.

Hon. W. D. EULER: Honourable senators, while the Speech from the Throne is supposed to forecast the legislation of the session, the debate on the Address provides an opportunity for a general discussion by honourable members of matters which they may consider to be of public importance. I propose to avail myself for a brief period of that privilege.

First of all, I associate myself with the felicitations so eloquently and profusely showered upon His Honour the Speaker, the two new leaders, and the mover (Hon. Mr. Robinson) and the seconder (Hon. Mr. Dupuis) of the Address. I should like also to pay my compliments to honourable members who have preceded me in this debate. I am not going to particularize. I have had a fairly long parliamentary experience, stretching over some twenty-five years, and I should say that for facility and felicity of expression, for quality of matter discussed and for general

excellence, the speeches so far delivered in this debate need not take second place to any that have been delivered elsewhere.

My remarks will be addressed very largely to matters that have already been mentioned in the debate. My genial friend the leader opposite (Hon. Mr. Haig) spoke strongly in favour of the single transferable vote. While I quite appreciate that members of the other Chamber, who are elected, might conceivably think this matter was not the concern of a non-elected body, I may say that since members of that Chamber have been known to express themselves freely in favour of the abolition of the Senate, perhaps we may be allowed to return good for evil and to suggest to them some method whereby they might properly prolong their own lives. I agree with the suggestion made by my honourable friend, for I have long been in favour of the single transferable vote. If it were an experiment, there might be cause for hesitation; but it is not an experiment. It has been applied successfully in the western provinces for a good many years. I would base my support of the adoption of the single transferable vote throughout this country on the principle that each member of the House of Commons—I have never been able to understand why we have been more or less prohibited from naming the other Chamber —that each member of the House of Commons should represent the majority of the electors who voted in his constituency. Under our present system there can be no assurance of that in any constituency where there are three or more candidates. The method proposed by the honourable gentleman is to my mind the only remedy for the present unsatisfactory condition.

I want to make a brief reference to a matter which in the other House and perhaps in this has at times been the subject of some controversy, namely, the matter of divorce. I happen—more or less unfortunately, if you like—to be a member of the Divorce Committee, as is the honourable leader opposite (Hon. Mr. Haig). I understand that Prince Edward Island has adopted the procedure of hearing divorce applications in its courts. Therefore, we now have only one province whose courts are without jurisdiction to handle divorce cases, the Province of Quebec. I hope I shall not be giving offence to anyone in what I am going to say. When the bill to grant divorce jurisdiction to the Ontario courts was before the Commons, I was a member of that House, and I recall that one of the arguments against the measure was that it would facilitate the granting of divorces and that cases would become more numerous. Well, in this session the Divorce Committee of the Senate will have to deal with more than two hundred applications, all of them, with one exception, from the Province of Quebec. So although the other eight provinces have divorce jurisdiction, it is very much to be doubted whether the ratio of increase in the number of cases has been greater in those provinces than in Quebec.

The argument that I want to present on this matter is two-fold. In the first place, I submit that the matter of granting divorce should not, for obvious reasons, be left to the Parliament of Canada. I am not going to enlarge upon that point, for I think it ought to be self-evident. Secondly, I submit that, as the granting of divorce for a certain reason is in accordance with the law of Canada, the residents of one province who apply for divorce are discriminated against in being compelled to undergo the expense and inconvenience of coming to Ottawa, with their lawyers and witnesses, when the residents of other provinces can make application direct to their local courts.

Hon. Mr. MacLENNAN: But you are not against majority rule?

Hon. Mr. EULER: I am and always have been in favour of majority rule. I do not see the application of my honourable friend's remark.

Hon. Mr. MacLENNAN: I do.

Hon. Mr. EULER: I should like to refer particularly to certain observations made by the honourable member from Inkerman (Hon. Mr. Hugessen). He pleaded for Canadian citizenship without any racial implications. Perhaps I am not putting it very well, but I take it he is in favour of our citizens calling themselves and being regarded as Canadian, without a hyphen.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. EULER: I was personally interested in his statement because, while I was born in Canada, my father came here from another country—from Germany—before he was three years of age. I am not, therefore descended from either of the two dominant races in this country. There has been an improvement, in that in recent years racial prejudices have become less and less evident, but there is still room for improvement. I can remember very well that during the first war it became rather difficult and embarrassing at times for the descendants of persons of enemy alien origin where all their neighbours were of British origin. That condition has disappeared almost entirely, and I can speak

for my own community, the county of Waterloo, where the majority trace their descent from what was lately an enemy alien race. If you search the records of enlistment from that part of the country, I am confident you will find that they compare very favourably with those of any other part of Canada. I think we might well take a lesson from our friends to the south. Whatever the reason, and I believe it results from the teaching in their schools, when a man from a foreign country enters the United States, both he and his children become out and out Americans, and they are proud of their citizenship.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: I question whether Mayor LaGuardia regards himself as anything but an American, rather than an Italian-American. I doubt whether, let us say, General Eisenhower or General Eichelberger, Admiral Nimitz, or the new Secretary of Labour, Mr. Schwellenbach, regard themselves as anything but Americans. That their fellow citizens so regard them is evidenced by the fact that they have entrusted those men with the most responsible duties.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: I might go further. I cannot think that Lord Mountbatten considers himself anything but an Englishman because his name is merely the Anglicized form of Battenberg. Coming home, the General who was selected to lead the Canadian Army in the Pacific war undoubtedly considers himself a Canadian—General Hoffmeister. There can be no real national consciousness until we think of ourselves as Canadians without a hyphen.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: That is one of the reasons why I congratulate the Government on its intention to adopt a distinctive Canadian flag. I think that will help to promote the desired condition of which I have spoken.

My next reference is to the eloquent speech of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer). He dealt at some length with the responsibilities and activities—or perhaps one might say inactivities—of the Senate of Canada. He reminded us that the powers of the Senate are not well understood. I believe he is correct in stating that this Chamber is co-equal with the Commons, except in one respect: we cannot initiate legislation which requires the expenditure of money. My honourable friends from Lincoln (Hon. Mr. Bench) and from Toronto-Trinity (Hon. Mr. Roebuck), and particularly the honourable member from Vancouver-Burrard reminded us that the public is somewhat critical of the Senate for its inactivity. I think to some extent this criticism is justified. It may be true as the honourable member from Vancouver (Hon. Mr. McRae) said a few moments ago, that during the war there was, to put it bluntly, very little for the Senate to do. As much of the legislation from the other House involved the expenditure of money for war services, naturally it was not opposed in this Chamber, and there was not a great deal for us to do.

But to my mind there are four principal reasons for the inactivity of the Senate. First, the limitations imposed upon the Senate by the British North America Act. I have already referred to this. Second, the limitations which we have imposed upon ourselves. We have gradually taken the mental attitude that the Senate should never interfere with anything coming from the House of Commons involving the expenditure of money. As my honourable friend from Vancouver-Burrard pointed out last night, there is nothing to prevent the Senate, if it so desires, decreasing, we will say, an expenditure in a bill that comes to us from the other place.

Hon. Mr. McGEER: They have done that.

Hon. Mr. EULER: Yes, they have done that. My honourable friend could have given other instances where the Senate did a very good job. When Sir Wilfrid Laurier was in power his Government proposed to build a railway through to the Yukon. The Senate in rejecting the bill showed a degree of wisdom which was not appreciated until some years later. The third reason for the inactivity of the Senate is that its members are not elected, and, consciously or unconsciously, feel that they have not quite as much authority as is enjoyed by members of the other House.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. EULER: The fourth and last reason, which I advance with considerable hesitancy and which perhaps will subject me to criticism from some members, is that because we are appointed for life, we may, subconsciously, feel our responsibilities less keenly than we should, since we know that we need never subject ourselves to the electorate.

I wonder if I have offended in saying that. I believe that if we search our consciences we will find, apart from the fact perhaps that we are getting a little older and less active, that because we are not subject to the

approval or disapproval of the electors we are prone to be a little less diligent in some matters than we otherwise would be. Of course I am not at the moment arguing that we should have an elected Senate—I thought one of the speakers yesterday was going to suggest that; to my surprise he took the opposite view—but I would point out this anomaly. In almost every instance when there is a change of government, the new government, fresh from the people, finds itself faced by a theoretically hostile Senate. For example, after the elections of 1935, when a Liberal government was returned to power, the Senate consisted of 32 Liberals and 64 Conservatives. If those 64 Conservatives had desired to act in a partisan way they could have defeated the will of the people of Canada as expressed by their elected representatives in the House of Commons. If, after the last election, the Progressive Conservatives or the C.C.F. had been a majority in the House of Commons, the situation would have been reversed. After the election which is to come three, four or five years from now, it is probable that the disparity will be still greater.

That situation is undemocratic. However, it is to the credit of the Senate of Canada that its members have seldom availed themselves of their power to exercise a partisan spirit. May I say to the credit of nine of my fellow Liberals, and of myself, that the very first vote we cast in this Chamber was against a Government bill. The bill proposed to apply the Farmers' Creditors Arrangement Act to the Province of Manitoba. We proposed in amendment that decisions should be subject to appeal. When that amendment was rejected by the other House, the Senate refused to withdraw it, the result being that the bill died a natural death. My memory is that the measure came back to us the next year, with our amendment incorporated, and we passed it.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: This indicates that while the Senate has the power to nullify legislation from the House of Commons if it so desires, it nevertheless considers questions on their merit and votes accordingly, and this is as it should be.

I believe the maximum service which the Senate can render lies within the boundaries suggested by my honourable friend from St. Catharines (Hon. Mr. Bench), my honourable friend from Toronto (Hon. Mr. Campbell), and the suggestions made last night by the senator from Vancouver-Burrard (Hon. Mr. McGeer). Great service could be rendered to the people of Canada by the members of the Senate, with their vast legislative experience, if they made inquiry, examination and investigation into public matters. If the Government believed that Senate committees were to be appointed with the sole purpose of rendering service, and not to embarrass the Government, such committees could do a more practical job than any commission and be of greater benefit to the people of Canada. It is necessary, however, that members of the Senate continue to exercise their powers in a non-partisan way.

I now turn to two matters of international concern. One, which has already been referred to by the leader is the San Francisco Conference. A brilliant writer of a column in the Toronto Globe and Mail rather severely described it as the San-Fiasco Conference, but I have no hesitation in saying the sentiments expressed at that conference, and some of the actions taken there, were of tremendous value. Like the League of Nations, the United Nations organization was formed for the purpose of maintaining the peace of the world. It was my honour to be delegated to the League in 1929, and it is my belief that the League failed for two principal reasons. The first was the abstention of the United States from membership, even though its President was the father of the League; the second, that it had no real power to enforce its decrees. Nothing could be done in the way of restraining an aggressor nation unless there was unanimous action and consent. This last mentioned defect exists in the charter of the United Nations drawn up at San Francisco. Any one of the five big nations who are permanent members of the Security Council—Great Britain, Russia, United States, China and France—can restrain the league from taking action against an aggressor. While the league has authority to call upon its members, including Canada, for certain military contributions, if any one of those five nations says no, the organization can take no action.

Hon. Mr. FARRIS: Which one of the five?

Hon. Mr. EULER: Any one of them. No great wars have ever occurred in which some great nation was not participating. We are quite sure the United States would not be the aggressor, or Great Britain; and we hope none of the others. If any one of the great nations became an aggressor—and I exclude China and France because at the moment they are not great—naturally that nation would not vote against herself; and since the resolution to restrain the aggressor nation must be unanimous, no action could be taken. And the veto is still more far-reaching. For example, if Bulgaria attacked Czechoslovakia, Yugoslavia or Greece, and the Union of Socialist Soviet

Republics or any other of the Big Five voted against the league taking action to restrain the aggressor, nothing could be done. I cannot see how that security clause can be of any great benefit to the smaller nations or the peace of the world. One can see by the trend of events in Europe today that the people of the smaller countries may very well come to the conclusion that they have exchanged one dictator for another.

The second matter of international concern arises out of the Atlantic Charter. The charter was conceived with the highest motives and embodied the finest sentiments and principles for the benefit of the human race that could be conceived. It was framed, as we all know, by the late Franklin D. Roosevelt, then President of the United States, and Mr. Churchill, then Prime Minister of Great Britain. Honourable members should remember that the charter was acceded to by the Union of Socialist Soviet Republics. One important declaration contained in the charter, among many other admirable ones, was that the nations who were signatory to it had no intention of acquiring further territories without the consent of the people of those territories. But what has happened? We know that the three little republics in Central Europe have been absorbed, and that nearly half of Poland has been taken despite the bitterest opposition of the Poles. While I am reluctant to say it, this action was agreed to by Mr. Churchill and Mr. Roosevelt, and is in direct violation of the principles laid down in the Atlantic Charter. The only answer is that there was nothing else to do but accept the situation. Certainly the re-partition of Poland was wrong, because the people of Poland were bitterly opposed to being divided again. It is not very convincing to say that in order to bring about ultimate good and to avoid a greater misfortune, it is sometimes necessary to do a wrong. The principle is pitifully unsound.

I visited Moscow and Leningrad in 1936, and was greatly impressed by what I saw. In Moscow the whole city was being rebuilt; the people were very busy, men and women working together. The city had a library which was said to house 12,000,000 volumes. Fine apartment houses and factories were under construction. The foundation had been laid for the Palace of the Soviets, which was supposed to be higher than the Empire State Building in New York City. I had a talk with the British Minister there, and asked him whether he thought the Russians were going to make a success of it. He thought they would; and as we now know, they did.

After that I visited Berlin, and as some of you may know, I had the doubtful honour of an interview with Herr Hitler himself. I mention it because in 1936, as Minister of Trade and Commerce, I was there for the purpose of making a trade agreement. Hitler invited me to his offices, and I had a half-hour talk with him. One of the outstanding statements he made was his claim to have saved Europe from communism. I believe there is a certain amount of truth in that claim, for communism was making progress, in Germany.

I believe the greatest potential threat facing the world to-day is that Germany, which once was turning communist, may turn in that direction again. If she ever does, and joins hands with the present great communistic nation of Europe, the great organizing ability of the Germans, together with the great resources and population of Russia will result in a combination of power stretching from the Pacific Ocean nearly to the English Channel and the Mediterranean.

Now, I am not saying, and I do not wish to be understood or reported as saying that there necessarily are sinister intentions on the part of that great country which did such a wonderful job during the war in helping to defeat our enemies; but I fear that after the United States retires from the continent of Europe, as in due course she will, the situation of the other western nations on the continent will not be a very desirable one. I do not know whether the danger is real, but I think it is potential, for after all we should remember that the ideologies of the western democracies and the Soviets are poles apart. And while we should be grateful for the assistance we got from Russia, we should bear in mind she was fighting, not for Britain or the United States, but for herself. It seems to me that no one can blame her now for carrying out her aims in the way that she considers to be in her own interest. It may be that these observations are injudicious but they express the thoughts that are going through the minds of the people, and dangers that are known can be more readily coped with than if suppressed.

In returning to domestic affairs, I desire to discuss, first, one or two things said by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck). He dealt largely with labour matters, and I enjoyed his speech. I entirely agree with him that in the event of a slackening in employment it would be wrong for the employers of this country to use the needs of the working men to reduce wages below the level necessary to maintain a decent standard of living. In fact, I will go so far as to say, as I have said before,

that I believe the industrial workers and farmers of this and other countries have not for many years received the full reward of their toil. But I do not believe that the great majority of employers have any such intention. I believe in unions and in their right to protect themselves, though I sometimes think there is a danger that the possession of power may lead to its abuse.

What particularly interested me in my honourable friend's remarks was his statement that high wages do not necessarily mean higher cost of production. I think that is true. It does not necessarily follow that high wages never increase costs of production; and they may do so. The honourable gentleman might have cited the example of Henry Ford, who a few years ago created a sensation throughout the industrial world by declaring that no man in his plant would receive less than five dollars a day, which was more than his competitors paid. Yet his business became an outstanding success. If there is sincere co-operation between labour and employers, and continued improvement in machines, it is quite possible that high wages will result in lower costs of production, though not necessarily so.

There was one argument which my honourable friend perhaps did not follow through. As he says, capital must secure a profit if it is to continue in operation. That is self-evident. But if production costs go up—and labour is now asking for a thirty per cent wage increase, the fairness or unfairness of which I am not now considering—and if the Government maintains ceiling prices, how is the employer going to make a profit? The answer may be, as it has been during the war years, that the man who because of having to sell at a certain fixed price cannot produce at a profit will be given a bonus or subsidy. That system has been pretty well fastened upon the country; it was in use even before the war. I am not going to debate the propriety of setting a fixed price, which was really in the nature of a bonus, for the wheat farmers of the west. During the war we gave bonuses to agricultural producers and manufacturers of various things needed for war purposes.

Hon. Mr. McGEER: And to the banks.

Hon. Mr. EULER: I remember reading that a large textile concern received something more than a million dollars by way of subsidy. I do not think the subsidy is good in principle. Indeed, I should think that if it were followed to its logical conclusion it would lead us faster than ever in the direction of socialism. Nor do I believe that a reasonable rise in prices would necessarily be disastrous. It has been going on for fifty years and more.

My honourable friend seemed to make light of foreign trade. Perhaps I am wrong in that, but that is the impression I got. Well, I think that foreign trade is of great importance. In the old days before the war, as I recall, about fifteen per cent of our production was exported.

Hon. C. P. BEAUBIEN: Thirty per cent.

Hon. Mr. McRAE: Twenty-two per cent.

Hon. Mr. EULER: It happens that I was Minister of Trade and Commerce some years ago and I used to be pretty familiar with the figures. Let us say twenty per cent. That may seem a small percentage, yet it might mean all the difference between prosperity and depression. A country like Canada, which produces a surplus of lumber, wheat, minerals, fish and so on, has to find a market for these products or depression will be on the doorstep.

Hon. Mr. McGEER: Let us get more people in Canada.

Hon. Mr. ROEBUCK: If the honourable member will allow me, I should like to correct his impression as to what I said about foreign trade. I said that if it were true that foreign trade would result in reducing our standard of living, then we had better not have foreign trade; but I said that was not true.

Hon. Mr. EULER: I thank my honourable friend, and I apologize. I understand now that he considers foreign trade to be as important as some of the rest of us do.

The honourable gentleman suggested there were three things that must be done if business was to be maintained on a profitable basis. In the first place, he said that the cost of government must be reduced. That would be a step in the right direction, but I fear that it would give very little relief from the present burden on industry and on the taxpayer. His second suggestion was that we should have more immigration. That is all right, too. I agree with him when he says that twelve million people have not the right to arrogate to themselves full control over a country so large as this, when thousands and perhaps millions of people in other countries are in need. His third suggestion was that taxes should be lowered. Everybody agrees with that. I think that in all fairness the Government must repeal the excess profits tax at least, because so long as that tax is in force there is no inducement for the investment of capital. If capital is invested in a going business and a profit is made, most of the profit is taken up in the excess profits tax,

the corporation tax and individual income taxes. The excess profits tax was a wartime measure, and it is the duty of the Governmentment to remove it now that the war is over. The only way that a man with a little money can make a profit nowadays is to invest it, not in any business of producing or manufacturing goods, but in something that he thinks may increase in capital value. After he makes his investment he does nothing about it but wait for the unearned increment, and takes a profit which is not taxable. That is not a healthy condition. At the same time I appreciate the difficult position of a government which even in normal times will have a budget of little less than two billion dollars—four times our pre-war expenditures—and an ultimate national debt of nearly twenty billions.

What I have said may sound like the talk of an alarmist and pessimist, which I am not. I do not for one moment think that the people of this country should or will yield to fear and hopelessness. I wonder whether I might take a minute or so to tell a story?

Some Hon. SENATORS: Go ahead.

Hon. Mr. EULER: Stories are not popular in Parliamentary debate and I do not think they should be; but I liked the story told by my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) about the robber barons on the Rhine, and it was well received. What I have in mind is an allegory illustrating the fear which is permeating this country. The story is one of the Far East, where the disease known as the plague from time to time takes its toll of thousands and hundreds of thousands of people. As a traveller stood upon an eminence outside a city looking down into the crowded streets, he was joined by the Spirit of the Plague, who said to him, "I am going to take the lives of five thousand people in this city." The traveller passed on, and in the course of his journey he heard that fifty thousand people in that city had died of the plague. Some time later he again met the Spirit of the Plague, to whom he said, "You told me you were going to take five thousand lives in that certain city, but you took fifty thousand." "No," said the Spirit of the Plague. "I took only five thousand; the other forty-five thousand died of fear."

There is in that a lesson for us. Fear is the mother of failure, and if we yield to it there is not much hope for us. Our difficulties are truly formidable, and they will continue to be so for some time; but if we grapple with them courageously, co-operate with one another—especially if labour and capital co-operate as they should—and if we make the best of our resources, human as well as material, Canada can win through to the prosperity to which her people are entitled.

Hon. TELESPHORE D. BOUCHARD: Honourable senators, in rising to take part in the debate on the Address in reply to the Speech from the Throne, I wish to offer to His Honour the Speaker my personal congratulations and those of the citizens of the electoral division of Laurentides, which I am privileged to represent in the Senate. I also wish to offer the same congratulations to all those who enjoyed the confidence of the Government of the day or of their political party and, having been granted posts higher than they held when the last Parliament ended, have now a better opportunity of serving their country in this upper Chamber. In order that my remarks may be kept as brief as possible, I will refrain from congratulating individually those who have been promoted to leadership in the Senate and those who have recently become members of this House. Colleagues better qualified than I am have already expressed appropriate eulogies. I concur in what they said, and am convinced that our honourable friends to whom tribute has been paid will in their new spheres render service of which Canada will be proud.

In this Twentieth Parliament there are new and interesting personalities. Many prominent veterans were returned to the House of Commons, but unhappily others who might well have continued in public life have fallen in the electoral battle. The defeat of several men of merit, whatever their party affiliations, may be attributed to our faulty electoral system. As the honourable leader opposite (Hon. Mr. Haig) stated, reform is needed in order to ensure that each successful candidate really represents the majority of his constituents. The problem which the honourable gentleman so ably presented to us deserves careful study, and it is to be hoped that before the next general election the Government will solve it in a practical way.

Whatever the merits or defects of our present electoral system, I am happy that the Government was returned to power under the same leader who directed its policies in the difficult days of war. Canada, with its two cultures and its varied local interests, is a difficult country to govern. The result of the election in Great Britain was a great surprise to the world. Notwithstanding his defeat, Winston Churchill will remain one of the most striking figures in the history of the democratic world. He has, I believe, more admirers in his country than has any other

statesman or politician. Mr. Mackenzie King, the leader of the Canadian nation was more fortunate, for he enjoys not only the esteem but the confidence of the people.

The appalling destruction of wealth accumulated by nations through centuries of toil, the slaughter of human lives and the inferno of suffering brought about by the struggle between two great ideologies, democracy and absolutism, have so disturbed the souls of men that the question is being asked, whether we should not completely revise our economic and political system—a system, it must be granted, under which great progress has been made during the past century. Owing to the improvement in the weapons of war, we are faced with the urgent necessity of devising a formula to remove causes, direct and indirect, which lead to the setting of one section of humanity against another. History shows that these causes are many. It shows also that plans to remove them are numerous. These plans vary from sage to insane, from practical to impractical. Men with the mentality of those responsible for the Rome-Berlin-Tokyo Axis now suggest that we revert to the form of a mystical and totalitarian government; others, ranging from the extremes of right and left, propose a revolutionary form of Communism, or Trotskyism. Even Soviet Russia rejected this brand of Communism. Where shall we find the solution? In the happy medium, the old Meden Agan of Pindarus? Very likely. But the masses are asking for something new, and their political thinking shows no leaning towards the right.

The Conservative party, which at one time was a power among us, and still hopes to again become dominant, is no longer able to elect any candidates in Quebec. The Liberal-Conservative party was overwhelmed by the Castors of our ultramontane school. The party was victorious in Quebec when it had leaders like Sir Georges-Etienne Cartier and Chapleau, men of broad view and true Canadian feeling; but now the party has become the Union Nationale. This is the name of the party of Oliveiro Salazar, the dictator of Portugal. The Union Nationale of Quebec is inspired by the same principles that animate its prototype of the Iberian Peninsula. Inherent in the programmes of these two parties are the same weaknesses, but the Quebec leader completely lacks Salazar's prudence in financial administration. This quality alone has maintained the Portuguese dictator in power, and to it must be attributed his great popularity. Conversely, the lack of this quality in the Quebec leader has within three short years ruined the credit of the province and resulted in his sudden downfall. In the recent provincial election he came to the surface again through the help of the Conservative party, but he has refused to support it openly in the Federal field. It is fair to say, however, that the Progressive Conservative party and the Union Nationale are not working hand in hand. The slogan of the Union Nationale seems to be: No true Canadian need apply.

It seems obvious that in a quest for liberty in all its forms, however extreme they may be, political minds are leaning towards the left. Salazar himself, soon to be in the throes of a general election, has recently announced that he will re-establish all essential liberties. Mr. John Bracken, who once said at my home that he was my friendly political enemy, has stretched the name of his party to suit the present political tendencies of the masses, and today my "friendly political enemy" leads the Progressive-Conservative party.

What happened to him in the recent general election is similar to what happened to Winston Churchill, and perhaps for the same reasons. It cannot be said that Churchill is the champion of the big financial interests; rather, he is known as a statesman ever ready to serve the common man. The British electorate did not reject Churchill the statesman, but Churchill the leader of a political party known to be against economic reforms. Mr. Bracken had not been long enough at the head of his party to be able to offer, as Mr. Mackenzie King did, a guarantee to bring the war to a victorious conclusion and, in the period of reconstruction, to introduce legislation for the purpose of furthering the best interests of the people of Canada.

The task to be undertaken is no easy one. In order to bring about a solution of the problems of peace there must be co-operation among men of good will, and notably among the main political groups that have co-operated so freely in the war effort. There are measures of national security on which these leaders will have to agree. Canadian unity must be safeguarded; our system of free competition must be preserved; a reasonable standard of living must be assured to our agricultural and industrial workers; provincial autonomy must be safeguarded, but at the same time certain essential powers must be granted to the central government in order that it may not become a mere tax-collecting agency for the benefit of provincial administrations, always prepared to spend. Finally, the rights of minorities as well as of majorities must be respected.

I maintain that all men of good will should come to an understanding with a view of preserving and strengthening Canadian unity. We have enjoyed political unity since Confederation, a period of more than three-quarters of a century. In spite of the critical tone which pervaded some parts of the eloquent speech of my colleague and friend, the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), I feel this political unity has produced good results. In order to realize the importance and value of this political unity, one has only to consider what would have happened during the war if our country had been divided into two independent states. I am not here to defend those who might have done their national duty more efficiently. But who will pretend that Canada could have done more than she did towards assuring victory to the allied nations? It must be admitted that in directing the war effort those in charge of national affairs met with obstacles that should not have been placed in their way. They surmounted those obstacles in a fashion that has not been readily acknowledged as the best by everybody. Could it have been otherwise in a country like ours, where British liberty has allowed various racial groups to shape their own particular mentalities according to their own national aspirations? The result is, as in my province, that a small and noisy group may make it appear that they represent the majority. The loyalty of Canadians of French origin was amply established during the last election. If the separatists succeeded in undermining the war effort, they failed to disturb the loyalty of the masses to our political institutions.

We are well aware that in a country as large as ours there are various economic interests. Because of geographical situation some regions are penalized commercially, and assistance from the central government is essential. This assistance, in order to strengthen national unity, must be on a generous and impartial basis. The new Parliament must find among its members men strong enough to combat those who would substitute for our system of free enterprise a form of revolutionary socialism or fascist corporatism, the second of which, in the province of Quebec, is offered as a panacea for various ills and a means of improving the standard of living of the middle classes. A campaign, the object of which is to revive the corporative system which was destroyed in 1789 by the French Revolution, is being carried on openly by persons in high positions, and its adversaries dare not publicly denounce it. Before corporatism becomes a religious dogma which cannot be discussed in my province—unless somebody objects in time to protect the freedom of labour and individual enterprise, I feel it my duty to point out the attempts that are being made to introduce this sort of economic fascism in the province of Quebec. I have already mentioned the similarity between the Union National regime in Quebec and that of Salazar, which favoured the establishment of corporatism among the Portuguese.

While I may be blamed for speaking as I have done on what may appear to be a purely provincial question, I am now trying to show that it has a direct connection with federal politics. It is admitted, of course, that labour, financial and industrial problems are matters of federal jurisdiction. We all know that it would be absurd to allow our industries in Quebec to become subservient to a corporative regime, while those of other provinces are left to free enterprise. The strongest partisans of corporatism have publicly declared themselves willing to make of the province of Quebec a Catholic and French state. An anomaly would exist if our province were under an industrial regime different from that in other provinces. Corporatism is another way of preaching disunity in Canada. The other provinces will never accept Catholic labour unions, which are the greatest promoters of corporatism, neither would they adopt labour-employing corporations dominated by the unions. The obvious result would be the disruption of Confederation. As far as socialist activities are concerned, they are not quite as dangerous and are less to be feared than corporatism.

The Government, supported by those who place the interest of the country before that of party, should meet attacks on our economic system by a strict control of abuses which have prevailed in the past. Otherwise these abuses may recur when wartime restrictions are abolished, and allow profiteers in the commercial, financial and industrial fields to accumulate excessive profits by depriving the workers of a standard of living which enables them to maintain their human dignity and to properly feed and clothe their families. I believe that as soon as possible, we should remove the restrictions imposed by war upon private enterprise; but the excess of liberty which gave birth to abuses in the past should not be re-established. The freedom to exploit one's neighbour never really existed, because no one is morally free to compel a worker to starve by accepting a salary unworthy of a human being. It is the Government's duty to control the law of supply and demand; and if, in this century of progress, control over certain industries is not sufficient to per-

mit a fair standard of living, state competition should be instituted. Great evils require great remedies.

We hear a good deal about provincial autonomy, especially from those who desire to break up the Confederation pact. It is well that our provinces exercise freely all the rights guaranteed by the constitution; but requests for autonomy should not be allowed to become simply calls for dissension and sedition. I will gladly support any constitutional amendment which will improve the living conditions of the citizens of Quebec and the other provinces, even if such amendment infringes upon provincial rights. I do not see anything wrong in strengthening the powers of the central government if to do so would benefit the citizens of Canada.

Under the British North America Act, the rights of minorities must be respected. No one wants to restrict them, but many persons wish to utilize them in order to maintain and increase a spirit of disunity between the races. This is one of the means employed to isolate us, one from the other. These illusive rights and ugly conflicts which bring such harm upon our race may benefit a small group of professional or born politicians, but I am not one of them. I do not believe that Canadians of French descent are being victimized. I believe they have enough ability, energy and honesty to attain first rank in any economic or social sphere without assuming an attitude of martyrdom. There are many thousands of instances that prove the truth of this assertion.

Those who are continually making demands seem to forget that if minorities have rights, majorities also have rights. These rights, which are well established, should be respected. It is unfair, simply because requests are made in the name of minorities, to condemn the majority for rejecting them.

In conclusion, honourable senators, we are inaugurating a new Parliament under the wings of Victory—victory dearly won. Let us hope that the sacrifices of our glorious dead, of our wounded and all those who during the six long years of war have served with the allied forces may not have been in vain; and let us hope that our country, together with our democratic allies who joined us in saving civilization, will be successful in establishing throughout the world the peace on earth which was promised to men of good will.

Some Hon. SENATORS: Hear, hear.

The address was adopted.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, October 11, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

ESTIMATES

EXAMINATION BY FINANCE COMMITTEE

Hon. WISHART McL. ROBERTSON moved:

That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament, and by resolutions relating to war and other proposed financial measures of which notice has been given to Parliament, in advance of the bills based on the said estimates and resolutions reaching the Senate.

Hon. JOHN T. HAIG: Honourable members, during the war I did not like this procedure; I like it much less now. The honourable leader gave me notice of the motion and I am not going to oppose it, but I think this should be its last appearance. When the bills come to our House we should have sufficient time to go fully into the estimates and the financial provisions on which those bills are based. If the House of Commons—perhaps I should say the "other place"—continues to send bills over here late in the session, expecting us to deal with them in only a couple of days so that Parliament may adjourn or prorogue, I give notice that we are not going to oblige. The Senate has been severely criticized as being just a rubber stamp to put the mark of approval on what the House of Commons has done. We certainly deserve that criticism if we take just two or three days at most to consider the estimates. I admit the position is different with regard to supplementary estimates. Usually, they are presented near the end of the session. I know that when I was in the Manitoba legislature the supplementaries were passed with more or less expedition. But when the main estimates reach us in this Chamber there is no reason in the world why we should not have full and free discussion of them not only on the floor, but in our Banking and Commerce Committee.

I repeat, I am willing to allow the motion to go through. But let this be the end. Next session we should return to regular procedure. Furthermore, the Government must make better efforts than its has in the past to have its legislation before this House earlier in the session. Otherwise, the members of the House of Commons will have to cool their heels

around the corridors until we have given full and unhurried consideration to the legislation submitted to us.

Hon. Mr. MURDOCK: Hear, hear.

Hon. GERALD G. McGEER: Honourable senators, I want to give notice of an amendment to the present motion. My proposed amendment reads as follows:

That the said motion be amended by striking out all the words after "that" in the first line thereof, and substituting therefor the following: "any Standing or Special Committee of the Senate be authorized to examine any resolution or proposed Bill laid before Parliament in advance of the resolution or Bill reaching the Senate."

May I say in explanation of this amendment that I discussed it with the leader of the Government in this House (Hon. Mr. Robertson) and then wrote him the following letter:

My dear Senator Robertson:

Please find enclosed copy of an amendment which I suggest should be made to your motion of last evening. I have conferred with the Clerk of the Senate and with the Law Clerk, and I am advised that there is no rule of Senate procedure or other reason why this amendment could not be passed. This amendment would include all that is contained in your resolution and would also include all other legislation. You will notice it is not mandatory, but permissive.

If this resolution were passed and acted upon the Senate could have before it, through the medium of the appropriate committee, or through a committee to be specially appointed, or through the Senate as a Committe of the Whole, any legislation under consideration by the Commons. It would completely eliminate any justification for the complaint that the Senate did not have ample opportunity to examine and revise legislation because it did not receive it in sufficient time.

Getting legislation from the Commons in time to give it proper consideration is something with respect to which the Senate is not dependent upon the action of the other House. The moment a bill is introduced in the House of Commons, whether it be by the Government or by a private member, that bill is public property. The press has possession of it, and any individual, whether a member of the Senate or a private citizen, can secure a copy. The principle involved in bringing legislation before the Senate is exactly the same as the principle adopted by the Senate when, in 1942, it decided to deal with budget resolutions at the same time the other House was dealing with them.

The charge that the Government and the House of Commons are to blame because the Senate has not had sufficient time to consider legislation from the other House is entirely unfounded. If anybody is to blame it is the Senate itself.

Hon. Mr. HAIG.

Hon. Mr. HAIG: Mr. Speaker, may I raise a point of order? The honourable gentleman cannot, I submit, speak to a mere notice. I presume that he intends to move his amendment rather than to give notice of it.

Hon. Mr. McGEER: I move it as a notice of motion.

Hon. Mr. HAIG: No, as a straight amendment.

Hon. Mr. McGEER: I would rather deal with it as a notice of motion.

Hon. Mr. HAIG. You cannot.

Hon. Mr. McGEER: Then, with the consent of the House, I will move the amendment and speak on it.

Hon. Mr. HAIG: You do not need consent to make a motion. I do not mean to stop the honourable gentleman. A motion has been made by the honourable the leader (Hon. Mr. Robertson), seconded, and put to the House by His Honour the Speaker. According to our practice—my honourable friend will pardon me for mentioning what he already knows—it is now proper for him to move an amendment and speak on it as long as he likes.

Hon. Mr. ROBERTSON: I might say that what I received from the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer) was an amendment, not a notice of motion. I think the honourable senator used the words "notice of motion" by a slip of the tongue and not intentionally.

Hon. Mr. HAIG: As I say he can move his amendment now.

Hon. Mr. McGEER: Then I would move:

That the said motion be amended by striking out all the words after "That" in the first line thereof, and substituting therefor the following: "any Standing or Special Committee of the Senate be authorized to examine any resolution or proposed bill laid before Parliament in advance of the resolution or bill reaching the Senate."

I may say, honourable senators, the present practice of dealing with the Budget makes it possible for the Senate to give as much time as the Commons gives to the consideration of Budget proposals. The other day I walked into the Senate Committee on Agriculture and Forestry and found Government officials explaining to the Committee the details of a bill having the widest ramifications in the international food situation. I inquired if this bill had been presented to the Senate, and was informed that it had been introduced into the House of Commons but not as yet into the Senate. Nevertheless, the Senate committee

had taken possession of the measure and was conducting a full investigation into it. In doing this the committee was merely exercising powers which every committee of the Senate enjoys. Once a bill is introduced in the Commons, why should it not be taken under review by this House, which has the responsibility of giving or refusing it final sanction?

According to my conception of the purpose, powers and responsibilities of the Senate, we are not beholden to the Commons; we are independent of the Commons. Whatever the rules of procedure may say, certainly the rules of obligation, if they were ever defined, would recognize that the first responsibility of every member of this House is to the territory that he represents. Surely the first obligation of the twenty-four representatives of the Maritime Provinces is to protect the rights of that territory. There is a similar obligation on the members from Quebec, from Ontario, and from western Canada to their respective territories. But the Senate, as one branch of Parliament working in co-operation with another, has the primary obligation and duty of informing itself upon the whole field of legislation under consideration by Parliament. In discussing the matter with the Clerk of the Senate and the Law Clerk, I put this plain question: When a bill is introduced in the House of Commons, where is the constitutional or Commons or Senate rule that prevents the Senate from taking the measure immediately under review?

Hon. Mr. LEGER: Will the honourable gentleman allow me? We could easily do what he suggests if the measure before the Commons were introduced in the Senate as a Senate bill. We certainly should have no jurisdiction over a bill until it comes before us.

Hon. Mr. McGEER: I agree that my honourable friend is technically right. But every bill must sooner or later be introduced in the Senate before it can become law. The present practice as to a Government bill, as I understand it, is to wait until the bill is passed by the Commons and then to have it introduced here by the Government leader in the Senate. Now, why not deal with it earlier by introducing it, if you like, and referring it to the appropriate committee for consideration?

Hon. Mr. COPP: The Commons might not pass it.

Hon. Mr. McGEER: If the honourable gentleman will wait till I complete my observation, I shall be glad to answer any questions. As I understand it, in Washington bills are introduced in the Senate and the House of Representatives concurrently, and referred to appropriate committees. Then committees of management are set up, and after bills have been considered by each House the committees confer and adjust any differences.

Hon. Mr. HAIG: That is not quite correct. The bills introduced in the two Houses are not the same.

Hon. Mr. McGEER: Not necessarily. But the two Houses do try to get together, even when their respective bills dealing with a subject are entirely different in detail and principle. Before a bill can become law it must be passed by both Houses, just as here.

Let me give an illustration to show what I mean. The Old Age Pensions Bill came before this House after having been passed by the Commons. This House made a number of amendments, only one of which was acceptable to the Commons. Then there were conferences, which ended in a deadlock. I venture to suggest that if the procedure I am proposing had been followed, there would have been no deadlock on that occasion, because through the interchange of views both Houses would have come to an agreement.

The matter I am discussing is one of long standing. On the 7th of May, 1868, a select committee of the Senate presented a report in which this was said:

> The Committee would further remark that the Constitution, in establishing an Upper House of Parliament composed of life members, contemplates on the part of that branch a supervision, undisturbed by temporary political currents and partisan warfare, of the legislation of the day. It is impossible, the Committee believe, that the Senate shall adequately fill its place in the Constitution and discharge those functions upon which its usefulness to the country so much depends, unless ample opportunity is given for the discussion in that House of all measures submitted for its consideration.

And here is what was proposed as a remedy:

> In the absence of any other remedy, it might become necessary to secure this, even by the extreme measure of declining to consider bills, with certain exceptions, brought up from the Commons within a fixed period of the end of a session. . . .

Hon. Mr. LEGER: From what is the honourable gentleman reading?

Hon. Mr. McGEER: I am reading from a report that was quoted in a speech by the late Senator Charles Murphy on the work of the Senate. I am unable to give the exact reference, but I suppose no member of this House is unfamiliar with that speech.

Once a bill is introduced into the House of Commons there is nothing to stop me, as a senator, from examining it before it is intro-

duced in the Senate; and there is nothing to stop me from gathering together a group of senators to discuss the bill and determine what action we are going to take upon it when it comes before the Senate. The idea that the Senate has not the power to consider legislation immediately it is introduced in the Commons, but that it has to wait for action by the Commons and the Government of the day, is entirely wrong.

Honourable senators, I have made this proposal in order to suggest a means by which we, as members of the Senate of Canada, by the exercise of our own powers of initiative, can properly fulfil our full constitutional responsibilities with regard to legislation introduced in the House of Commons.

Hon. J. J. DONNELLY: Honourable senators, to some extent I agree with what has been said by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer). The control of the Senate is vested entirely in the Senate. The honourable gentleman asks what objection there is to consideration by the Senate of any bill as soon as it is introduced in the other House. An objection that occurs to me is this. Many bills after their introduction into the Commons are amended, and some of them are almost entirely changed before they are given third reading and sent over to us. It seems to me that we could not deal intelligently with a House of Commons bill until we knew in just what form it would be when finally approved by that House.

The honourable gentleman referred to a meeting of the Committee on Agriculture and Forestry the other day. What the committee was dealing with then was the first report of the Interim Commission on Food and Agriculture. The report had been referred to the committee for consideration; and we asked Government officials to appear at the meeting in order to make available any information that they had. Before we adjourned we decided not to present any report to the Senate until the bill itself was referred to the committee in the regular way.

Hon. Mr. McGEER: May I be allowed to reply to the first point made by the honourable gentleman? Once an amendment was proposed to any bill before the House of Commons, regardless of the stage which the bill had reached—whether second reading, committee, or third reading—the amendment could be brought before the Senate Committee considering the bill. There is no reason in the world why committees of both Houses, concurrently considering a bill, should not be in communication with each other. The fact is that if we are going to work in co-operation with the Commons, we should be exchanging views. Look at what happens under the present procedure of waiting until the Commons has completed its consideration of bills. Some of these bills do not reach the Senate until Parliament is about to prorogue. If any of them contain provisions of which we do not approve, we then send the measures back to the Commons with our amendments. In the late days of a session the whole thing has to be done in a hurry. That has happened on innumerable occasions. Would it not be better for us to have a committee enunciate our proposed amendments to a bill while it was still before the House of Commons or one of the committees of that House? There is no reason why amendments cannot be brought forward just as the bill is brought forward.

Hon. THOMAS VIEN: Honourable senators, I should like to point out that the discussion is somewhat unusual. In my opinion, it would be unwise to accept the amendment moved by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer).

The powers of the Senate are not involved. The Senate has power to appoint committees and to give them orders of reference. The Senate within its constitutional right can create committees and determine their jurisdiction. That is exactly what the honourable leader of the Government is proposing. His motion is:

> That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament, and by resolutions relating to war and other proposed financial measures of which notice has been given to Parliament, in advance of the Bills based on the said estimates and resolutions reaching the Senate.

That is proper parliamentary practice. We have a Standing Committee on Finance, and this motion is of the nature of an order of reference to that committee directing it to examine into all expenditures set forth in the estimates. The estimates have been distributed to senators and members of the House of Commons. Legislation based on those estimates has not yet been introduced in the House of Commons. There the members are studying the budget resolutions. The House of Commons itself could not compel the Government to introduce legislation. The budget resolutions must be disposed of before any legislation is introduced by the Government.

As I have said, the powers of the Senate are not involved. The Senate has exactly the same powers as the House of Commons, except in one respect. Under section 53 of the British North America Act, money bills

must be introduced in the House of Commons, as was so ably and eloquently pointed out by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) the day before yesterday.

Section 18 of the British North America Act reads as follows:

> The privileges, immunities, and powers to be held, enjoyed, and exercised by the Senate and by the House of Commons and by the members thereof respectively shall be such as are from time to time defined by Act of the Parliament of Canada, but so that the same shall never exceed those at the passing of this Act held, enjoyed, and exercised by the Commons House of Parliament of the United Kingdom.

A wrong impression seems to prevail in parliamentary circles, and elsewhere, as to the powers of the Senate. The powers of the Senate are not limited to the powers of the House of Lords. Our powers are set out in section 18 of the British North America Act, which I have just cited. This is implemented by the Senate and the House of Commons Act (R.S.C. 1927, C. 147, s. 4) wherein identical language is used. Many people are, therefore, labouring under a misapprehension when they say that the Senate has no power to amend a money bill. Money bills must be introduced only in the House of Commons, as set out in section 53 of the British North America Act, which reads as follows:

> Bills for appropriating any part of the public revenue, or for imposing any tax or impost, shall originate in the House of Commons.

That provision, it is obvious, does not curtail the powers of the Senate as defined in section 18 of the British North America Act; it deals exclusively with the introduction of money or tax bills; it does not limit our powers to amend or reject such bills.

It might be advisable at this juncture to refer honourable senators to Standing Order 61 of the Rules of the House of Commons. That rule, I am confident you will agree, is couched in most presumptuous terms.

Hon. Mr. McGEER: But the Senate has never admitted the correctness of that rule.

Hon. Mr. VIEN: No, but that Order reads as follows:

> All aids and supplies granted to His Majesty by the Parliament of Canada are the sole gift of the House of Commons,—

What authority has the House of Commons to define its own constitutional powers? How and where did it get the right to state that "all aids and supplies granted to His Majesty by the Parliament of Canada are the sole gift of the House of Commons"? If that self-asserted right were conceded, the concurrence of this House with respect to money bills would be superfluous.

Hon. Mr. HAIG: Unnecessary.

Hon. Mr. VIEN: Yes, and unnecessary. I continue to quote:

> —and all bills for granting such aids and supplies ought to begin with the House,—

That is correct, but it is not necessary to have it set out in the Standing Orders of the House of Commons, inasmuch as section 53 of the British North America Act so provides. The rule concludes:

> —as it is the undoubted right of the House to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations and qualifications of such grants, which are not alterable by the Senate.

In my humble opinion, honourable senators, that Order is not only presumptuous, it is ultra vires. It is not within the province of the House of Commons to define or limit the powers of the Senate, or, indeed, its own powers. These powers are determined by the Canadian Constitution.

That question, however, does not arise today. We have now before the Senate an order of reference to the Standing Committee on Finance, which we have constituted and invested with certain definite powers. It is now proposed that this order of reference should be enlarged. We are competent to do that. The honourable senator from Vancouver-Burrard proposes in amendment:

> That any standing or special committee of the Senate be authorized to examine any resolution or proposed bill laid before Parliament in advance of the resolution or bill reaching the Senate.

This House has power to amend the order of reference, but I do not think it would be good parliamentary practice to give to a committee unlimited power; rather we should exercise our discretion as the occasion arises. I do not suggest that the amendment is ultra vires, but I think it would be most unwise to give any standing committee or special committee the right to examine into all matters arising out of any legislation introduced in Parliament. That legislation might never reach us, or before it did, it might be substantially amended. Bearing this in mind, I submit it is inexpedient to give to all our committees such wide powers as are contemplated by this amendment.

We should retain in our hands the direction of the business of the Senate, and we should from time to time delegate to our committees only specific jurisdiction. I agree with the honourable senator that the Government would be well advised to introduce more legislation in the Senate. This House is better qualified than the House of Commons to study the subject-matter of many public bills. For

instance, recent social legislation might well have been introduced in the Senate. I believe that it would have received here a more impartial and dispassionate study. The Senate in considering such legislation would be actuated exclusively by consideration of the public interest. Although members of the House of Commons are also mainly concerned with questions of the public interest, they are influenced by political and partisan considerations, by the declared policies of the group to which they belong. We have no power to compel the Government to initiate legislation in this House.

Hon. Mr. MacLENNAN: Would we have the power to introduce social legislation involving the expenditure of money?

Hon. Mr. VIEN: No, but we could pass a resolution to the effect that, in the opinion of the Senate, such legislation should be introduced.

Hon. Mr. MacLENNAN: Since social legislation must involve the expenditure of money, I should say it could not be initiated here.

Hon. Mr. VIEN: The bill could not be initiated here. A bill involving public expenditure cannot be introduced even in the House of Commons, except by a Minister of the Crown, and even then it must be preceded by a resolution, with the approval of the Governor General. But a resolution such as I have mentioned would enable the Senate to investigate and report on the subject.

To recapitulate. Money bills must be introduced in the House of Commons, but the Senate has full power to deal with such bills either directly or by an order of reference of the nature contained in the present motion. It would be unwise, however, to open the door so wide that any committee could start an investigation without a direct and specific order of reference from the Senate. I am therefore in favour of the motion, and opposed to the amendment.

Hon. Mr. HAIG: Honourable members, I should like an opportunity to study the amendment moved by the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer), and I move adjournment of the debate.

Hon. Mr. McGEER: Before that motion is put, may I answer my honourable friend from De Lorimier (Hon. Mr. Vien)?

Hon. Mr. HAIG: Just a minute. We must be guided by the rules.

The Hon. the SPEAKER: The question before the Senate is a motion to adjourn the debate. It is moved by the Honourable Senator Haig—

Hon. Mr. HAIG: Will you excuse me, Mr. Speaker? I have just been informed by the honourable gentleman from Vancouver South (Hon. Mr. Farris) that he would like to speak on this amendment. Therefore, if I have consent, I will withdraw my motion.

The Hon. the SPEAKER: Has the honourable gentleman consent to withdraw his motion? Carried.

Hon. J. W. de B. FARRIS: Honourable senators, I understand the Senate is to have a short recess, and as I may not be able to get back when this debate is resumed I am glad to have an opportunity now of expressing my views on the matter raised by the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer). In the short time since it has come to my attention I have formed rather definite ideas about it. I quite agree with the suggestion of my honourable friend the leader opposite (Hon. Mr. Haig) that the Senate should not commit itself definitely on this matter until the debate has been adjourned to give time for further consideration.

I object to this amendment in principle. It seems to me to depart very materially from what is proposed in the motion of the honourable the leader of the Government (Hon. Mr. Robertson). That motion would authorize a Senate committee to consider estimates in advance of discussion by this House of the bill covering them. That has to do with one definite matter, and if the motion were passed our procedure as to all other matters would remain as it now is. The suggestion by my honourable colleague from Vancouver-Burrard is that we delegate to committees the power to consider any resolution or bill before it has received any consideration by the Senate. As a member of the Senate, I for one object to that. I do not feel that I or any other senator should be called upon to attend the meetings of every committee in order to see what Commons bills are under discussion. It might well be that the honourable gentleman's amendment, if adopted, would result in consideration of bills by our committees when the Senate was not sitting.

I think that the Senate is not only entitled but is obligated to consider the principle of all bills before referring them to a committee. A good illustration of what might become a common occurrence if the amendment were passed is what we expect will happen here today when the measure that we are now awaiting reaches us from the other House. For the very reasons that my friend has urged in supporting the amendment, I object to it, and not only as to its principle. He says that the changed procedure would eliminate criticism that bills do not reach this

House in time for full consideration. Well, honourable senators, if instead of taking time to consider bills on the floor of this House we substituted a procedure of considering them in committees attended by only a relatively few members—and I have no doubt that would be the effect of the amendment—the change, I submit would not be in the public interest.

I want to repeat what I have said here more than once, that I do not absolve the Government of blame for the situation in the Senate. I for one do not intend to vote for any expedient that would give the Government, as I believe this amendment would, an excuse for not introducing into the Senate certain legislation which could appropriately be introduced here. I am on record as stating in this House on several occasions that there are many bills which could be introduced and have their principle discussed in the Senate prior to their introduction in the other House.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. FARRIS: I am most strongly opposed to my honourable friend's suggestion, in so far as it implies a hole-in-the-corner method of dealing with bills by a committee, as a substitute for the open discussion of the principle of bills on the floor of this House.

Hon. Mr. McGEER: Honourable senators, I object to having the consideration of bills by any committee of this House referred to as a hole-in-the-corner method.

Hon. Mr. FARRIS: All right.

Hon. Mr. McGEER: I rise to a point of order, and ask that that remark be withdrawn if it is in any way associated with my proposal. The Senate has no hole-in-the-corner committees. Every one of our committees is a responsible group of honourable senators, appointed to consider certain matters because the Senate believes they are qualified to do so. I certainly object to a remark of that kind.

Hon. Mr. FARRIS: Honourable senators, I repeat my statement. With all respect to committees—and I am a member of some of them, just as my honourable friend is—I say that in contrast to our present practice of approving of the principle of bills before referring them to committees, the procedure of having them considered in committees first would be a hole-in-the-corner method.

Hon. Mr. McGEER: I disagree with my honourable friend.

Hon. Mr. FARRIS: I do not care whether my honourable friend disagrees with me. It is not the first time he has done so.

Hon. Mr. McGEER: And it will not be the last time.

Hon. Mr. FARRIS: Perhaps after he has been here a while he may acquire more wisdom.

As I said just now, we are to have today an illustration of what would be a common occurrence if this amendment were adopted. I understand that we are expected to pass a bill without much opportunity to discuss it, and that plans are made for having it assented to at nine o'clock this evening. Well, when necessity arises we will bow to it, as we have done in the past; but I do object to giving our blessing to that kind of thing as a general procedure.

Hon. Mr. McGEER: This amendment does not mean that.

Hon. Mr. FARRIS: As I have said before in this House, the Senate is completely in charge of its own duties, and it must accept the responsibility if its duties are not fully performed. They could be much better performed if there were more co-operation between the two Houses, but I do not believe that the method proposed by my honourable friend is a proper one for bringing that about. In my opinion it would be well for this House to consider a suggestion that has been made here before, and has been discussed informally in the corridors, namely, that we amend our rules to permit a minister of the Crown to come over from the other House and occupy a seat in the Senate in order to introduce a bill for which he is responsible.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. FARRIS: I quite understand and appreciate, honourable senators, that a minister who fathers a bill desires to introduce it personally into Parliament.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. FARRIS: I believe there are parliaments in which the procedure referred to has been adopted, and I suggest to the honourable mover of the amendment (Hon. Mr. McGeer) and to all other honourable members that they give careful and thoughtful consideration to the desirability of adopting such a plan here. It would in no way derogate from the dignity of this House; on the contrary, it would add to it; and to the dignity of the other House as well. It would lead to closer co-operation between the two Houses. It would be a good thing for the Senate, and I am sure it would be welcomed by many of the ministers.

On motion of Hon. Mr. Haig, the debate was adjourned.

INDUSTRIAL UNREST

DISCUSSION

On the Orders of the Day.

Hon. GERALD G. McGEER: Honourable senators, before the Orders of the Day are called, with the consent of the House I should like to draw the attention of honourable senators to a situation disclosed in this morning's press. One newspaper headline reads, "Steel men may strike across Canada". Another says, "To take strike vote in all Burns' plants across Canada". Like many other people I have felt the growing seriousness of the difficulties facing labour and capital, employers and employees, in Canada and the United States. I do not know whether the Senate can do anything about this question. It seems to me that the members of labour unions are a minority in Canada, as are also the employers of labour.

Now, we have a committee on Immigration and Labour. I wonder if during the coming recess honourable senators might not take into consideration the possibility of the Senate intervening and offering its services in an effort to compose these differences between employers and employees, and thereby prevent the appalling hardships that are certain to follow a general unsettlement of labour conditions here. It is not only Canadians who may be crying for food and shelter. Across the Atlantic there is want that will be terribly intensified if our lines of production and transportation are disrupted at this time.

Hon. JAMES MURDOCK: Honourable senators, I wonder if I, as Chairman of the Committee on Immigration and Labour, may speak briefly. In the last two days our good friend the honourable senator from Shediac (Hon. Mr. McDonald) has approached me at least seven or eight times, and I believe he has seen my leader and others, to ascertain if we could not take some action in connection with the unfortunate and long-standing strike in the Ford plant at Windsor. I told him that I thought the Government of Ontario and the federal Department of Labour had that particular question fully under consideration and that it was up to them to take whatever action might be deemed appropriate. I expressed the fear that we might be entirely misunderstood if one of our committees undertook, as he suggested, to summon representatives of the employers and employees from Windsor to come here and present their arguments to us in order that we might make a decision.

I have been a member of a labour organization for more than fifty years, and it is only fair for me to say that I am entirely surprised and dumbfounded by some of the positions that have been taken. In the light of my own experience—I do not know whether it is creditable or not, but I believe I have been in charge of more strikes in the United States and Canada than any other Canadian has—I feel that the positions that have been taken are altogether undemocratic. Maybe that is because I am old.

Hon. Mr. EULER: Taken by whom?

Hon. Mr. MURDOCK: My honourable friend to my right asks, "Taken by whom?" I say, by labour. Just recall the qualms of horror we all had when we heard of what Germany did and Japan did to labour organizations. Well, for the last few weeks we have been reading in our papers about employers and businessmen with offices in certain places not being permitted to go near their offices. What are we coming to? I know from experience that we had labour troubles after the last war, and I am guessing that we are going to have more of them in this post-war period. But labour cannot further its just and proper claims and get adequate rewards by the extreme measures which, according to press reports, have been resorted to in connection with some of the present controversies. My friend from Shediac (Hon. Mr. McDonald) suggests to me that the committee of which I am chairman should call the parties to the dispute before it and hear their representations, and then recommend certain action. I am absolutely against his suggestion, because, to start with, I confess that I am unduly prejudiced by the attitude assumed by men who, like myself, belong to a labour organization. I cannot concede that it is the proper attitude to take. My position is the same in respect to what my honourable friend has mentioned about the proposed strike in the packing plants. The attitude should be: Come, let us reason together.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: Has that been the attitude? No, not at all. It has been a case of the iron fist and the laid-down demonstration before the employers of what is going to be done to them. We cannot have a worthwhile democracy if labour persists in such an attitude. That is my humble judgment.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. BENCH: Honourable senators, I should like to ask the honourable member from Vancouver-Burrard (Hon. Mr. McGeer)

whether any inquiry of the nature suggested by him would not have to be restricted to matters over which the federal authority has jurisdiction. It seems to me that with respect to the Ford strike at Windsor, the war now being over, the relevant Order in Council, P.C. 1003, cannot be said to apply to that particular industry, since it may no longer be regarded as a war industry. That being so, naturally the matter is again within provincial jurisdiction. If I am correct in my view, it seems to me that if we were to take the course suggested in that connection we should be assuming a jurisdiction that we do not actually have. But when it comes to a nation-wide strike in the meat-packing industry, with this, in turn, being related to wage control and a nation-wide control of meat distribution or the fulfilment of a national obligation for the supply of meat and foodstuffs to other countries, it seems to me the case would be on a different footing. If that situation should develop, and the honourable gentleman suggests that the Senate appoint a committee so that the parties may appear before it and ventilate their problems in public, he may find me amongst his supporters.

Hon. Mr. McGEER: Honourable senators, may I say that I had not in mind any individual strike now engaging public attention, but a national situation with the possibility of international complications. I happened to meet the honourable senator from Parkdale (Hon. Mr. Murdock) in 1906 at the Dominion Trade Congress of Canada. At that time he represented the Brotherhood of Railway Trainmen and I represented the Iron Moulders. I have kept in touch with labour organizations and to a large extent I can endorse his remarks. I raise this issue because I have the same fears as he has, and I believe that when the conflict comes between the legislative authority of the Parliament of Canada, with its National War Labour Board, and the regional jurisdiction of the provincial legislatures, with their regional labour boards, we move into a situation of grave consequence and possible disaster. I feel that we should avail ourselves of the ample powers contemplated by the Fathers of Confederation, and conferred on the Senate by the British North America Act, in order, if possible, to avert that danger.

I venture to offer this suggestion to the honourable senator. I do not think we have many precedents to guide us in the years that lie ahead. We are moving into a world-condition that we have never known before—

Hon. Mr. MURDOCK: You are right.

Hon. Mr. McGEER: —and, if I read the signs of the times correctly, we may find that some of those conditions in labour which he discussed—and what he implied was more significant than what he said—must be exposed to the light of public opinion, so that Canadian good judgment and common sense may unite to protect the national interest.

Hon. Mr. MURDOCK: Well, you and I, as two labour men, have done our little part this afternoon.

Hon. Mr. McGEER: I am glad to hear it.

Hon. Mr. BENCH: The Windsor strike is not—

Hon. Mr. McGEER: I never mentioned the Windsor strike.

Hon. GUSTAVE LACASSE: Honourable senators, coming from the district most affected at the present time by strikes, I may say that, rightly or wrongly, the general trend of public opinion is that the powers that be are just passing the buck from one to another. That opinion prevails almost everywhere today.

Hon. Mr. McGEER: If that is so, the Senate ought to be on the move.

Hon Mr. LACASSE: That trend of opinion would seem strongly to support the contention just expressed by my honourable friend from Vancouver-Burrard. So far as Windsor is concerned, I happen to know conditions a little better than some of my colleagues. Many of the workers affected by the strike happen to be patients of mine. The wheels of industry are stopped, and so many subsidiary companies are affected that if the strike lasts any length of time the whole automobile industry in Windsor will collapse. In that event, industrial activities throughout the whole country may be affected. This probability surely gives a national aspect to the problem, as my honourable friend from Vancouver-Burrard contends.

Sincere efforts have already been made to bring the parties together. There have been three or four investigations under provincial and federal jurisdiction, but so far nothing whatever has been accomplished towards a settlement. The workers have been idle for about four weeks. Business is paralysed, and, as I have said, this paralysis may extend to industrial activities throughout the whole Dominion—unfortunately at a time when we should be going ahead at full speed. I do not know whether our workers are demanding a 30 per cent increase in wages, but I know the workers on the other side of the river are

making that demand; and honourable senators know how all these organizations are linked together for a common purpose—aiming at one goal. I do not condemn them. I know from personal experience that they have legitimate grievances. But, like my honourable friend from Parkdale (Hon. Mr. Murdock), I challenge the right of the employees to close the offices of the company which for years has been giving them their daily bread. I think such action not only is non-social, it is non-moral, and it is a challenge to constituted authority.

As to the Senate attempting to reach a solution of the problem, in my view once we regard it as a national problem we are perfectly justified in taking action, because both collectively and individually we are less interested than any other body which might be called in to adjudicate the dispute. We would act on general principles and strictly from the viewpoint of public interest rather than the interest of any particular group.

That is my stand as a member of this House coming from the district most seriously affected right now. I go further. I do not hesitate to say that I suspect that in this trouble there is interference from abroad, that there is some Communistic move behind it all.

The Hon. the SPEAKER: I would remind honourable senators that this discussion is quite irregular. On the Orders of the Day a member may ask a question, but on that question there should be no general discussion. I merely call attention to the matter now so that this procedure may not be cited as a precedent.

APPROPRIATION BILL No. 4

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 17, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The motion was agreed to, and the Bill was read the third time, and passed.

THE ROYAL ASSENT

The Honourable the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Patrick Kerwin, acting as Deputy Administrator, would proceed to the Senate Chamber at 9 p.m. this day for the purpose of giving the Royal Assent to certain bills.

PRIVATE BILL

SECOND READING

Hon. J. W. de B. FARRIS moved the Second Reading of Bill G:

An act to amend an act respecting Vancouver, Victoria and Eastern Railway and Navigation Company, the Nelson and Fort Sheppard Railway Company, and Great Northern Railway Company.

He said: Honourable senators, this bill in reality, is a supplement to a bill passed by this House last session. The Great Northern Railway has been operating some lines in British Columbia in the names of two subsidiaries, one known as the V.V. and E., or the Vancouver, Victoria and Eastern railway, and the other as the Nelson and Fort Sheppard railway. The first is the line out of Vancouver to Seattle, on the Canadian side. The V.V. and E. at one time owned and operated in the interior a road from Brookmere down to Oroville, on the way to Spokane. That line, in part, has been abandoned. The scheme of the Great Northern railway is to eliminate the subsidiaries and to have properties held in the names of those subsidiaries—they are not very extensive—turned over to the parent company to be operated under the jurisdiction of the Board of Transport Commissioners. Under the powers granted last year certain agreements were entered into with the subsidiaries, and the Great Northern was authorized to turn over any of these lines to the C.P.R. or the C.N.R. In accordance with the powers then given, a small section of line from Otter Summit to Princeton has been sold to the C.P.R. That is part of the Kettle Valley line, and that runs from Vancouver through the mountains down to Penticton and on to Nelson.

The lawyers for the C.P.R., who are almost as technical as laymen, have raised the point that the power to acquire does not embrace the power to convey. This power is being given by this bill.

There are also some other slight changes. There are four schedules to the bill, the first two of which deal with conveyances of the V.V. and E. and the Nelson and Fort Sheppard, to the Great Northern—that is from the subsidiaries to the parent company.

Apparently, we did not go far enough last year. This bill if passed will ratify those agreements. These questions will all be brought up in committee. As far as I know there are no material matters that this Parliament should concern itself with respecting the conveyancing of the subsidiaries to the parent company, except that the C.P.R. has entered

into a deal with the Great Northern to acquire the line between Brookmere and Princeton. It is a short line; it looks like about fifty miles on the map. The C.P.R. now operate it as part of their system, but under this bill they will buy it.

There is a rather interesting clause in this agreement, to which I might refer. It reads:

This agreement shall be subject to sanction by two-thirds of the vote of the shareholders of the Great Northern and of the Vancouver Company present or represented by proxy—

That is, unless the power to convey is ratified by this bill, the agreement must have the sanction of two-thirds of the shareholders.

There was some doubt in my mind as to whether we had the power to ratify a conveyance between a foreign corporation and the C.P.R. The C.P.R., however is satisfied that we have that power; and, on second thought, I am inclined to agree, because the Great Northern Railway has by a previous Act of Parliament submitted itself to the jurisdiction of this House.

There appears to be nothing in principle which would justify us in refusing to pass the supplementary bill. I intend to move that it be referred to the Committee on Railways, Telegraphs and Harbours.

Hon. Mr. VIEN: May I ask the honourable senator, if any of the rights of minority shareholders' would seem to be injuriously affected?

Hon. Mr. FARRIS: No, there are no rights which are affected in any way whatever. I may say that the Transport Department and the Board of Transport Commissioners of Canada have had the matter before them, and while they have not given any formal assent, the appropriate officials are ready to appear before the committee and indicate that they have no objection to this bill.

Hon. Mr. VIEN: The only question in my mind was as to why we should relieve a company of the obligation to have the agreements ratified by a two-thirds vote.

Hon. Mr. FARRIS: I would ask the honourable senator to defer his final decision on that question, because counsel for the Great Northern Railway will appear before the committee, and he can give a full explanation.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Farris the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

INCOME AND EXCESS PROFITS TAXATION

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Campbell:

That a Special Committee of the Senate be appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder and to report thereon;

2. That the said Committee be composed of the Honourable Senators Aseltine, Beauregard, Bench, Buchanan, Campbell, Crerar, Euler, Farris, Haig, Hayden, Hugessen, Lambert, Leger, McRae, Moraud, Robertson, Sinclair, and Vien;

3. That the said Committee shall have authority to send for persons, papers and records.

Hon. A. J. LEGER: Honourable senators, it is my purpose to make only one or two observations on the motion under discussion. I believe it is a step in the right direction which is long overdue. The Finance Committee, under the chairmanship of the honourable senator from Rougemont (Hon. Mr. Beauregard), has done excellent work. It is to be hoped that the present committee will do as well as the previous one, and that when it has completed its work and reported to this House it will not be relieved or discharged, but will be amalgamated, as it were, with the Finance Committee, so that the two may constitute, in effect, a Committee of Supply and a Committee of Ways and Means, to study financial resolutions and items that may be introduced in the other House.

When those two committees have been so constituted, and have studied a resolution or an item they should report to this House instead of waiting until their work has been completed. After every meeting they should report progress to this House and ask leave to sit again. In this way we could study better the different items under consideration.

I had intended to go over the powers and prerogatives of the Senate; but as the subject has been ably dealt with by the honourable senator from De Lorimier (Hon. Mr. Vien) this afternoon, I do not propose to go into it.

When this matter of taxation was brought before the Senate I read an interesting editorial published in the Ottawa Journal under the title of "The Senate and Taxation". The concluding paragraph of the article states:

The Senate is not in a position to change the laws. It is in position to shed some light upon their inequalities as will compel others to change them. It will render a great service if it does.

Now I do not criticize the newspaper for having published that article.

Hon. Mr. LACASSE: What paper is that in?

Hon. Mr. LEGER: The Ottawa Journal, Tuesday, October 9. Writers with good intentions, public speakers, parliamentarians and even historians have said exactly the same thing as that newspaper article said. But where does that come from? It comes, as has been stated by the honourable senator from De Lorimier (Hon. Mr. Vien), this afternoon, from a standing order of the House of Commons which says:

All aids and supplies granted to His Majesty by the Parliament of Canada, are the sole gift of the House of Commons, and all bills for granting such aids and supplies ought to begin with the House, as it is the undoubted right of the House to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which are not alterable by the Senate.

Under that standing order, only one conclusion is possible, because it is taken word for word from a rule passed on resolution in the House of Commons in England in 1678, almost two centuries ago. That resolution states:

"That all aids and supplies, and aids to His Majesty in Parliament are the sole gift of the Commons; and all bills for the granting of any such aids and supplies ought to begin with the Commons; and that it is the undoubted and sole right of the Commons to direct, limit, and appoint in such bills the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which ought not to be changed or altered by the House of Lords."

I say the standing order was obviously taken from that rule, because they are word for word. When the British North America Act was passed the rule had been in existence for at least two centuries and must have been known to members of the British House of Commons. As was said by the honourable senator from De Lorimier (Hon. Mr. Vien), if they had intended to make it part of our constitution they would have enacted it in place of section 53 of the British North America Act. I would suggest that the Senate make a humble request to the House of Commons to repeal that standing order.

Hon. Mr. EULER: Why humble?

Hon. Mr. LEGER: Well, I want to be as polite as possible. Its only effect has been in the past and would be in the future to lead people into error. I think the Senate would be well advised to convey to the House of Commons a humble request that that standing order be expunged.

Hon. JOHN T. HAIG: Honourable senators, I am not prepared to go on this afternoon. I know the mover of the motion (Hon. Mr. Campbell) is anxious to have it adopted, but as we are likely to have an adjournment, after today or tomorrow nothing could be done to give effect to the motion before we come back. I, therefore, intend to move adjournment of the debate, but first I should like to make a few remarks.

To begin with, let me say that I am grateful for the contribution made in this debate to what is a vital question. I recollect clearly that about six or seven years ago the Government of the day brought down a bill that would have made certain provisions of the Income Tax Act retroactive and the Senate threw out that amendment. Both newspapers in my city criticized me severely, not because I had voted against the retroactive feature of the amendment, but because my vote implied a belief that the Senate had a right to reject a measure of that kind passed by the House of Commons. I always thought the British North America Act gave the Senate that right, although I candidly admit I had grave doubt on the matter after I had seen Standing Order 61 of the House of Commons. I confess that I did not examine the question as thoroughly as did honourable members who have preceded me.

My remarks on this motion will be postponed until after Friday night. I want to be fair to the Minister of Finance. I have some appreciation of the burden that he is carrying, and that his officials are carrying, and I am not unaware of the service that representatives of his department are rendering in my own city.

I hope the Budget will reveal substantial reductions in both the excess profits tax and the personal income tax. I am particularly anxious to see changes in some of the pernicious features of both these taxing laws. For instance, the so-called normal tax of seven per cent on incomes is a nuisance. I have no idea how much revenue it brings in, but I do know it causes a tremendous amount of work, not only to taxpayers but to officials in the income tax offices. I have run across some very troublesome cases arising out of this tax.

The other night the mover of the motion made some reference to labour. I appreciate the effect that the income tax had upon labour during the war. In many instances men refused to work overtime because a large share of their overtime pay would be taken from them in taxes.

One particular suggestion that I want to make is that the form for reporting incomes up to $3,000 or, say, $5,000, should be made simpler—so simple that he who runs may read. I am speaking of gross, not of net, income. Men and women with a gross income in excess of $5,000 should be required to file a complete and detailed return, but we need a simplified form for incomes below that. Many a farmer with a gross income of $5,000 has net receipts of perhaps only $1,200 or $1,500.

Hon. Mr. HUGESSEN: My honourable friend is aware that two years ago the form for incomes up to $3,000 was greatly simplified.

Hon. Mr. HAIG: I know, but people with fairly small incomes still find much difficulty in making their returns. In Manitoba we have a good many farmers, and most of them are seriously disturbed by their income tax returns. I personally have met a number who were, as the saying is, scared to death, although there was no need for them to be disturbed to the slightest degree, since on going into figures one found there was no taxable income at all.

Let me give an illustration of the bad effect of the present tax. We are desirous of raising more hogs in order to increase our export of bacon to the starving people of Europe, but we might as well face the fact that many farmers fear that increased hog production would place them in a higher income tax bracket, and that after doing a lot of extra work and assuming additional risks they would be no better off than before.

All the departmental officials whom I have met would like to have the income and corporation taxes as simple and reasonable as possible. Therefore I believe that not only the members of the proposed committee but all honourable senators can make a real contribution by offering suggestions to the department.

As I have some further things to say, I move the adjournment of the debate.

On motion of Honourable Mr. Haig, the debate was adjourned.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, the latest word I have is that the measure we are awaiting from the other House is still in the second reading stage, but is expected to be given third reading and to come before this House in time to enable it to receive consideration and the Royal Assent by nine o'clock. As we have no further business on our Order Paper, I see no reason why we should continue sitting between now and six o'clock, unless some honourable members feel the measure may reach us in the meantime.

Hon. Mr. LEGER: May I ask what measure it is?

Hon. Mr. ROBERTSON: It is the measure authorizing Canada to enter into the international agreement with respect to food and agriculture. The reason for urgency is that the measure would also enable Canada to join the international organization whose conference opens at Quebec City next week. It is desired, if Parliament sees fit, to have the Royal Assent given before we adjourn.

Hon. Mr. SINCLAIR: His Honour the Speaker might call it six o'clock, and we could resume at eight.

Hon. Mr. ROBERTSON: We might resume at seven-thirty in order to give honourable senators a little extra time to consider the measure.

Hon. Mr. SINCLAIR: The other House may not have passed the measure by six o'clock.

Hon. Mr. COPP: Let us call it six o'clock; then, without any motion, we meet again at eight.

The Hon. the SPEAKER: It being six o'clock, I now leave the Chair.

At six o'clock the Senate took recess.

The Senate resumed at 8 p.m.

BUSINESS OF THE SENATE

Hon. Mr. ROBERSTON: Honourable senators, the legislation which we expected from the other House has not yet reached us. Royal Assent has been postponed until 10 o'clock tonight. In the meantime there is no business before the House. The legislation which we are waiting for is important, and I leave it to you to decide whether or not you feel that when the Bill does reach us there will be sufficient time to discuss it. I suggest that we adjourn during pleasure.

Hon. Mr. LEGER: Why not adjourn until, say, 11 o'clock tomorrow morning.

Hon. Mr. DONNELLY: If the bill reaches us at 10 o'clock, I think we would have sufficient time to dispose of it.

Hon. Mr. MURDOCK: The leader opposite (Hon. Mr. Haig) expected that the bill would reach us some time this evening.

Hon. Mr. ROBERTSON: I may say that the suggestion of setting the Royal Assent for 10 o'clock was made with the approval of the honourable leader opposite. It is a matter of great regret to me that in the circumstances we have not more time within which to consider the bill referred to. Last week I consulted the chairman of the Standing Committee on Agriculture and Forestry (Hon. Mr. Donnelly) and we endeavoured as best we could to have the committee deal with the subject-matter before the bill itself reached us. I had hoped that it would have reached us last Tuesday.

I would suggest that the Senate adjourn at the call of the bell.

Hon. A. K. HUGESSEN: Before the Senate adjourns, there is one point I want to raise. It had been my impression that the urgent necessity for consideration of Bill 14 arose from the fact that the first meeting of the international organization on food is to be held next Tuesday, and in order to permit Canada to become a party to that organization it was essential that in the meantime Parliament pass this measure. That does not appear to be the case at all. I refer honourable senators to the second paragraph of the preamble:

> And whereas Canada is transmitting an instrument of acceptance of the Constitution to the Interim Commission on Food and Agriculture.

In other words, the Government is of its own motion agreeing that Canada shall become a party to this international organization, and the whole purpose of the bill is to enable the Governor in Council to make such appointments and expenditures, and establish such offices, as may be necessary by reason of Canada having become a member. In these circumstances, honourable senators, it seems to me that there is not so much urgency as has been suggested, and that, if any honourable member wishes to discuss the bill, we could very easily postpone its consideration until we meet again the week after next, without doing any substantial harm.

Hon. Mr. HAYDEN: Is not the agreement in force now because it has been signed by at least twenty nations?

Hon. Mr. HUGESSEN: I believe that is so.

Hon. Mr. ROBERTSON: It was urged upon me in Government circles that it was desirable to have the bill passed in order that the agreement might be subscribed to by Canada's representative on or before the passing out of existence of the interim commission and the formation of its successor. I am not familiar with the point my honourable friend has raised, and so am not in a position to discuss it.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

Hon. WISHART McL. ROBERTSON: Honourable senators, in view of the fact that the other House is not through with the legislation in question, I would suggest to honourable senators that we adjourn until tomorrow afternoon at 3 o'clock. Royal Assent will be at a quarter to six. This will give us an opportunity to discuss the legislation when it comes before us.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, October 12, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SENATE AND HOUSE OF COMMONS

EXPENSE ALLOWANCE TO MEMBERS

On the Orders of the Day:

Hon. ARTHUR ROEBUCK: Honourable senators, may I, on the Orders of the Day, ask a question of the honourable leader of the Government (Hon. Mr. Robertson), based on a notice of motion which appears in yesterday's Votes and Proceedings of the House of Commons?

This notice of motion reads as follows:

> The Prime Minister—On Monday next—In Committee of the Whole—The following resolution:—
>
> Resolved, That it is expedient to present a measure to amend the Senate and House of Commons Act, to provide for payment of an allowance to each member of the House of Commons for expenses incidental to the discharge of his duties as a member of the House of Commons at the rate of two thousand dollars per year for the period when he is a member, and to provide further that such measure shall be deemed to have come into effect on the sixth day of September, one thousand nine hundred and forty-five.

My questions are:

(1) Do I understand correctly that this resolution means that members of Parliament in the House of Commons are to be paid $2,000 per year for expenses incidental to the discharge of their duties and that members of Parliament in the Senate are not?

(2) Is this a mere oversight on the part of the Government or is it the policy of the Administration to draw a distinction between the members of this Chamber and the members of the House of Commons?

Hon. WISHART McL. ROBERTSON: Honourable senators, anticipating that the matter referred to by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) might be brought to the attention of the House, though I had no knowledge of the particular form in which it would come before us, I am prepared to make the following statement on behalf of the Government: The whole matter of an allowance for members of Parliament for expenses incidental to the discharge of their duties has been under consideration by the Government, but the only decision reached up to the present is that indicated by the notice of the proposed resolution in the other place.

Hon. J. W. de B. FARRIS: Honourable senators, may I be permitted to make a statement? I heard of this matter only a little while ago. The form of the questions put by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) rather suggests that the Senate might be concerned on the ground that the resolution does not provide for the payment of this allowance to senators. It seems to me that in view of the heavy war expenditures this country has incurred and the necessity for a reduction in taxes, what the public might be concerned about is the payment of any allowance to any members of Parliament at this time.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, as the legislation relating to the international food and agriculture organization has not yet passed the other House but is expected to pass at an early hour, I would move that the Senate adjourn during pleasure, to reassemble at the call of the bell.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

FOOD AND AGRICULTURE ORGANIZATION OF UNITED NATIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 14, an Act for carrying into effect the agreement for a Food and Agriculture Organization of the United Nations between Canada and certain other nations and authorities.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. WISHART McL. ROBERTSON: With leave of the Senate, now.

Honourable senators, the purpose of this Bill is to sanction Canada's joining in the Food and Agriculture Organization of the United Nations, preparatory to an international conference to be held in Quebec on the 16th of this month. The proposed international organization is based on the report of the Interim Commission on Food and Agriculture. This commission first met in May, 1943, at Hot Springs, Virginia, on the direct invitation of the late President Roosevelt.

The object of the international organization may be stated briefly. It is to attempt, internationally, to solve the great long-standing problem of scarcity in the midst of plenty. This is a stupendous undertaking, but I think you will readily agree with me that, if successful, it will have an important bearing on the future of the whole world. The various member-countries of the international organization are uniting in an effort to solve not only the problem of raising the nutritional standards of their respective peoples, but that of increasing the production of food and agricultural products of every kind. This is interesting to Canada from the humanitarian standpoint, but even more so because Canada is one of the great food-producing countries of the world, and on more than one occasion has evidenced a readiness to share its abundance with countries that are in dire need of food.

So far the governments of thirty countries have signified their intention of joining this international organization. Its functions will be advisory only. The representatives of the member-nations will report the conclusion arrived at to their respective governments, to be a guide in formulating policies to increase the output of the products of agriculture as well as those of fisheries and forests. It is estimated that in normal times the budget requirements will be about five million American dollars a year. The immediate budget is for two and a half million dollars, of which Canada's share is 5·06 per cent, or approximately $125,000. Already the Interim Commission has made some illuminating and interesting reports on nutrition and food management, and on agricultural, fisheries, and primary forest products. These reports soon will be available to honourable members, and undoubtedly they will find them informative and helpful in their study of this important subject.

Honourable senators, when I think of the perplexing problems facing the world today I sometimes am bewildered, but I fall back on the simple faith that, after all, the peoples of all countries are the same. I cannot help believing that no matter what the nationality, race or colour of parents in any part of the earth, they no more desire their sons to kill or to be killed than we desire such a fate for our boys. There seems to be a general hope that in the future the wisdom of the well-disposed nations shall be applied to assuring every person in the world enough to eat, and a chance to sing, play and worship God as he or she sees fit; and if honourable members feel as I do, that Canada is in a position to make a splendid contribution to that worthy objective, then this measure should receive not only the earnest but the favourable consideration of the Senate.

I am sure I voice the sentiments of all honourable members when I say that we welcome to Canada this international Food and Agricultural Organization and wish them God-speed in the great work they have undertaken.

Hon. A. D. McRAE: Honourable senators, I am entirely in agreement with what has just been said by the honourable leader of the House (Hon. Mr. Robertson). The effort which this bill initiates is of great importance to Canada, particularly as it has to do with the distribution of food and other agricultural products, on which the future prosperity of our country so much depends. In listening to the debate in another place I realized that there are a great many details to be worked out and differences to be adjusted, but I think we can safely leave it to the organization to see that these things are done in a way satisfactory to us. I have heard some objections raised to the application of the bill to fish and forest products. However, the agreement expresses the consensus of opinion of some forty-odd nations, whose representatives did such good work at the conference in Hot Springs, and I believe it presents one of the most promising opportunities for adjusting the problems now facing us and the rest of the world. I should like to see it made effective.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 23, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Honourable Patrick Kerwin, Puisne Judge of the Supreme Court of Canada, having come and being seated at the foot of the Throne; and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate informed the members of the Senate and of the House of Commons that His Excellency the Administrator had been pleased to cause a commission to be issued under his hand and seal at arms nominating, constituting and appointing the Honourable Patrick Kerwin his Deputy to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Honourable the Deputy Administrator was then pleased to give the Royal Assent to the following bills:

An Act for carrying into effect the Agreement for a Food and Agriculture Organization of the United Nations between Canada and certain other nations and authorities.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The House of Commons withdrew.

The Honourable the Deputy Administrator was pleased to retire.

The sitting of the Senate was resumed.

Hon. Mr. COPP: Honourable senators, on behalf of the leader of the Government, I move that the Senate do now adjourn.

The motion was agreed to, and the Senate adjourned until Tuesday, October 23, at 8 p.m.

THE SENATE

Tuesday, October 23, 1945.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE BILL

FIRST READING

A message was received from the House of Commons with Bill 9, an Act to amend The Department of National Health and Welfare Act.

The Bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL

FIRST READING

A message was received from the House of Commons with Bill 11, an Act to amend The Canadian National Railways Capital Revision Act, 1937.

The Bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

A message was received from the House of Commons with Bill 12, an Act respecting the appointment of auditors for National Railways.

The Bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

CANADA-U.S. EXTRADITION TREATY

DOCUMENTS TABLED

Hon. WISHART McL. ROBERTSON: Honourable senators, I beg to lay on the Table the English and French versions of a treaty for the extradition of criminals between Canada and the United States of America, signed April 29, 1942, and of a protocol, annexed to the treaty, for the extradition of criminals between the United States of America and Canada, signed October 3, 1945.

I am informed that in due course a resolution which will provide opportunity for discussion will be introduced in both Houses of Parliament.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG, on behalf of the Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill I, an Act for the relief of Martha Louise Manful Hatch.

Bill J, an Act for the relief of Nora Jean Cunningham Brisbane.

Bill K, an Act for the relief of Thérèse Bonenfant Fusco.

Bill L, an Act for the relief of Mildred Euretta MacKay Disher.

Bill M, an Act for the relief of Mary Emerson Whittemore Schlemm.

Bill N, an Act for the relief of Andrew Lawrence Card.

Bill O, an Act for the relief of Annie Morrison Wisely Pitblado.

Bill P, an Act for the relief of Joe Eisen.

Bill Q, an Act for the relief of Ellen Therese Cramer Watson.

Bill R, an Act for the relief of Rita Gendron Reid.

Bill S, an Act for the relief of Evelyine Pearl Edwards Aird.

Bill T, an Act for the relief of Helen Turner Luke.

Bill U, an Act for the relief of Lois Elizabeth Allworth Pierce.

Bill V, an Act for the relief of Armandine Cecile LeBrun Lachance.

Bill W, an Act for the relief of Grace Irene Paquet Hopkins.

Bill X, an Act for the relief of Alma Joan Begin Oswald.

Bill Y, an Act for the relief of George Ernest Reed.

Bill Z, an Act for the relief of Sylvia Heather McCulloch Peck.

Bill A2, an Act for the relief of Frederick Keith Beattie.

Bill B2, an Act for the relief of Robert Coull.

Bill C2, an Act for the relief of Violet Beach Meredith.

Bill D2, an Act for the relief of Max Engelberg.

Bill E2, an Act for the relief of Bertha Harris Fineberg.

Bill F2, an Act for the relief of Nils Jens Pattersen.

Bill G2, an Act for the relief of Benjamin Charles Stafford.

Bill H2, an Act for the relief of Florence Mary Daniel Nightingale.

Bill I2, an Act for the relief of Edward Stephen Vasselin.

Bill J2, an Act for the relief of Robert Marshall Miller.

Bill K2, an Act for the relief of Dorina Laurin Wallis.

Bill L2, an Act for the relief of Helen Louise Clark Leet.

Bill M2, an Act for the relief of Dorothy Anita Duffy Gregson.

Bill N2, an Act for the relief of Irene Grace Harman Smith.

Bill O2, an Act for the relief of Lorna Maud Clerk Kingsland.

Bill P2, an Act for the relief of Edgar Jean.

Bill Q2, an Act for the relief of Ethel Maybird Wright Latremouille.

Bill R2, an Act for the relief of Marie Rose-Alba Germaine Bélair Blanchard.

Bill S2, an Act for the relief of William Bernard McCarrick.

Bill T2, an Act for the relief of Lorne Edward Souva.

Bill U2, an Act for the relief of Edith Gertrude Jackson Holloway.

UNITED NATIONS CHARTER

MOTION TO REFER TO COMMITTEE

On Notices of Inquiries and Motions:

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave, I should like to say that it is my intention to give notice of a resolution designed to approve the Agreements establishing the United Nations and constituting the Charter of the United Nations. In the meantime, in order that honourable senators may have as much information as possible, with leave of the Senate, I move now:

That the copy of the Charter of the United Nations, including the statute of the International Court of Justice, together with the Interim Arrangements establishing the Preparatory Commission of the United Nations, signed at San Francisco on the 26th of June, 1945, Treaty Series 1945, No. 7, laid on the Table of the Senate on the 11th of September, 1945, be referred to the Standing Committee on External Relations.

Honourable senators, if this motion is agreed to there will be an opportunity tomorrow morning to hear some explanation of the matters referred to. My suggestion is that notice could be given here in the afternoon, and the resolution might be considered on Thursday.

Hon. A. D. McRAE: Honourable senators, the hour at which the Committee on External Relations is to meet tomorrow morning is a little uncertain, due to the fact that the Minister of Justice, Mr. St. Laurent, who has kindly agreed to appear to make a statement, and who probably will be willing to answer questions of honourable senators, is not sure whether he can come at ten o'clock or eleven. The meeting will be called for eleven o'clock, I believe, but I should like honourable senators to watch the notice board to see if there is any change. As to the members of the committee, I shall make it my business to telephone them in the morning when I learn at what hour the minister can come.

I am sure it would please us all if His Honour the Speaker would attend the committee meeting and give information to honourable members respecting the San Francisco Conference, at which he was a delegate. I understand that the honourable gentleman from La Salle (Hon. Mr. Moraud), who also was a delegate, is at present in South America. Anticipating the approval of the Senate, we have asked two other delegates, Mr. Gordon Graydon and Mr. M. J. Coldwell, to come to our meeting, but so far have received no acknowledgment from either of them.

I feel, honourable senators, that the story of the San Francisco Conference will be a very interesting one to hear. Despite the misgivings that some of us had at first, I think we all have to admit that a marvellous task was achieved there, and that every one of the Canadian delegates is entitled to our heartiest congratulations. Many honourable senators seem to be impressed now with the necessity of keeping up interest in the proposed organization. Obviously it will take some time to get the machinery working, and in the interval we want to avoid the feeling that nothing is being done. I think that discussion in our committee and on the floor of the Senate would be very helpful in that regard. It is to be hoped that as many senators as possible will be present at tomorrow morning's meeting.

Hon. J. J. BENCH: Honourable senators, I have no objection to the proposed resolution, but as a member of the Committee on External Relations I desire to take this opportunity of voicing my humble protest at the circumstance of having received tonight notice of a meeting of the Committee to be held tomorrow morning at an hour which is as yet uncertain. This matter being of the highest importance, my respectful submission to honourable senators is that we should have had considerably more notice of the meeting than has been given to us. I may say that I have the very deepest respect for the Minister of Justice, but I venture to suggest that a committee of this House, a committee of Parliament, should not be kept in the corridors awaiting the convenience of any individual member or officer of the Government. As I understand it, meetings of other committees are scheduled for tomorrow morning: for example there is a meeting of the Banking and Commerce Committee, certain members of which are also members of the Committee on External Affairs. Clearly, if these senators attend one committee meeting they must miss the other. Now I suggest, with great respect, that it is this sort of thing which brings this Chamber into disrepute. Why should we be pushed around—if I may use that expression—by the Government or anyone else in matters of this kind? I think we are all entirely in sympathy with the United Nations Charter; but if we are to function properly we should have an opportunity of studying this measure, and should be given reasonable notice of pro-

posed meetings and definite information as to the hour at which they are to be held. I take this opportunity of voicing my personal protest, in the hope that the chairmen of our respective committees will resist to the utmost the practice of having the members of Senate committees run around like chore boys for the convenience of ministers of the Government.

Hon. Mr. MURDOCK: I concur entirely in what has been said, and personally insist on the rules of the Senate being adhered to in respect of this resolution.

Hon. Mr. ROBERTSON: If honourable senators will pardon me for speaking a second time on this motion, with leave, I should like to offer a word of explanation. The suggested change in the time of meeting was not the result of any indecision on the part of the honourable senator from Vancouver (Hon. Mr. McRae), who is chairman of the committee. The hour was set for 11 o'clock in the morning, and arrangements were made with the Minister of Justice to be present. Later, having ascertained that a meeting at the time fixed would conflict seriously with other committee meetings, after consultation with the leader opposite I took it upon myself to arrange, if the Minister of Justice could come then, to have the meeting at 10 o'clock instead of 11 o'clock, so that honourable senators who wished to attend other committees could do so.

The honourable the Chairman of the Committee on External Relations (Hon. Mr. McRae) undertook to get in touch with Mr. St. Laurent. Unfortunately the minister had had a very strenuous day and was not available. There was no question of uncertainty. I simply took the responsibility of suggesting to the Chairman that to meet at an earlier hour might better serve the convenience of honourable senators.

Hon. Mr. BENCH: I think the honourable senator from Shelburne (Hon. Mr. Robertson) should have considered our position.

Hon. Mr. MURDOCK: We have until Thursday to consider this resolution, I understand.

Hon. Mr. VIEN: Mr. Speaker, on the point of order: If we have unanimous consent, we can proceed; if there is objection, we must adhere to the rules of the House, and notice of motion must be given.

The Hon. the SPEAKER: The honourable senator moved with leave of the Senate, but apparently leave was not given. I think the honourable senator from Lincoln (Hon. Mr. Bench) protested but did not dissent.

Hon. Mr. BENCH: I am not dissenting; neither am I opposing the resolution, your Honour.

The Hon. the SPEAKER: The honourable senator from Parkdale (Hon. Mr. Murdock) has registered his dissent.

Hon. Mr. MURDOCK: Most decidedly!

Hon. Mr. ROBERTSON: The resolution stands as notice of motion.

PRIVATE BILLS

FIRST READINGS

Bill V2, an Act to incorporate Compagnie de Fiducie du Canada (Trust Company of Canada).—Hon. Mr. Beauregard.

Bill W2, an Act to incorporate the Catholic Episcopal Corporation of Whitehorse.—Hon. Mr. Blais.

Bill X2, an Act respecting the Lake Erie and Detroit River Railway Company and the Pere Marquette Railway Company.—Hon. Mr. Hayden.

GOLD PRODUCTION IN CANADA

NOTICE OF DISCUSSION

Hon. A. D. McRAE rose to give notice of the following resolution:

That on Tuesday, October 30, 1945, I will call the attention of the Senate to the development of our gold resources and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly the employment of labour, the establishment of new communities, and the importance of the gold which it will provide in taking care of our foreign obligations.

He said: I may explain that I have set the date considerably ahead so that honourable members may be prepared to discuss this issue, which I regard as of great importance in our programme of recovery. I have purposely confined my motion to gold, which I know a little about. But I may point out that the honourable senator from Churchill (Hon. Mr. Crerar), whom I regard as the most able Minister of Mines that Canada has ever had—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: —is the best qualified authority in Parliament to discuss the subject-matter of this motion. He understands the problem from every angle. It would be far beyond my ability to take up our base metal development, and I hope that some time this session the honourable gentleman may see fit to talk to us on the subject.

Hon. NORMAN P. LAMBERT: Would the honourable senator be willing to include in his motion the development of our silver resources?

Hon. Mr. CALDER: And platinum?

Hon. Mr. LAMBERT: Silver particularly. I am out of order, but I should like to say that I believe it would be of particular interest from the economic standpoint to include silver with gold.

Hon. Mr. McGEER: No, you had better keep them apart.

Hon. Mr. McRAE: I quite agree with the honourable senator from Ottawa (Hon. Mr. Lambert), but I shall find it difficult to deal with my motion in forty-five minutes. I can fill up that time in giving the Senate a picture of the possibilities of increasing our gold production, which I believe is one thing we need not worry about. Of course, I am out of order in speaking to a notice of motion, but while on my feet I did want to express my high regard for the honourable senator, the former Minister of Mines.

INCOME AND EXCESS PROFITS TAXATION

MOTION

The Senate resumed from Thursday, October 11, the debate on the motion of Hon. Mr. Campbell:

That a Special Committee of the Senate be appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder and to report thereon;

2. That the said Committee be composed of the Honourable Senators Aseltine, Beauregard, Bench, Buchanan, Campbell, Crerar, Euler, Farris, Haig, Hayden, Hugessen, Lambert, Léger, McRae, Moraud, Robertson, Sinclair, and Vien;

3. That the said Committee shall have authority to send for persons, papers and records.

Hon. JOHN T. HAIG: Honourable senators, when this motion was last before us, I adjourned the debate to give an honourable senator a chance to speak on the subject, but I am sorry to say he is not able to be present.

I am heartily in accord with the objects of the motion, provided—and I say this quite candidly—those objects are not political, but are purely constructive and intended to help the Income Tax Department to get out a simple form that small income taxpayers can complete without the assistance of a firm of chartered accountants and of the best firm of lawyers in their home town.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: That is about the help required now to fill out income tax returns. Even then they are sometimes all wrong. I should like to see a simple form that a farmer with a total income not exceeding $5,000 could complete without much outside help. A similar form should be available for small business men in our towns and villages. In our cities a business man can consult a firm of auditors, and then all he has to do is pin their report to his income tax return. If the Income Tax Department objects to the return, the business man can say, "I paid the auditors for their report. Let them justify their work." I believe that by using simpler forms more money would be collected, and there would be a better feeling on the part of income tax payers. Undoubtedly many of our smaller income tax payers dislike income tax because of the difficulty of making out their returns. The proposed committee can do a great service by undertaking the work set forth in the motion. Already the appearance of this motion on our Order Paper has done something. As honourable members are aware, it has been announced in another place that the whole system of income tax assessment and collection is to be overhauled. I do not think that announcement was spontaneous; rather it would seem as if somebody had been listening at the keyhole and heard what the Senate intended to do. I repeat, I am heartily in accord with the motion. I believe the work of our special committee will be very helpful not only to our people, but also to the Government, and especially to the departments concerned.

Hon. NORMAN P. LAMBERT: Honourable senators, in the absence of the sponsor of this motion (Hon. Mr. Campbell), I should like to say that I hope it will be passed unanimously, so that the committee may be organized and make the necessary arrangements to proceed with its investigations. It was made clear by the honourable senator that any benefit which might accrue from the work of the committee would be reflected on the taxpayers in the lower brackets rather than on those in the upper brackets. I am certain from the reception which a similar proposal received in another place during the presentation of the budget, and particularly from the remarks of the Leader of the Opposition there, that my honourable friend from Winnipeg (Hon. Mr. Haig) may set his mind at rest regarding the purposes of this proposed inquiry. I feel that the very life of responsible government rests on the raising of revenue and the system of taxation which it involves. Any tendency to administer such an important taxation measure as the Income

Tax Act by arbitrary decisions or compromises must have a disturbing effect upon the rank and file of our people and undermine their confidence in the law generally. On the other hand, if income tax legislation can be so clarified and simplified as to bring about uniform administration, undoubtedly it will tend to strengthen the confidence of the people in our system of government. It is because of my desire to see the administration of the Income Tax Act placed on a sound foundation, reflecting, incidentally, benefits in other directions, that I hope the Senate will accept this motion without delay.

On motion of Hon. Mr. Murdock, the debate was adjourned.

PRIVATE BILL

SECOND READING

Hon. Mr. BEAUREGARD moved the second reading of Bill H, an Act to incorporate the Arctic Institute of North America.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Beauregard the Bill was referred to the Committee on Miscellaneous Private Bills.

ESTIMATES

EXAMINATION BY FINANCE COMMITTEE

The Senate resumed from Thursday, October 11, the adjourned debate on the motion of Honourable Mr. Robertson:

That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament, and by resolutions relating to war and other proposed financial measures of which notice has been given to Parliament, in advance of the bills based on the said estimates and resolutions reaching the Senate.

And the amendment moved by Hon. Mr. McGeer:

That the said motion be amended by striking out all the words after "That" in the first line thereof, and substituting therefor the following: "any Standing or Special Committee of the Senate be authorized to examine any resolution or proposed bill laid before Parliament in advance of the resolution or bill reaching the Senate."

Hon. JOHN T. HAIG: Honourable senators, I am opposed to this amendment, because I think the Senate itself should retain control over the reference of matters to its committees. True, during a session, I may not oppose a single one of the motions for referring bills and other matters to committees. Then why do I oppose this amendment? I do so because I want the Senate to retain the power to say which committee should consider any specific matter. I am very much afraid that if this amendment were passed there would sometimes be a dispute between committees as to which had the right to take up a certain bill or resolution. For instance, the Banking and Commerce committee might think it had jurisdiction to deal with a piece of proposed legislation which the committee on Finance felt specially fitted to handle. Another measure might be the subject of a dispute between the Committee on Miscellaneous Private Bills and the Committee on Railways, Telegraphs and Harbours. The safest thing to do, in my opinion, is to retain control in the Senate itself. His Honour the Speaker will recall that during his tenure of office as Government leader in this Chamber we agreed to all the motions he made for the reference of bills to committee.

Hon. Mr. CALDER: Sometimes we made a change.

Hon. Mr. HAIG: Yes, sometimes we did not agree that the reference should be to the committee suggested, but we always sent the bill or whatever it was to some committee. My honourable friend's remark supports my statement that there is not always general agreement as to which committee should consider a particular matter. We are not so busy that we need to save time by authorizing committees automatically to examine any proposed legislation prior to its introduction into the Senate.

Notwithstanding my opposition to his amendment, I have very great respect for the parliamentary experience of the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer). Few if any of us have for so long represented the people in the framing of legislation. I have the honour to live in the city in which he was born, which is no mean honour. He has served as head of the municipal government of his adopted city; he has been a member of the legislature of his adopted province; he has represented a constituency of that province in the House of Commons; and now he is a member of this Chamber. I admit that his experience is much wider than mine. But the experience I have had as a member of the Manitoba Legislature, and as a senator for nearly eleven years, has convinced me that it is wise for a law-making body to retain control over the reference of matters to its committees, for when that is done all members are kept informed of what is going on. I repeat that I am opposed to this amendment.

Hon. Mr. MARCOTTE: Honourable senators, unless someone else desires to speak now, I move the adjournment of the debate.

On motion of Hon. Mr. Marcotte, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, October 24, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill D, an Act to incorporate Canadian Jewellers Institute.

The motion was agreed to.

THIRD READING

Hon. Mr. CAMPBELL moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill C, an Act to incorporate Dominion General Benefit Association.

He said: The Committee have examined the bill, and beg leave to report same with three minor amendments, all of which have to do with the drafting of the bill and in no way affect the substance. They were suggested by our Law Clerk and accepted by the proponents of the bill.

The motion was agreed to.

THIRD READING

Hon. Mr. HAIG moved third reading of the Bill.

The motion was agreed to, and the Bill, as amended, was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill E, an Act to incorporate Ottawa Valley Trust Company.

The motion was agreed to.

THIRD READING

Hon. Mr. BEAUREGARD moved the third reading of the bill.

The motion was agreed to and the Bill was read the third time, and passed.

PRIVATE BILL

FIRST READING

Bill Q3, an Act to amend an Act to incorporate the Royal College of Physicians and Surgeons of Canada.—Hon. Mr. Veniot.

UNITED NATIONS CHARTER

REFERRED TO COMMITTEE

Hon. WISHART McL. ROBERTSON moved:

That the copy of the Charter of the United Nations including the statute of the International Court of Justice, together with the Interim Arrangements establishing the Preparatory Commission of the United Nations, signed at San Francisco on 26th June, 1945, Treaty Series, 1945, No. 7, laid on the Table of the Senate on September 11, 1945, be referred to the Standing Committee on External Relations.

The motion was agreed to.

MEAT RATIONING, CONSUMPTION, EXPORT AND PRODUCTION

INQUIRY

On the inquiry by Hon. Mr. McRae:

1. In our ration limitations why was no increased allowance made for the use of mutton as compared to beef or pork, as obviously mutton does not lend itself to being cut up to provide as much actual meat as either beef or pork?

2. What is our present annual consumption per capita in pounds and percentages, of, (a) beef; (b) pork; (c) mutton and lamb?

3. Is any mutton exported in carcass to Great Britain or Europe and, if so, what is the total so exported since the beginning of the war?

4. What steps, if any, are being taken to avoid this Fall the large surplus of mutton which existed last Fall?

5. Is mutton being canned for export? If so, where is it being canned and what is the contemplated volume likely to be required?

6. What is the prevailing price (on foot) at point of canning for sheep bought for canning purposes?

7. What was the estimated number of sheep in Canada in 1944 and how does this compare with the number of sheep in Canada as shown by the first census following Confederation?

8. Liver being a constituent part of UNRRA's canned meat preparation, has any firm or individual in Canada holding a contract to provide same had to discontinue, even temporarily, on account of inability to obtain the necessary liver? If so, when and where?

9. Have arrangements been made for canning horse meat for export to Europe? If so, to what country is this horse meat product exported?

10. Where is this horse meat being canned?

11. What is the contemplated production of canned horse meat?

12. What price is paid for horses at point of canning?

13. Why do we continue to sell excessively fat pork on the local market when the private purchaser has no facilities for rendering the same and conserving the fat?

14. Is any effort being made to conserve this excessive fat through existing rendering facilities, with a view to increased shipment of fats to Europe?

Hon. WISHART McL. ROBERTSON: I should like to say to the honourable senator from Vancouver (Hon. Mr. McRae) that I have been endeavouring to secure an answer to his inquiry. Part of it involves the Department of Agriculture, and I am advised that the Deputy Minister is attending the Conference of the Food and Agriculture organization at Quebec. He is expected back shortly, and on his return I will do my utmost to expedite the answer.

Hon. A. D. McRAE: I appreciate the explanation of the honourable leader of the House. I had feared the Senate was again going to meet with delay in securing answers to inquiries by honourable members. My inquiry can be answered by reference to statistics and information readily available to the Government. I take this opportunity of expressing the hope that in future inquiries will be answered more promptly than they have been during the past few years.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 9, an Act to amend the Department of National Health and Welfare Act.

He said: Honourable senators, the purpose of this bill is to correct a typographical error by the substitution of the word "eight" for the word "nine". I am advised that though the change is retroactive to October, 1944, it does not in any way affect the rights of individuals.

Hon. Mr. LEGER: Is the change made retroactive because of that error alone, or was the Act already in force?

Hon. Mr. ROBERTSON: It will be retroactive to the time the Act was originally passed.

Hon. Mr. LEGER: The retroactive part has reference only to the change from nine to eight?

Hon. Mr. ROBERTSON: That is right.

Hon. Mr. CALDER: May I inquire as to what the eight and the nine apply to? It might be very important.

Hon. Mr. ROBERTSON: This is the explanation which the Minister gave in the other House:

It is designed to correct a typographical error which appeared in the bill and Act as passed in 1944. This measure would substitute for the word "nine" the word "eight" in the reference to the Act setting up the Department of Veterans Affairs.

Upon inquiry I found that the error occurred through one of the sections of the bill which intends to establish the Department of Veterans Affairs having been struck out when in committee, and the persons responsible for proofreading, or doing whatever was necessary, not having observed this error in printing the bill. The bill is designed purely to correct that error.

Hon. Mr. CALDER: We do not know yet what the error is.

Hon. Mr. ROBERTSON: I would suggest to honourable senators that the bill be referred to committee, where an explanation could be given on the point brought up by my honourable friend.

Hon. Mr. CALDER: All right.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Robertson, the Bill was referred to the Standing Committee on Public Health and Inspection of Foods.

CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 11, an Act to amend the Canadian National Railways Capital Revision Act, 1937.

He said: Honourable senators, Section 12 of the Canadian National Railways Capital Revision Act, 1937, incorporated the Canadian National Railways Securities Trust, and

appointed the trustees thereof. Three of these trustees are deputy ministers and the other two are officers of the railway. The trustees named in the Act are the Deputy Minister of Finance, who is Chairman, the Deputy Minister of Transport, the Deputy Minister of Justice, the Chairman of the Board of Directors of the National Railways and the Vice-President of Finance of the National Railways. In a reorganization following the recent retirement of the Vice-President of Finance, there were set up two positions, one being that of Vice-President and Treasurer, which is occupied by Mr. C. D. Cowie, and the other that of Vice-President and Comptroller, which is occupied by Mr. T. H. Cooper. Thus the actual title of Vice-President of Finance has disappeared from the organization, and it is necessary to amend the Act accordingly.

In order that future changes in the organization may not necessitate further amendments to the Act, it has been considered desirable to provide that the two railway officers to act as trustees be those appointed from time to time by resolution of the Board of Directors of the National Railways, and that in the resolution they be named rather than designated by title.

Opportunity has been taken at the same time to remove a technical defect in the wording of the section appointing three deputy ministers as trustees. I am advised that the Department of Justice questioned whether the section did not refer to the actual persons holding office in 1937. The amendment makes clear that the reference is to persons who hold the respective offices from time to time.

Hon. Mr. LEGER: Honourable senators, I am afraid the bill goes a little further than indicated by the honourable leader. Heretofore Parliament has designated certain persons as trustees, but this measure delegates to a board of directors the power to make these appointments. There is a distinct difference in principle.

Hon. Mr. CAMPBELL: That is only with respect to the two trustees to be named by resolution of the board of directors. It has nothing to do with the other three trustees.

Hon. Mr. LEGER: I understand that. My point is that Parliament is handing over to the board of directors power to appoint two trustees, which power Parliament itself exercised in the past.

Hon. Mr. HARDY: Does the honourable senator not think that the board of directors is quite as capable as Parliament to make these appointments?

Hon. Mr. ROBERTSON.

Hon. Mr. LEGER: I am not discussing that. I merely point out that the bill goes further than the honourable leader (Hon. Mr. Roberston) said it did. I do not say that I am opposing the bill.

Hon. Mr. ROBERTSON: The honourable senator is quite right. It is proposed that the board of directors of the railway, rather than Parliament will appoint two railway officers as trustees. I suggest that the bill be referred to committee, where that question can be taken up.

Hon. Mr. LEGER: I am not objecting to the bill.

Hon. Mr. ROBERTSON: My honourable friend is perfectly correct in saying that this bill delegates to the board of directors power to appoint two trustees.

Hon. Mr. ROEBUCK: Would the honourable leader explain the purposes of the trust? If it is an active trust and discretion is to be exercised by the trustees, then by empowering the board of directors to nominate the trustees we are placing the board in a dominant position.

Hon. Mr. CAMPBELL: The board appoints two of the five trustees.

Hon. Mr. ROEBUCK: Yes. It all depends on what the trust is. Can the hononurable leader give us any information?

Hon. Mr. ROBERTSON: I have no personal knowledge as to the trust but with permission of honourable members I will read this memorandum that I have before me:

The Canadian National Railways Capital Revision Act, 1937, provided, among other things, for the elimination of duplication of liabilities and losses between the published accounts of the railway and the Dominion.

One of the steps taken to eliminate duplication in the accounts was to write out from the railway balance sheet the liabilities to the Government for amounts advanced for deficits and accrued interest. In order to make sure that the removal of such liabilities from the balance sheet would not improve the position of certain securities in the hands of the public which ranked pari passu with or junior to the Government's claims, the Canadian National Railways Securities Trust was incorporated by the Capital Revision Act and by the same Act was authorized to take over the obligations to the Dominion of the companies comprising the National Railways system for such advances and accrued interest. The effect is that the railway companies are now obligated to the Securities Trust to the same extent as they previously were to the Dominion. Underlying securities held as collateral by the Minister of Finance in respect of the various loans, etc., comprising the indebtedness of the railways to the Dominion were also transferred to the Securities Trust.

The Act provides that the Securities Trust shall not sell, pledge, release or otherwise dispose of any of the indebtedness transferred to it or the collateral securities in respect thereof, except with the approval of the Governor in Council.

No portion of the loans made to the railway system for capital purposes prior to 1937 was cancelled. The Act provided that the initial stated value of the capital stock of the trust was to be the amount of such loans and that such capital stock should be owned directly by the Dominion.

Generally speaking, it might be said that the share value of the Securities Trust represents the capital investment or book equity of the Dominion in the National Railways system other than the position of the Dominion in respect to the railways for interest-bearing advances.

Hon. Mr. ROEBUCK: Why is it that the debtor is permitted to name from time to time the trustees of the property of the creditor? It is unsound.

Hon. Mr. HAYDEN: Two of the trustees.

Hon. Mr. ROEBUCK: Why any trustees.

Hon. Mr. McGEER: Why two? Why are the directors allowed to appoint the trustees?

Hon. Mr. ROBERTSON: I am explaining that this is the purpose of the bill. If any honourable senators desire further information, I would suggest that the bill be referred to the appropriate standing committee.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Robertson, the Bill was referred to the Committee on Railways, Telegraphs and Harbours.

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 12, an Act respecting the appointment of auditors for National Railways.

He said: Honourable senators, this is the usual annual bill for the purpose of appointing auditors for the Canadian National Railways. Touche and Company's first connection with the railway accounts was in 1915, when they were asked by the Canadian Northern to make an examination of the Duluth, Winnipeg and Pacific Railroad in respect of a bond issue which it had outstanding. Following that they were appointed auditors of the Canadian Northern Railway. In 1921 or thereabouts Touche and Company were asked to look into the accounts of the Canadian Government Railways. Prior to the establishment of the present Canadian National System they made an investigation of the Grand Trunk and the Grand Trunk Pacific, and in 1923 worked on the consolidation of the accounts of the present National System. Since that time, with the exception of the year 1935, they have been auditors of the National System.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move that the bill be now read a third time.

Hon. Mr. BALLANTYNE: Have the auditors' fees been increased or decreased?

Hon. Mr. ROBERTSON: I regret to say that I have no information on the point.

Hon. Mr. BALLANTYNE: I suppose the honourable gentleman will be willing to get it for us?

Hon. Mr. ROBERTSON: I shall be delighted.

The motion was agreed to, and the Bill was read the third time and passed.

DIVORCE BILLS

On the Order:

Second reading of Bill I, an Act for the relief of Martha Louise Manful Hatch.—Hon. Mr. Aseltine.

Hon. Mr. HAIG: In the absence of the Chairman of the Divorce Committee, I would ask that this and the following Orders to No. 43, inclusive, be allowed to stand.

Hon. Mr. HARDY: Is that because we have not yet had the reports of the Divorce Committee?

Hon. Mr. HAIG: The chairman of the committee is not here. He himself should move the second readings.

The Orders stand.

FIRST READINGS

Hon. Mr. HAIG, on behalf of the Chairman of the Committee on Divorce, presented the following bills, which were severally read the first time:

Bill Y2, an Act for the relief of George Allenby Bradshaw.

Bill Z2, an Act for the relief of Phyllis Fitch Farber.

Bill A3, an Act for the relief of Vencel Humenay.

Bill B3, an Act for the relief of Waldo James Cousins.

Bill C3, an Act for the relief of Albert Wilson Harvey.

Bill D3, an Act for the relief of Iris Ester Westerberg Duffy.

Bill E3, an Act for the relief of Della Frances Gardner Hudson.

Bill F3, an Act for the relief of Joseph Gerard Fernand Arthur Broleau.

Bill G3, an Act for the relief of Audrey Nathaniel Smith MacNair.

Bill H3, an Act for the relief of Ovila Bernard.

Bill I3, an Act for the relief of Albert Edward Spray.

Bill J3, an Act for the relief of Helen Isabel Dibblee Brown.

Bill K3, an Act for the relief of Robert Hiscock.

Bill L3, an Act for the relief of Jacques Noel Cerminara.

Bill M3, an Act for the relief of Joseph William Henry Beausoleil.

Bill N3, an Act for the relief of Rita Beryl Gwendolyn Scott Lunn.

Bill O3, an Act for the relief of Neil Sinclair McKechnie.

Bill P3, an Act for the relief of Albert Evariste Gelinas.

INCOME AND EXCESS PROFITS TAXATION

MOTION ADOPTED

The Senate resumed from yesterday the debate on the motion of Hon. Mr. Campbell:

That a Special Committee of the Senate be appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder and to report thereon;

2. That the said Committee be composed of the Honourable Senators Aseltine, Beauregard, Bench, Buchanan, Campbell, Crerar, Euler, Farris, Haig, Hayden, Hugessen, Lambert, Léger, McRae, Moraud, Robertson, Sinclair, and Vien;

3. That the said Committe shall have authority to send for persons, papers and records.

Hon. JAMES MURDOCK: Honourable senators, I am not going to take up very much time in discussing this motion. I am heartily in favour of it. Last night I could have completed what I had to say in a few moments, but I wanted the mover of the motion (Hon. Mr. Campbell) to hear me.

The proposed committee is composed of eleven distinguished legal gentlemen and seven laymen. That is all right, considering what is to be discussed. But I understood that a distinguished senator from Vancouver (Hon. Mr. Farris) when he was present last week said he would not be back in the House for a considerable time. I would suggest therefore that the Senate add to the committee another distinguished senator recently appointed from Vancouver (Hon. Mr. McGeer).

I want to suggest also, since some of us are not lawyers, that there should be a stenographic report of the entire proceedings before the committee, so that the uninitiated and uninformed among us may learn a little more about the subject, perhaps, than we know at this time.

I desire to direct the attention of honourable senators to an article which appeared in Liberty of May 26, 1945. It is pretty lengthy and I shall not attempt to read it in full, but I do want to place before the Senate the first paragraph. The article is by Harold Dingman and is headed:

Used-Car Racket. Millions are being made by crooked dealers. The black market is still a rising market, mocking the law with an immunity guaranteed by the public.

The Hon. the SPEAKER: Order, please. Honourable senators, I do not think that the matter now being referred to is in line with the motion before the Senate.

Hon. Mr. MURDOCK: If His Honour will wait till I get through, I think he will find it is distinctly in line with what the committee is to consider. If he is going to decide otherwise before I get to the part I have in mind, I suppose I must accept his decision. In other words, we are not going to have a decent consideration of the things that the committee is to consider.

The Hon. the SPEAKER: There will be an opportunity for the honourable gentleman to discuss this matter at the proper time. I think the article has nothing to do with the motion before the House.

Hon. Mr. HOWARD: The honourable gentleman can bring up the matter in committee.

Hon. Mr. MURDOCK: Your Honour, this is one of the things distinctly in line with this motion, as I understand it. There was a particular reason why I wanted to read the first paragraph of this article. Of course, ordinary senators and others are to be shut off when they get into a discussion of any-

thing that might be embarrassing to the grafter and the greedy man; but I wanted to place this before the House—

Hon. Mr. VIEN: Honourable senators, I rise to a point of order. We have before us a motion that a certain subject be referred to a committee, and the Chair has ruled that the remarks of the honourable senator from Parkdale (Hon. Mr. Murdock) are out of order. That ruling can be made the subject of an appeal to the House, but it cannot be discussed. I do not believe it is in keeping with the dignity of the Senate to suggest that honourable senators are being shut off unfairly from reasonable discussion. That is my point of order.

Hon. Mr. MURDOCK: "The wicked flee when no man pursueth." All right, Your Honour, I bow to your ruling. But I ask honourable senators to read this article and then decide who is the "nationally known senator" referred to in the paragraph I quoted. At a committee meeting early in the session I referred to this article—

The Hon. the SPEAKER: Will my honourable friend please desist?

Hon. Mr. MURDOCK: I am apologizing to a distinguished senator, if you will let me.

The Hon. the SPEAKER: No; you are continuing to discuss the same subject. Permit me to say that it is out of order to do so, and I have so ruled.

Hon. Mr. MURDOCK: I beg your pardon. I wanted to apologize to a senator.

The Hon. the SPEAKER: The paragraph that the honourable gentleman read does not specifically name any senator. That is one reason why I think it improper to read the article in the Senate. There is an implication that should not be allowed to go on our records.

Hon. Mr. MURDOCK: If you will pardon me, I want to say that at a committee meeting in the first days of the session I suggested that my distinguished friend from Rougemont (Hon. Mr. Beauregard) was the "nationally known senator" referred to in this article. I want to apologize to him now, because information before me in the files here is that he was not in any way connected with any matter of this kind.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: I have a better idea now than I had before as to who is responsible.

Hon. Mr. ROBERTSON: I should like to point out to the honourable gentleman from Parkdale (Hon. Mr. Murdock) that the paragraph he read cast an aspersion upon some honourable member of this House, and since he has suggested that honourable members read the article for themselves I would ask him if he will acquiesce in the deletion of that paragraph from our records.

Hon. Mr. MURDOCK: Sure I will. I only wanted to request that we have a stenographic report of what this committee does when it meets, and to offer an apology to my friend the honourable senator from Rougemont.

Hon. Mr. BEAUREGARD: I thank my honourable friend for the apology he has made, insofar as it concerns me.

Hon. Mr. MURDOCK: But read the article, gentlemen.

The motion was agreed to.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

THURSDAY, October 25, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

UNITED NATIONS CHARTER

REPORT OF COMMITTEE

Hon. A. D. McRAE presented the report of the Standing Committee on External Relations as follows:

1. Your committee have in obedience to the order of reference of 24th October, instant, considered the Charter of the United Nations, including the Statute of the International Court of Justice, together with the interim agreements establishing the Preparatory Commission of the United Nations signed at San Francisco on 26th June, 1945, treaty series, 1945, No. 7.

2. Your committee have heard the Hon. Louis St. Laurent, P.C., M.P., Minister of Justice, Mr. M. J. Coldwell, M.P., and Mr. Gordon Graydon, M.P., who formed part of the delegation representing Canada at the San Francisco conference.

3. Your committee unanimously recommend that the Senate do approve the agreement establishing the United Nations and constituting the charter of the United Nations, and the statute of the International Court of Justice, signed at San Francisco on June 26, 1945.

All of which is respectfully submitted.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. B. COPP presented and moved concurrence in the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill D, an Act to incorporate International Air Transport Association.

The motion was agreed to.

THIRD READING POSTPONED

Hon. Mr. COPP moved the third reading of the Bill.

Hon. A. D. McRAE: Honourable senators, this bill concerns a very important matter and, personally, I should like to see it discussed at length. It deals with a subject which in the minds of some of us is open to question. If I am in order, I will move that the bill be referred to Committee of the Whole for consideration at some convenient time, perhaps at the next sitting of the House.

Hon. Mr. COPP: That is quite all right.

The third reading was postponed, and the motion of Hon. Mr. McRae was agreed to.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill F, an Act respecting the Quebec Railway, Light and Power Company.

The motion was agreed to.

THIRD READING POSTPONED

Hon. Mr. HOWARD: On behalf of the sponsor, I would move the third reading of this bill.

Hon. Mr. FOSTER: I should like to direct attention to the fact that the Rules of the Senate strictly prohibit the third reading of a private bill on the same day that it is reported on. I think it should stand over.

Hon. Mr. COPP: Except by unanimous consent.

The third reading was postponed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented and moved concurrence in the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill G, an Act to amend an act respecting Vancouver, Victoria and Eastern Railway and Navigation Company, The Nelson and Fort Sheppard Railway Company and Great Northern Railway Company.

The motion was agreed to.

THIRD READING POSTPONED

The Hon. the SPEAKER: When shall this bill be read a third time?

Some Hon. SENATORS: At the next sitting.

Hon. Mr. HAIG: Honourable senators, referring to the point raised by the honourable senator from Saint John (Hon. Mr. Foster), as I understand the rule, when the Committee reports a bill without amendment, it can be read the third time. It is only when there has been an amendment that it cannot be read the third time without the consent of the House.

Hon. Mr. MURDOCK: That is what is being done in this case.

Hon. Mr. HAIG: I want it to be clear. The honourable senator suggested that the bill could not be read a third time. I now raise the point that when a bill comes back just as it went out it can receive third reading that same day.

Hon. Mr. VIEN: Honourable senators, according to the rule there should be an interval of at least one day between the presentation of a committee's report on a bill and the motion for third reading. However, it has become the practice to waive that rule by unanimous consent when a committee reports a bill without amendment.

Hon. Mr. FOSTER: I have not a copy of the Senate Rules before me, but I know there is a rule which says that a private bill cannot be read a third time on the same day that the bill is reported from committee.

The Hon. the SPEAKER: When shall this bill be read the third time?

Some Hon. SENATORS: Next sitting.

The Hon. the SPEAKER: The question brought up by the honourable member is dealt with in the Rules of the Senate at page 11. Rule 24 reads:

> One day's notice must be given of any of the following motions:
>
> (h) For the adoption of a report, not merely formal in its character, from any standing committee.

The honourable senator from Saint John (Hon. Mr. Foster) drew attention to rule 129, which is very definite on the point. It reads:

> No private bill shall be read a third time the same day on which it is reported from a committee.

The third reading was postponed.

SENATE AND HOUSE OF COMMONS ACT

EXPENSE ALLOWANCE TO MEMBERS

Hon GERALD G. McGEER: I desire, honourable senators, to give notice that on Thursday, the first day of November, 1945, I will move:

That no increase in the sessional indemnities of the members of the Canadian Parliament, that is, the members of the Senate and the Commons, either by way of increase in the amount presently paid or in any especial relief exempting the indemnity paid to the said members, or any portion of it, from taxation, shall be provided until—

1. All Canadians earning $1,200 a year or less shall be relieved from the payment of income taxes.

2. All Canadians supporting wives and receiving $2,000 a year or less are exempt from the payment of income taxes.

3. An allowance, exempt from income taxes, is made for the maintenance of all dependents of taxpayers sufficient to give such dependents a minimum standard of decent Canadian living.

4. The provisions of the Wartime Salaries Order—P.C. 9298 of November 27, 1941, as amended by P.C. 946 of February 6, 1942, P.C. 1549 of February 27, 1942, P.C. 4346 of May 26, 1942, P.C. 79/1385 of March 3, 1944, P.C. 9505 of December 21, 1944, Office Consolidation, December, 1944, freezing salaries, are repealed.

5. All salaries and other allowances made to the members of the Canadian judiciary are made exempt from income tax.

6. All tax and rates imposed by the authorities of any city, municipality or other tax authority in Canada on Canadian homes is made a non-taxable part of the income of the taxpayer paying said taxes or rates on or in respect of the said home.

Hon. Mr. MURDOCK: Thank high Heaven for the appointment of the honourable senator from Vancouver-Burrard. The common man may now get a square deal.

BEAUTIFICATION OF OTTAWA

ADDRESS BY MR. JACQUES GREBER

Hon. G. G. McGEER: Honourable senators, this morning I attended a meeting of members of this House and of the House of Commons and listened to an excellent and informative address by Mr. Greber, the well known architect and town planner from France. Very few senators were present because a number of our standing committees were in session at the time. I have spoken to the honourable leader of the Government (Hon. Mr. Robertson) and the honourable leader on this side (Hon. Mr. Haig), and they concur in my suggestion that this address be embodied in our Hansard for the information of all honourable members. I so move.

The motion was agreed to. (*See appendix at end of today's report*).

47704—10½

UNITED NATIONS CHARTER

RESOLUTION OF APPROVAL

Hon. WISHART McL. ROBERTSON moved:

That it is expedient that the Houses of Parliament do approve the Agreement establishing the United Nations and constituting the Charter of the United Nations and the Statute of the Internaional Court of Justice signed at San Francisco on June 26, 1945, and—

That this House do approve of the same.

He said: Honourable senators, before dealing specifically with the subject-matter of this resolution, I would make two general observations. First, it is desirable that whatever action honourable members decide to take in this matter should be taken before we adjourn this week. With this in mind, I would suggest that if at 6 o'clock the debate is not concluded we should resume at 8 o'clock rather than tomorrow, in order that the Senate may adjourn this evening.

Hon. Mr. LEGER: Until when?

Hon. Mr. ROBERTSON: Until Tuesday evening. I may add that, in view of the increasing pressure of work, our future week-end adjournments will be only until Monday evening.

On October 10th I said it was desirable that Parliament should pass a resolution concurring in the charter of the United Nations, so that it could be signed and ratified in London before the end of October. I should have said that concurrence was desirable so that the charter may be signed by His Majesty the King, to be deposited in Washington before the end of October.

I intend to speak but briefly on this motion; then I shall follow the practice of my predecessor and avail myself of the unquestioned talent and ability of honourable members behind me by asking them to take part of my responsibility. In the present instance I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen) to assist me, for I am confident that he is in a better position than I am to discuss the charter of the United Nations in all its detail.

The charter of the United Nations as it has emerged from the San Francisco conference is a great improvement on the Dumbarton Oaks proposals, which formed the basis for discussion in the conference at San Francisco. It breathes an altogether more liberal spirit and contains a number of important new provisions resulting from the work of the conference.

Among the outstanding changes introduced into the charter at San Francisco are the following:

1. A preamble now introduces the charter, and in simple language gives expression to the motives which have inspired the peoples of the United Nations to come together to set up an international organization.

2. The purposes and principles of the organization have been expanded. They now include a statement to the effect that the organization shall seek to achieve international co-operation "in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion".

3. The functions of the General Assembly have been widened so that that body occupies a central position in the organization. The Assembly has broad powers of discussion, but at the same time possesses the right to initiate studies and to make recommendations for the purpose of promoting international co-operation. It may well come to be regarded by all the nations as the forum in which their interests can be effectively presented and promoted.

This is fully in accordance with the policy pursued by the Canadian delegation at San Francisco, which was that the powers of the General Assembly should be as wide as possible, but that the responsibility for settling disputes between states must be put squarely on the shoulders of the Security Council.

4. Both the wide powers given to the Security Council and the special position of the Great Powers on the Council, which formed an outstanding feature of the Dumbarton Oaks plan, were retained in the United Nations charter. The overriding necessity for unity of action among the Great Powers led to the setting up of a Security Council charged with "primary responsibility for the maintenance of international peace and security." It is the purpose of the Security Council to achieve the peaceful solution of international disagreements, and only as a last resort to apply economic and armed force.

The adoption of the so-called "Yalta voting formula" produced some of the outstanding debates of the conference at San Francisco. Under that voting formula any one permanent member of the Security Council has wide powers of veto over the many activities of the organization which depend upon decisions taken in the Security Council. Many of the middle and smaller states at San Francisco, while prepared to admit the necessity for the unanimity of the Great Powers in applying coercive measures for the maintenance of peace, were opposed to many other aspects of the veto power. After long debate the Yalta voting formula was adopted by the conference.

The attitude of the Canadian delegation throughout the controversy was that these very extensive veto powers were undesirable. However, it was clearly recognized by the Canadian delegation that this voting formula represented the greatest possible measure of agreement which could be attained among the Great Powers at this time. The Canadian delegation therefore felt that the price was not too high for a world organization which promised so much in other respects. They therefore did not oppose the final adoption of the Yalta voting formula.

5. The Canadian delegation pressed strongly at the San Francisco Conference for the adoption of some qualifying rules for election to the Security Council which would recognize the functional principle in the election of members, so that among the six non-permanent members of the Council there should be several states which could make a really substantial contribution to the purposes of the organization. As a result an amendment was introduced which now finds its place as the final phrase of the first paragraph of Article 23 of the Charter. It states that in the election of non-permanent members of the Security Council due regard should be "specially paid, in the first instance to the contribution of Members of the United Nations to the maintenance of international peace and security, and to the other Purposes of the Organization, and also to equitable geographical distribution".

6. An important Canadian amendment is incorporated in Article 44 of the Charter. This Article ensures that when the contribution of a state's armed forces to peace enforcement action is under consideration by the Security Council, any member of the United Nations, even though not a member of the Security Council, should have the right to sit and vote as a member in the decisions concerning the employment of its own forces.

7. The Canadian delegation played an important part in the discussions concerning the Economic and Social Council. Canada will no doubt have an outstanding contribution to make to the work of the organization in the economic and social sphere. It was therefore a source of satisfaction to the Canadian delegation that the Economic and Social Council emerged from the Conference at San Francisco as one of the most important organs of the United Nations organization.

8. Amendments—The Canadian delegation at San Francisco, together with many other delegations, tried to ensure that the amendment procedure outlined in the Charter should not be too rigid. They were not, however, entirely successful in securing a flexible

amendment procedure, and under the Charter as adopted each of the five Great Powers possesses the right to veto the coming into force of any amendment.

It was the general view of the Canadian delegation at the conference that the charter, while it contains imperfections, represents a great step forward in the direction of international co-operation and is a foundation upon which the structure of peace can be built, provided there is a continuing will to peace among the nations of the world.

Some Hon. SENATORS: Hear, hear.

The Hon. the Speaker left the Chair.

Hon. Thomas Vien in the Chair.

Hon. J. H. KING (Speaker): Honourable senators—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KING: —as one of the members from this Chamber who had the honour to represent the Parliament of Canada at San Francisco, I feel it incumbent upon me to give a brief review of events at the Conference, as they appeared to me.

We are to-day concluding our deliberations on one of the most difficult matters that has ever come before the Canadian Parliament, and it is interesting to observe that forty-seven nations are concerned in the subject under consideration.

The invitation came to us last April, and with it came a formula with respect to which we had an opportunity to become familiar. Not only was it your delegates to San Francisco who had an opportunity of being advised of matters to be brought before the conference, but members of this Chamber and of the House of Commons were able to consider the proposals suggested by the four great powers.

While attending the conference I listened to probably all the leaders from the various states who spoke to the plenary session, as they voiced the views and desires of the countries they represented, and stated the reasons why they had accepted the invitation to come to San Francisco and take part in that great international gathering.

We in Canada were represented by a group chosen under unusual conditions. Because the Nineteenth Parliament was expiring a special session was called, and from the House of Commons a group was selected which included the Prime Minister, the Minister of Justice, the lady member from Edmonton, the leader of the Progressive Conservative Party, and the leader of the C.C.F. Party. I, with my honourable friend from La Salle, (Hon. Mr. Moraud) shared the honour of representing this Chamber.

The conference proceeded very much along the lines usually followed by conventions in this country. At the plenary sessions the leaders of the various national groups expressed their views, but the detail work in relation to the various phases of the charter was done in committees. Four committees were entrusted with the consideration and revision of the sections of the charter. I do not intend to go at length into what was done by these committees over a period of eight weeks; I merely wish to indicate that they were at work morning, afternoon and evening, six days a week.

Each and every phase of the charter received thorough consideration; yet the amendments made had to do chiefly with phraseology, so that the principles of the charter as explained to us last session were pretty well retained. In general the changes clarified and liberalized many of the clauses. There was a long debate on the principles set forth in the first chapter of the proposals for the establishment of the United Nations, and Field Marshal Smuts had much to do with the liberal expression found in the charter as it now stands.

The choice of San Francisco as the seat of the conference was, I think, another demonstration of how the mind of the late President Roosevelt worked when he was dealing with matters of great public interest. San Francisco is not only a very beautiful city, but it had the advantage of being almost midway between the then existing theatres of war, and thus was secure from danger by enemy action.

As we know, nearly all the nations of the world except the aggressors were represented at the conference, and sooner or later became members of the International Organization. That important fact is one that I think we should keep in our minds today, because at the conference the great body of world public opinion was represented by accredited delegates of those nations. In that respect the conference differed from any previous world peace conference, and world public opinion will be a great factor in the possibilities of success.

There is no doubt that Mr. Churchill and the late President Roosevelt felt it desirable that the conference should take place before the cessation of hostilities. Unquestionably the delegates were impressed with the fact that they had nothing to do with the making of peace terms; but I am afraid that the people in general have not as clear an understanding of this. Certain complaints that we

hear from time to time and read of in magazine articles are based on a misconception as to the objects and purposes of the conference.

I have already referred to San Francisco as a city of great beauty. It is also, as honourable senators are aware, a city possessing many advantages for the holding of a large gathering. To my knowledge no other city on the American continent has a larger number of excellent hotels. The United States Government was host to this international assembly, and I wish to state that everything humanly possible was done to see that the delegates were comfortably billeted and accommodated. We of the Canadian delegation had our suite on the sixth and seventh floors of the St. Francis Hotel. Also in that hotel were large delegations from Russia and from Central and South America. Similarly, the representatives of the other nations were billeted in other hotels. That arrangement made it possible for delegates of the various nations to meet one another at breakfast, luncheon and dinner, instead of only at business sessions. One other matter, of perhaps relatively small importance, to which I should like to refer, just to give an idea of how thorough were the facilities for our convenience, is this: within two days after our arrival there was distributed a good-sized telephone directory containing the name of every delegate. If you wanted to get in touch with a certain delegate from England or Australia or anywhere else, all you had to do was to look him up in the directory and ring his number.

I also wish to state that there was the utmost co-operation among the members of the Canadian delegation itself. I doubt if this or any other country was ever represented by a group of persons who carried out their duties in greater good faith and harmony. Unfortunately, because of the election campaign then going on in Canada, the Prime Minister, the acting leader of the Progressive-Conservative Party and the leader of the C.C.F. Party were not able to remain until the end of the Conference. To the representatives of the Department of External Affairs and of other departments, who accompanied our delegation, I wish to pay tribute. They were the equal of the advisers from any other country. The Canadian secretarial staff also merits the highest commendation. It was over-worked, but efficient. We have reason to be proud too of the Canadian journalists at the conference. The Press of this country was represented there by a particularly brilliant corps of men and women. Members of the Press were not admitted to committee meetings, but every day they were given an outline of actual and proposed activities. To their credit it should be said that our journalists did not anticipate any decisions, yet they were able to make their reports interesting and comprehensive.

The work of the convention was carried on in the Civic Centre, a memorial of the last war. In it is situated the magnificent Civic Opera House, capable of seating 4,000 people. All plenary sessions were held in this building. In the adjoining Veterans Building most excellent accommodation was found for the various committees.

The city has a large number of beautiful homes and clubs, many of which were made available to the assembled delegates, and as one of the Canadian delegates, I wish to express my thanks to His Excellency the Governor of the State of California and the people of California—particularly His Worship the Mayor of San Francisco, his Council and the citizens of San Francisco—for their gracious and kind hospitality.

Once or twice during the conference there were reports of a deadlock, and on several occasions the proceedings reached a stage when it seemed doubtful whether any further progress could be made. This happened on the question of the veto, and the threatened deadlock caused us great concern. We found that the four Great Powers, which were undertaking through their armed might to give security to the rest of the world, would not surrender their rights in this regard. Their attitude was much the same as that presented to us in this Chamber by my colleague the junior senator from Vancouver (Hon. Mr. Farris), who, in a remarkable speech addressed to us in April last, contended that although we might attempt to eliminate the veto power, the great nations in their might and power would, if occasion arose, exercise that power on their own initiative.

In some matters the conference modified its viewpoint, as by the acceptance of an amendment fathered by the Canadian delegation to the effect that if a nation had agreed with the Security Council to supply armed forces and other war requirements it would, in the event of hostilities, have the right to go before the Security Council and discuss not only the strength of the support that it might be required to give, but also how such force could be best utilized. In this amendment we were supported by the American and the British delegations, and eventually it was adopted. Our delegation proposed that, say at the end of ten years, in the light of experience gained during that time, the charter might be subject to amendment. This caused some controversy and lengthy discussion. It was eventually agreed by the four Great Powers that the

vote required of the General Assembly to convene any conference should be reduced from three-quarters to two-thirds, and that the conference, if it had not been held before the tenth session of the General Assembly, could be reconvened by a majority vote of the General Assembly, with the concurrence of any seven members of the Security Council. Furthermore, the ratification provisions were modified to make them identical with those covering ordinary amendments under article 108.

The Canadian delegation was helpful in obtaining these important modifications, and undoubtedly they improved the charter now before us.

The honourable leader of the Government (Hon. Mr. Robertson) has just given us in brief the important amendments to the charter, with which, as I have already stated, the Canadian delegation had a great deal to do. I think, therefore, it would be futile for me to attempt to supplement his remarks, particularly as the Minister of Justice and Mr. Coldwell and Mr. Graydon appeared before our External Relations Committee this morning and gave us a very clear explanation of the charter and what it might be expected to accomplish.

I should, however, add that there has been a tendency on the part of some people to regard the meeting at San Francisco as being for the purpose of making the terms for the peace treaties now under consideration by the United Nations. Of course any such purpose was absolutely foreign to the conference, for it was definitely understood that it would not concern itself with such treaties. The work of the conference of the United Nations will be in the years to come, after the peace terms have been arranged, of a character to prevent future wars and to assure that under the charter certain bodies will be set up. One of these is the Security Council, which is composed of the five Great Powers—the United States, Great Britain, Russia, France and China—and six members from the Assembly. These five nations have, with the support of other nations of the world, undertaken to see that armed conflict does not take place.

Another body to be set up will be the General Assembly. Its work will be international in character. Through conferences, it will try to bring about a better understanding between the nations, and it will formulate policies for adoption by the consenting nations to bring about better international relationships. In this they will be assisted by what, to my mind, is one of the most important committees—the Committee on Economic and Social Welfare. The scope of this committee will be wide and comprehensive. Its studies will be reported to the General Assembly, and no doubt will influence that body as well as the Security Council. Its work will have an influence on the international policy which will eventually be formulated by the Assembly, which will, I hope, as time goes on, assume the character of an international parliament.

The Court of International Justice follows largely the practice laid down by the League of Nations. Great care was taken in setting up the formula for this court. The legal representatives of the various nations spent some days in Washington building up a plan for an International Court of Justice that would best serve the world. A few amendments were made in the final draft, but generally the work of this committee was accepted.

There have always been and I suppose there always will be doubting Thomases in the world, and they may serve a useful purpose in stimulating the enthusiasm of those who believe in a world in which, eventually, war shall be outlawed. We should not be discouraged by the speeches and articles in our magazines and newspapers in which these doubting Thomases express their scepticism of the usefulness of the San Francisco conference. Those who attended the conference realize that there is a long, hard road ahead; but they believe that if security can be maintained over a period of years the principles of fair play and justice between nations will be applied as a matter of course, as they are in the laws of the various nations. Our hope that social progress will be achieved by the nations of the world, and that respect for international law and order will gradually emerge, will be realized if we support the work of the conference. With this goal in view, Canada should dedicate herself to the principles laid down in the charter, and to the fullest extent of her power assist in the application of those principles to world affairs.

In closing I should like to mention something that struck me very forcibly. There were two official languages at the conference, French and English, and it was amazing to find men from Liberia speaking both languages extremely well. Surely, with our two languages in Canada, this should be an incentive to our English-speaking boys and girls to learn French and our French-speaking boys and girls to learn English, and thus be in a better position to understand one another and to acquire a still better knowledge of international affairs.

Canada has attained international stature, and has her own place among the nations of the world. An honourable senator some time ago expressed the hope that her delegates would not throw their weight around at San Francisco. There was no occasion to do so. As the representatives of Canada, our delegates were consulted by the representatives of many of the smaller nations, and it was very pleasing to me to see that our standing was so high among the nations of the world. In the years to come Canada's place will be increasingly important, and if the present generation and the children now growing up are wise enough to become equally versatile in our two languages, I feel confident that in international affairs the people of this country will be greatly benefited.

It is my earnest hope and desire that the great nations will bring about a just peace, and that the principles laid down at the San Francisco conference will be applied to world conditions, thus bringing about a state of world peace that today is the dominant thought of all mankind.

The Hon. the Speaker resumed the Chair.

Hon. A. K. HUGESSEN: Honourable senators, I think the first word of anyone rising to take part in this discussion should be one of admiration for the part which Canada played at San Francisco. I will go further, and say that that admiration should extend to the work accomplished by every one of the delegates we sent to that conference.

I should like to refer particularly to the two delegates from our own Chamber, His Honour the Speaker and the honourable senator from Quebec (Hon. Mr. Moraud), and, for the benefit of those who did not attend the meeting of the Committee on External Affairs, presided over by my honourable friend from Vancouver (Hon. Mr. McRae) this morning, to recall the words of the Leader of the Opposition, Mr. Graydon, as to the great part which the two members from the Senate played in the deliberations at San Francisco.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: As honourable senators know, the delegation which we sent to San Francisco was not a party delegation, and it approached the problem of representing Canada there in a truly national spirit. Moreover, as the Leader and His Honour the Speaker pointed out, the Canadian delegates took considerable part in drafting and improving the document which had originally been laid before us in the form of the Dumbarton Oaks resolutions. The charter of the United Nations, the instrument which we are now asked to approve, is the result of the efforts of our own and other delegations.

I do not propose, honourable senators, to deal with the details of this document; it is one which you have all read and with which, in general, you are familiar. However, I do wish to discuss its general purpose and spirit, feeling that "the letter killeth but the spirit giveth life." I think it is quite clear, as has been said by honourable senators who have preceded me, that if the peoples of the world are willing to work together for peace and security in the spirit of this charter all will be well, and we may achieve that which we most ardently desire; but if not, the most perfect paper constitution will be valueless and will go very rapidly down into the limbo of forgotten things.

In that connection I think it is well worth while for us to consider the atmosphere in which this charter was worked out at San Francisco. As was indicated by His Honour the Speaker, it represents a serious attempt at collaboration by many nations, following difficult and tedious negotiations lasting week after week and almost month after month. His Honour the Speaker remarked that it is common knowledge that there were many hitches; that at times one was almost led to despair of agreement ever being achieved. The important point is that agreement was ultimately achieved; and the document before us is the result of joint effort, of the thoughts and brains of the best men of fifty nations, meeting in the shadow of the greatest catastrophe the world has ever known in an attempt to prevent the recurrence of such a catastrophe in the future.

It is obvious that this document is not perfect; but after all, when we say that it is not perfect, surely that is another way of saying that it is human. It is not perfect, but it does represent an accurate measure of the distance which, at this juncture in human history, the great powers of the world and associated nations are ready to go together along the road of peace.

I think we might very well compare the circumstances surrounding the creation of this charter with those surrounding the creation of the League of Nations. The League of Nations was born in the midst of the Peace Conference of Versailles. It was, one might say, superimposed on the Peace Treaty of Versailles. It was the product of a few brilliant minds, and was accepted without much thought or discussion by the remaining statesmen at Versailles. However that may be, it is perhaps not too much to say that the covenant

of the League of Nations was for that reason a little too idealistic—which of course constitutes no criticism of it. I think it is perfectly clear that the statesmen of Versailles did not give the same careful and meticulous consideration to the League of Nations covenant that has been given to every paragraph, every line, every syllable almost, of the document now before us. Therefore, I think the United Nations charter is probably more realistic, more practical, or, as we lawyers say, more viable—it is more able to sustain life than the covenant of the League of Nations proved to be.

I should like to instance one or two examples of what I mean when I say this document is more practical. In the first place, as I have already said, it was entered into after minute inquiry, exhausting discussion and a full knowledge by the members of the nations taking part in it of all the responsibilities involved. Secondly, it recognizes that in order to maintain world peace the basic and practical requirement is that the great and powerful nations must work together; and must, in the last analysis, enforce peace together, by arms if necessary. Thirdly, it sets up machinery by which, in the case of aggression, armed force can promptly be brought to bear—a General Staff Committee, and agreements to be made between the Security Council and various nations providing for the furnishing of armed force by those nations as and when required. Fourthly, and I think this is very important, it ackowledges that organization on a political level alone, no matter how strong, cannot in itself provide all the conditions that are necessary for a world peace.

The Versailles Treaty did not recognize that desideratum sufficiently well; almost the entire emphasis was on the political organization of the League. It is true the Treaty of Versailles did set up the International Labour Office, an organization which has done a great deal of excellent work in its particular field in the last twenty-five years; but generally speaking, I think it can be said, that the League of Nations did not pay sufficient attention to the social and economic problems which sometimes lie at the root of war. Now I think it is important also, when we consider what the League of Nations did, to realize that its best work was performed in fields other than those of high politics; that is, in those parts of social and economic fields over which it had jurisdiction—for instance, in such matters as the prevention of the white slave traffic, the control of narcotic drugs and dealing with refugees in various European countries. I repeat, the field allotted to the League of Nations was not broad enough to give jurisdiction over all those spheres of human endeavour in which you may find the seeds of war.

The framers of the United Nations Charter have avoided that mistake. They have recognized that the seeds of war can be found in human misery, in insufficient nutrition or in erroneous or selfish national, fiscal, economic and monetary policies, just as much as in the territorial ambitions of a ruler or in the inflated ego of a nation or race.

How right they are! Let us consider for a few minutes the origin of the late war. The train of circumstances which, amongst others, caused the war was the great inflation in the United States followed by the economic collapse in 1929; the forcing of Great Britain off the gold standard in 1931, which was followed by the collapse of the Credit Anstalt in Vienna in the same year, and finally, as a direct result, the dreadful unemployment and misery in Europe. Those were the things which gave a Hitler his chance of power.

The Economic and Social Council, an integral part of this strong international body, is charged with the responsibility of dealing with problems such as I have enumerated, and of contending with them directly or indirectly through other international bodies which have been or are being set up to cover particular aspects of international well-being. Some examples of these bodies which come to my mind are, the International Labour Office, of which I spoke a few moments ago; the Bank for International Settlements and International Credit Funds, which are to be evolved out of the Bretton Woods Agreement of 1943; the Food and Agriculture organization, now holding its first meetings in Quebec; and the international Civil Aviation organization which has just been set up with its head office in Montreal.

To summarize this branch of my remarks, I think it may be said, without too much optimism, that we have here on paper a world organization which is set up on a more solid and realistic basis than the League of Nations. I emphasize that it is on paper, becauses what matters now is not this paper document itself—great as was the achievement of making it—but the will and spirit of the nations of the world to make it work. You may draft the most elaborate and admirable paper constitutions, but if the spirit to work them is absent they will absolutely fail. I have in mind two lines from one of the eighteenth century poets—Pope, I think it was—which run like this:

> For forms of government let fools contest:
> Whate'er is best administer'd is best.

Honourable senators who remember their history of the French Revolution will recall that at a certain period the Constituent Assembly—known, I think, as La Constituante—appointed one of its members, the Abbé Siéyès, to draw up a constitution for the future government of France. Well, he drafted a number of constitutions, each one better than the last. In fact, it became a joke among the people of Paris at that time to say that if you happened to meet the Abbé Siéyès on the street he would pull out of his pocket a new constitution for the government of France. But, as everybody knows, not one of those constitutions was ever put to practical use. Everyone of them fell into the wastepaper basket when Napoleon took control of the country. So I repeat that what we have here is a paper document which will be valuable if, and only if, we can translate it into realities; if we can clothe its bare bones with living flesh and breathe into it the spirit of life. And in the last analysis that depends upon whether the nations which sign the document can work together to make it effective.

Now I want to direct a few remarks to one very practical aspect of this problem, an aspect that is much in the minds of all of us to-day. Can we of the western democracies work hand in hand with Russia to make this charter effective? That question has been brought into prominence by the failure a few days ago of the London Conference of Foreign Ministers—a failure largely caused, it would seem, by the fact that Mr. Molotov's outlook upon and attitude towards the questions under discussion there were very different from those of the foreign ministers of other great powers.

I make no apology for raising this question, since upon the answer to it depends, to a great degree, ultimate success or failure of the Charter of the United Nations. I propose to discuss the situation calmly and dispassionately, without intending offence to anyone, because I believe that, treated in that spirit, it is far better to bring it out into the open than to let it lurk in the back of our minds, where it might well breed doubt, suspicion and distrust.

There is not much doubt that the nations of the western world, the western democracies, can work together to make this organization a success. I mean the United States, the other countries of the Americas, the nations of the British Commonwealth, and France. I think the same may be said of China, under its great leader Chiang Kai-shek.

When thinking on this question the first thing to remember is that the system of government in Russia is entirely different from our own, and that it works by different methods. Russia is not a democracy in the sense in which we commonly use that term. Some wise words were said on that subject in an editorial in the Ottawa *Journal* of October 3. I take the liberty of reading part of it to the House:

> So much humbug has been talked about Russia being a "democracy", many are shocked at the behaviour of Foreign Commissar Molotov at the London five-power conference; they cannot understand why, having taken up a position, he refuses to compromise by a hair.
>
> The explanation, of course, is that Russia is not a democracy, and does not deal in international affairs by democratic methods. In London Mr. Bevin is the representative of the British Government and people, and Mr. Byrnes is the representative of the American Government and people. As representatives, under the democratic technique and tradition, Bevin and Byrnes are free to exercise their individual judgments within the framework of certain principles. Mr. Molotov is not a representative; he is an agent. As an agent—which is far different from being a representative—he can not exercise his own judgment, but must follow rigidly the line given him by his masters in the Kremlin. That is what autocracy means, as distinguished from democracy.

Note that the writer of this editorial talks about autocracy. That in no way implies a criticism of the Russian form of government. It is simply a bald statement of fact that the Russian conception of government differs from our own, and that this at times makes mutual understanding between our two countries difficult to achieve. Now, it might be said that authoritarian government is indigenous to Russia. That certainly was the form of government in the times of the czars. But it should also be pointed out that that form of government did not prevent the Russia of the days before the last war from getting on extremely well with France and Great Britain in the Triple Entente, nor did it prevent cordial and friendly relations of many years' standing between czarist Russia and the United States of America.

The chief difference between the authoritarian government of the czars and the authoritarian government of present-day Russia is that the latter has a far wider basis of support among the masses of the people, and that its great object, in which it has been remarkably successful, has been to raise the standards of life and general level of education of its people. In the mind of everyone there is one criterion of the success achieved by Soviet Russia in the short period of twenty-five years. Compare the heroic and victorious resistance of the Russia of 1945 with the complete collapse of the Russia of 1917; and in doing so bear in mind that the Russia of these two periods was fighting against the same aggressor nation, Germany, which was much stronger in the second war than in the first.

There is no need for me, honourable senators, to dilate on the magnificent feats of valour of the Russian armies from 1942 to 1945. They are a saga of heroism that will live as long as history remains to be written. When some people today voice criticism of Russian actions in Central Europe and express alarm at her supposed ambitions there, I think they are but further examples of the shortness of human memory. I should like to ask such persons a very simple question: Which would you prefer—Russian influence in Central Europe or the Beast of Belsen and creatures of his kind? Remember, it was one or the other. There was no third choice. If it had not been for the Russian armies which are there today, Hitler and all the unnameable horrors with which his regime is associated would dominate in Europe at this very moment.

I admit that it will not be easy for us to reach a final settlement with Russia of all the immensely intricate questions involved in the remaking of the continent of Europe, which is really what it amounts to. It will take a long time, much negotiation and a great deal of patience. To people who tell me they are suspicious of Russia I am inclined to put these questions: May not Russia, too, at times be suspicious of us? And has she not good, historical reasons for those suspicions? Call to mind the period of 20 years between the two great wars, during which the Soviet Union was treated as a pariah amongst the nations. Call to mind—I regret to have to mention it—the odious time of appeasement, almost exactly seven years ago to this very day, when Chamberlain and Daladier combined with Hitler and Mussolini to exclude Russia from the Munich Conference. Call to mind the apathy and contempt with which Maxim Litvinoff's championship of collective security was treated at Geneva, year after year. Call to mind the hope publicly expressed by a former member of the British cabinet, that if there was to be another war Germany and Russia would fight one another to a state of complete mutual exhaustion, when the western world would walk in and pick up the pieces. Let us call to mind all these and many other things, and ask ourselves whether we alone have the right to take a high moral tone and to be suspicious of the motives of others.

With that background of suspicion on both sides, and bearing in mind the difference in outlook and mentality between them, is it to be wondered at that Russia and the western powers are finding it not easy to reach agreement on all the tremendously difficult and complicated problems which the war has left in its wake? Surely it is only logical to assume that final settlement of all these questions will take lengthy negotiation, much compromise and almost inexhaustible patience.

A great deal of melancholy emphasis has been laid on the failure of the London Conference of Foreign Ministers, and most gloomy predictions have been made. I agree that that failure was most disappointing; but surely there is something to be said on the other side. First, let us remember that the fundamental aim of all the United Nations is the same. That aim can be expressed in two words—peace and security. Now, peace and security are every bit as necessary for Russia as for every one of the other allies, and perhaps even more necessary. How can anyone in his sober senses suppose that any nation which has suffered such vast losses, human and material, as Russia has suffered in the last four years, losses greater than those of all the other allies combined, can have in her mind any thought of aggression for years to come?

People talk about aggressive Russian action in taking over parts of Poland and in trying to set up along her western boundaries a series of friendly states under communist control. I shall not attempt to justify everything Russia has done or is doing in Central Europe. For myself, I have insufficient knowledge of all the surrounding circumstances to enable me to form a judgment. But I will say this. All the steps that Russia is taking are to me an evidence, not of aggressive designs, but of precisely the reverse. To me they are evidence of an overwhelming desire for security and for an opportunity of improving the condition of her people. Russia has been attacked twice in the last twenty-five years by a brutal aggressor from the west. Let us try and put ourselves in her place. One of the most difficult feats a man can try to accomplish is to put himself into the mind of another. But if Canada had a long western boundary, difficult to defend, over which she had been brutally attacked twice in twenty-five years, her people massacred, her economy ruined, and herself almost brought to complete decay, I suggest to you that she would be taking exactly the same steps on her western boundary as Russia is taking in Central Europe today.

There is another interesting thing that I think should be said here. What Russia is attempting to achieve in Central Europe is, to my mind, a precise counterpart of the proposals of the United States for a chain of naval bases across the Pacific and the Atlantic to protect her approaches from the sea. It is of the same nature as the steps taken by

Britain to retain Gibraltar and Malta and the Suez Canal in order to protect her vital routes to the East. It is merely the reverse side of the same medal. The only difference is that the United States and Britain are great naval powers and need security by sea, whereas Russia is a great land power and needs security by land.

Hon. Mr. VIEN: Would the honourable gentleman allow me a question?

Hon. Mr. HUGESSEN: Certainly.

Hon. Mr. VIEN: Is this policy in keeping with the fundamental principles of the charter?

Hon. Mr. HUGESSEN: Well, it might be said that the taking over by the United States of a naval base formerly belonging to some other power in the far Pacific was no more in keeping with the principles of the charter than are the actions of Russia. I am merely trying to point out that both nations are seeking to provide for their security.

Hon. Mr. HAIG: Will the honourable senator dilate a little on why in 1939 Russia made a treaty with Germany, which remained in force until Germany attacked Russia? Does that look hopeful for the future?

Hon. Mr. HUGESSEN: That is a difficult question for me to answer. I am not suggesting that in the period before the war all the faults were on one side, but I would recall to my honourable friend's attention the enumeration that I gave of what Great Britain did in the period before the war, which in some ways was just about as bad as the treaty which Russia negotiated with Germany.

I repeat, peace and security is the aim of us all. The western democracies may sometimes differ, and differ very sharply, from Russia on some specific details as to how that mutual aim is to be achieved; but the mutual aim is there, and compared with all other considerations it is of such overwhelming force that, without being accused of too great optimism, I think one may believe that in the end that aim will be achieved.

There is something else which I think has not been given sufficient attention: that the western powers and Russia are already co-operating in many fields of international endeavour. We hear all these weepings and lamentations over the failure of the Conference of Foreign Ministers in London, and to my mind these tend to obscure from our view other recent developments, less publicized but perhaps more favourable. Let me enumerate: One, yesterday the Soviet union formally ratified this charter. Two, the preparatory commission which is set up as an annex to this charter to arrange the first meeting of the Security Council in December, and thereafter the first meeting of the General Assembly, has been working fast and harmoniously in London for several weeks. Three, complete agreement has been reached on the machinery and the procedure for the trial of the Nazi war criminals, which is about to begin in Nuremberg. I might say parenthetically that it must have been quite an achievement to bring together the entirely different criminal procedures of countries such as the United States, Great Britain, France and Soviet Russia, for the purpose of conducting this trial. Four, the Food and Agriculture Organization of forty nations, which is now meeting in Quebec, is another illustration. A strong Soviet delegation is taking part in the deliberations of the organization, but unfortunately it is true that Russia has not yet formally become a member-nation. Five, to turn to the Far East, within the last few weeks Russia and China have signed an agreement covering the return of Manchuria to China and settling to their mutual satisfaction all outstanding matters between them in that area. As an immediate effect of the agreement the dispute between the government of Chiang Kai-shek and the Chinese Communists, which was so threatening, according to newspaper reports a week or two ago, seems to be in a fair way of amicable adjustment.

I agree with honourable senators that anybody who contended that world conditions as they are today are all for the best in the best of all possible worlds would be living in a fool's paradise. I repeat, there are many difficult questions still to be settled between the western democracies and Russia. But there is one point gained—that we and Russia are willing to sit around a table and discuss those questions, and that this charter with its machinery and its organization, its Security Council, its General Assembly, its Social and Economic Council, provides what one might call a permanent international parliament where such discussions can be carried on.

I think I should add a word of caution here. It is no use blinking facts. It is idle to deny that recently there have been signs of a tendency on the part of the Russian Government to isolate itself from the other allies and to take unilateral action without consulting them. It seems to me that we must do all in our power by the most friendly means to dissuade Russia from pursuing that tendency. We must be temperate, forbearing and patient. But, allow me to add, let us not on this continent assume too lofty a moral tone either, because that policy of isolation, of withdrawal from former allies, of living to one's self alone,

was precisely the policy which was adopted by the United States of America after the last war. I think it is only fair to add that it was a policy which met with approval in many circles in our own country as well.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: Unfortunately, too.

Hon. Mr. HUGESSEN: I have tried to deal as temperately and as dispassionately as I can with the position of Russia as regards this charter and its chances of functioning successfully, because, as I said at the outset, this is perhaps the greatest question that faces the world today, and because, as I also said at the outset, it seems to me far better to bring it into the open and to lay our cards on the table than to let it remain in the background to create suspicion and distrust.

Now I have a few words to add—and they shall be very few—about the position of Canada under this charter, and the attitude that we should adopt. First of all, I think we are unanimously agreed that we should ratify this charter as soon as we possibly can. But that is not quite enough. I think it is our duty as public men to try to make it more widely known to and universally supported by the people, because, as we all know, no government can go very far beyond what public opinion will allow. It seems to me to be necessary for us to build up a body of public opinion in support of this charter which will enable our government to undertake whatever obligations Canada may be called upon to assume in future years. In that connection I welcome the educational campaign which the United Nations Society is now carrying on throughout the country. I believe it deserves our very widest support.

Secondly, I think we should make an agreement with the Security Council under chapter 5 as to our supply of armed forces in case of conflict. That agreement will of course take a good deal of careful working out; and it might be well if, following the precedent of the San Francisco conference, the government would see to it that our delegation which goes to make that agreement with the Security Council is an all-party delegation, such as we had at San Francisco.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: Thirdly, Canada should do all in its power in all those bodies in the organization of which we are going to form a part, to help the big powers to reach agreement where there is divergence of view between them. Canada, as has been said many times, is in a unique position. Being a member of the British Commonwealth and at the same time a North American nation, we are peculiarly well fitted to interpret Great Britain to the United States, and vice versa. I venture to suggest that this position of international interpreter is perhaps capable of further extension, and that Canada may in some degree qualify to act as a mediator and solvent between Russia and the United States. There are several reasons for that. We are known by Russia as well as by every other country to have no selfish aims. It is known universally that by reason of our prosperity depending on export trade peace is a more important objective to us economically than to almost any other country in the world. Then again, physically our country has much in common with Russia. We are a northern land, and have the same problems of nature to contend with; and psychologists will tell you that men who have to deal with similar physical problems tend to think alike in other matters too.

The great development of air navigation at present, and its inevitable immense extension in the very near future, have directed attention to and emphasized the fact that Canada is on the direct air route between the United States and Russia. That was demonstrated very strikingly during the war by the large number of American aircraft which, manufactured in factories in California, were flown up to Edmonton and thence to Siberia for the Russian Government.

There are many other ways in which Canada can help; but we must always remember that it is not the wording of the document itself that is important, but the spirit and will to work out the provisions of this document.

Honourable senators, I must apologize for the inordinate length of my remarks, and for having entered upon a field which perhaps might be considered a little different from what might be expected in a discussion on this resolution, but which, I submit, relates to the matter in a very vital way. I have ventured to comment previously in this House upon the increasing importance of Canada in the international picture, and to express the opinion that that is a situation which the Senate is peculiarly well qualified to discuss. It is for that reason I have ventured to offer the observations that I have made this afternoon on the resolution before the House, fully realizing that it relates to one of the most important subjects which we have ever been called upon to consider.

Some Hon. SENATORS: Hear, hear.

Hon. C. P. BEAUBIEN: Honourable senators—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BEAUBIEN: I regret very much the absence of the honourable senator from La Salle (Hon. Mr. Moraud), who was one of our delegates at San Francisco, and who, with His Honour the Speaker represented this House so brilliantly. No doubt he would have given us a very interesting speech on the charter.

The document before the House for approval is a very momentous one. It carries with it the ultimate hope of all peoples of all times. If it is fulfilled, humanity will be reborn to a new life of peace and happiness; if it is not, man will continue to tread the road of despair, perhaps to his ultimate destruction.

I shall not attempt to analyze in detail all the clauses of the charter. This task I leave to the honourable members who, in the dying days of the last session, spoke so fittingly on this subject. I may, however, be permitted to address myself to a few of the important clauses. A perusal of the report on the San Francisco Conference, submitted to Parliament by the Department of External Affairs, offers us an opportunity to express to those who were our delegates at that conference our warm appreciation of the brilliant manner in which they represented Canada and thereby materially contributed to the clarification, extension and strengthening of the Dumbarton Oaks proposals bequeathed to us by the great statesmen who, by the mercy of Providence, guided the allies through the war.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BEAUBIEN: Canada has grown tremendously in stature during this terrible conflict. Her magnificent fighting men, her productive activity and resourcefulness, her contributions to Great Britain and the allies, as well as her ministration to the needs and sufferings of so many, especially through the Red Cross, have justly earned for our country a coveted standing aud authority. Our delegation at San Francisco rose to the height of Canada's new dignity, and spoke and acted in a manner befitting her new national importance.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. BEAUBIEN: Within the limited scope of my remarks I shall not attempt to detail all the eminent services they have rendered; but I shall attempt to point out some which especially concern the secondary nations, and therefore affect Canada. The Canadian delegation, more than any other, helped to bring about the adoption of Article 44 of the charter. This article provides that nations which do not belong to the Security Council shall, when called upon to provide armed forces, have the right to participate in the decisions of that Council in respect of their own contribution. The old slogan "No taxation without representation" was invoked and implemented. The powers of the major nations, who could veto armed intervention, even by the dissension of one voice, were in striking contrast to the powers of secondary nations who, while likely to provide the armaments, would have neither a vote nor a voice in the decisions to be made. This injustice was fully rectified, and any nation required to furnish military help was also enabled to express its views to the military staff. Further, our delegation requested and obtained for the Economic and Social Council a far greater authority and a means of greater and more certain efficiency.

The war has demonstrated Canada's extensive resources and the part they must play in any economic policy in the future. The best possible foundation was wisely laid for our contribution in that regard. The Economic and Social Council, as well as the International Labour Bureau, will reinforce the Assembly and the Security Council in their efforts to bring about better understanding through more extensive co-operation in economic, social, cultural, educational and health fields. Let us remember that a stranger is at first blush usually regarded with suspicion if not with hostility. When he is known, this antipathy generally disappears.

The promotion of the codification of international law, which is of paramount importance in the establishment of the rules of justice, was strongly urged, and was entrusted to the Assembly.

A coalition based on the necessities of war usually disintegrates after the defeat of the enemy; such coalition should now be preserved by turning its efforts to the betterment of mankind.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. BEAUBIEN: A code of international laws is essential to establish what is right and permissible and what is not. The conference obviously could not write such a code, but it charged the Assembly with the responsibility of encouraging the development of international laws. A great deal of valuable work has been done in that respect, and it is hoped it will soon be brought to fruition, as it will infinitely strengthen the authority of the International Court of Justice.

Coming as I do from the province of Quebec, I should like to thank our delegates

for having done much to restore the French idiom to its time honoured dignity as an international language. Conquered France has suffered greatly in the loss of her children, the devastation of her country, the lack of food and coal; but she has suffered perhaps still more by reason of a deep and rankling humiliation. History shows that France has recovered from her previous calamities, some of which were almost equal to this last visitation, and has been resurrected as by magic, in power and glory. This rehabilitation is necessary to the peace of Europe. Harmony cannot be fully assured without the strong and healthy participation of France in the economic and political life of western Europe. It is true that France has been—and still will be when fully recovered —the shield of western Europe, and even of Great Britain. Churchill often proclaimed his heartfelt wish for a happy and prosperous France and a powerful French army.

The charter of the San Francisco Conference is a wonderful accomplishment—all the more so because it was the child of continual consultation and the spontaneous assent of no less than fifty nations. We cannot forget that President Wilson imposed the League of Nations on Clemenceau, Lloyd George and Orlando as a sine qua non of the Treaty of Versailles. In San Francisco the great majority of the delegates acted freely, upon convictions resulting from the untold sufferings and horrible losses of conquered and oppressed peoples, and the terror experienced by the rest of the world as it stood aghast on the brink of disaster. The present charter is a great victory over the outmoded balance of power policy, zones of influence and persistent isolation.

President Truman has stated that the charter is a solid foundation upon which to build a better world. It is, however, only a foundation, and the erection and consolidation of world peace will be a long, difficult and perhaps disheartening task. To disarm and control two bloodthirsty nations, and raise them to the political, spiritual and moral level of the allies will require dogged determination. We must not only disarm the enemy, but we must see to it that for a long period they remain disarmed. With the discovery of the atomic bomb, the future control of armaments will be extremely difficult. The production on a large scale of tanks, guns and planes requires a huge distribution of easily detected industries; yet, following the first Great War we failed lamentably to control armaments. The construction of new weapons with atomic power may depend on secret and easily hidden experiments in laboratories. The Germans had already discovered heavy water and were on the way to creating the atomic bomb. Our control over this weapon must be thorough. I hope it can be sufficiently effective.

For the purpose of bringing about a complete change in the mentality of our former enemies, perhaps our best argument would be a constantly repeated demonstration of the actual results of democratic rule in the freedom, happiness and higher standards of living of our people. That argument could be strengthened by persistent reminders of the fact that in times of emergency the democracies have always produced the best and largest quantities of armaments, and improvised armies which have proved themselves at all times equal and often superior to professional and long-seasoned military forces. We must be prepared to carry on this and similar campaigns of enlightenment. In a democratic country like Canada this form of patient endeavour must be undertaken with determination by the fully informed masses, led by men of vision and of duty.

Here I turn to the apostles of the League of Nations who, ridiculed if not despised in the past, have become true prophets. Their zeal, so persistent for years, has played a large part in the accomplishments of to-day. They endeavoured to convince the world that its salvation could come only through the peaceful settlement of international problems and by the rule of law and justice. If that was true a quarter of a century ago, it is doubly true to-day. The first Great War cost humanity in killed and wounded 29 million men. The German and Japanese aggressions resulted in 55 million casualties—that is the number of soldiers killed, wounded and missing—and the capture of 12 million prisoners, many of whom for years endured martyrdom in concentration camps. With modern armaments and particularly the atomic bomb, how can we envisage the hecatomb of the next conflict?

Our representatives on the International Organization will follow the instructions of the Canadian Government, which in turn will to a large measure be guided by public opinion in this country. It behooves us to form and constantly to enlighten public opinion so that it will fully support the statesmen bearing the heavy responsibility of representing Canada at the United Nations Assembly, and, it is to be hoped, on the Security Council. Let us trust the old apostles of the League of Nations. They will render yeoman service as they did in the past.

The road ahead of us is not free from dangers and obstacles. I am aware that the San Francisco Charter is by no means perfect. The right of veto makes of the great powers an oligarchy far removed from democratic rule, I admit; but in this respect the situation is no different from what it was prior to the charter. We have lost nothing. True, the veto right constrains the great powers to act unanimously. But reality clearly shows us that if they pull apart, the charter will be torn to shreds. Whatever happens, we must constantly bear in mind that the first and fundamental necessity is to maintain the unity of the big powers.

I admit that troublesome questions already loom on the horizon. Some nations have made decisions and adopted policies which it would seem could only with difficulty receive unanimous approval. The fact that no one can contemplate a new outbreak of war at present may be an incentive to risk dangerous steps. Such considerations and others will no doubt fully test the prudence and skill of the men at the helm. But the mass of the people must not be permitted to forget that whatever the subject of contention may be, it is almost a trifle compared to the necessity for maintaining world peace.

The atomic bomb has opened the door to new and almost limitless forces of nature. Einstein says that matter is nothing but compressed energy. The impact of the neutron atoms on uranium and plutonium causes the explosion of trillions of atoms, with a devastation previously unheard of. The warring of one great power against the others would precipitate millions of men into battle and bring about unimaginable losses and calamity.

It is because of this that Canada has an especially great part to play. Useful in the past in helping to maintain harmony between the United Kingdom and the United States, this country must now redouble its efforts to that end. In truth, we should mark our approval of the wise policy of our governments which in the past have accomplished so much along this line. So long as the British Empire and the United States stand shoulder to shoulder, the peace of the world should the better be assured. Let us every day be mindful of our privileged position with respect to our good neighbour and Great Britain, a position that affords us the opportunity of rendering to not only our own people but the entire world a supreme service. Let us go forth with faith in humanity; let us trust the wisdom if not the virtue of man; let us turn from the critics who sneeringly proclaim "homo homini vulpus"—"man behaves as a wolf towards his fellow man"; let us proceed with unfaltering steps on the high road of law and justice, following and supporting the men of faith and vision who have made this day possible.

General MacArthur said a few days ago that in times past humanity could choose between peaceful settlement and war, but that now there is no such choice. War has become suicidal for humanity. The only road open to the world must be that pointed out alike by reason and by Christianity. The United Nations are humanity's only hope for a peaceful and happy world.

In the happy days of yore, on entering Bohemia I was struck by a graceful monument at the entrance of a very old convent. It bore a statue of the Holy Virgin, and on the pedestal was this inscription: "A fame, peste et bello libera nos, O virgine"—"From famine, pestilence and war, save us, O Virgin."

This touching invocation, centuries old, has, in part, been answered. Famine has virtually been banished by mutual help between nations. Pestilence is almost eliminated by international agreements. War alone, the worst of these calamities, still persists. Humanity has been permitted partly to answer this pious invocation. Why not fully? Man's instinct of self-preservation still dominates him. His wisdom is far more enlightened and his genius has attained heights hitherto unsuspected.

Standing at the threshold of a new era, perhaps the most wonderful and beneficent ever known since the foundation of Christianity, with a shuddering glance at the past and a heartening look at the future, Canadians, I feel certain, will readily take their place among untold multitudes who with hope and fervour will take up the gospel of the United Nations.

Hon. NORMAN P. LAMBERT: Honourable senators. I have no desire to take the place of any honourable member who would now like to participate in this debate. As a matter of fact, I shall be quite content to remain in my seat and listen to the views of my colleagues with regard to this charter. I trust that ample time will be given to discuss this motion fully, and, should it be necessary to continue the debate at 8 o'clock, I hope the attendance then will be as representative of all sections of the House as it is at present.

I should like to associate myself with the complimentary references to the delegation from our two Houses of Parliament on the good work they did at the San Francisco conference. To them must be given the credit for the recognition which Canada received there as a result of the part they played.

During the debate in this Chamber on the Dumbarton Oaks proposals it was said that San Francisco might easily become the mirror

in which Canada would for the first time see herself in true proportion. If the image reflected in that mirror is not yet as clear as some of us would like it to be, I trust that what took place at the conference will eventually have the effect of defining more clearly to her own people Canada's position in the world today.

At the beginning of this debate the honourable leader of the Government (Hon. Mr. Robertson) referred to the deadline for the registration of the charter after it is ratified by the Parliament of Canada, and said that it would be necessary to have our ratification flown to the United Kingdom, to be signed by His Majesty. It strikes me that it would be more fitting to follow our usual constitutional procedure and have the charter ratified on this side by the Governor General, representing the Crown. I think it is peculiarly fitting that that procedure should characterize the ratification of the charter by this country, because of the added status which undoubtedly our people feel Canada has gained as a result of our participation in the San Francisco conference.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: It seems to me that the discussion of the charter falls naturally into two divisions. First, that relating to its factual view, arising out of the discussion in this House of the Dumbarton Oaks proposals. The charter has already been signed tentatively by fifty nations, and according to today's press dispatches, it has been ratified by some twenty-nine countries whose representatives were present in San Francisco.

Secondly, we must view the charter in the light of developments which have followed its adoption last June. Bearing in mind the conclusion of the war in Asia as well as in Europe, and the revelation to the world on July 6 of the atomic bomb, and also of the uncertainty which surrounds the negotiation of basic treaties of peace, I am grateful to the honourable senator from Inkerman (Hon. Mr. Hugessen) for having dealt so frankly with that aspect of the charter. He takes a realistic view of its possibilities at this time.

As was anticipated during our debate on the Dumbarton Oaks proposals, there have been many amendments incorporated in the charter as distinct from the original proposals, but on the whole it is an attempt to embody in a solemn agreement the aspiration of humanity for future security; and, as honourable members are aware, this was the fundamental reason for the gathering together of the world's representatives at Dumbarton Oaks. Undoubtedly the charter is a substantial improvement upon the proposals that we debated last spring. It is now a question of ways and means, and only time and experience will give us an adequate answer. Throughout all the nations identified with the San Francisco conference there is a realistic appreciation of the weaknesses and shortcomings of the charter, and they have been emphasized in all speeches made in this Parliament and elsewhere. I was much impressed by the critical and constructive addresses in the other House when the charter was under consideration there; only one speech was deprecatory, and it was delivered by a member from Alberta. I read it with great interest and found it to be a sincere contribution to the debate. But that speech does not begin to compare in severity with that of a certain noble lord in England. Later on I intend to quote a passage from it.

But in spite of all criticisms and doubts the charter is being accepted by both cynics and pessimists as the best that can be secured at this stage. It is being accepted in the hope that time and experience will bring about improved international relations. With this approach it is important, I think, to analyse the effect of the developments which have taken place following the San Francisco conference.

The elation which naturally the world felt at the conclusion of the war was, I think everybody must admit, modified very considerably by a certain feeling of fear following the atomic bomb attack on Japan. The world was awed by the revelation of the mysterious and destructive force of atomic energy. Then, too, there has been a good deal of uncertainty with regard to the satisfactory negotiation and adjustment of basic treaties which will constitute the formal termination of the war. Another ground for uneasiness is the breakdown of the conference of foreign ministers in London, to which my honourable friend from Inkerman referred. After all, the acid test of the successful application of the charter with all that it stands for will be the ability of the Big Three or Four or Five to bring about a sound basis for peace. If it is impossible for those Great Powers to arrive at satisfactory conclusions on adjusting boundaries and establishing spheres of influence, then I fear that the democratic countries will have to attempt a new approach to a satisfactory solution of the world situation.

In connection with this subject I have received a good deal of illumination from perusal of some of the speeches delivered in the House of Lords. There, as you all know,

are assembled men of wide experience and outstanding ability in the scientific, commercial and political fields. I believe that a few short extracts from these speeches will be of interest to honourable senators. The possible need for a new conference as a result of developments since the meeting at San Francisco is referred to very definitely by Lord Strabolgi. Speaking on the ratification of this treaty, he said:

With the best will in the world, the representatives of fifty nations drew up this world charter, but it will have to be replaced presently by something more powerful, more robust and more—if I may use the words—rogue-proof. I presume His Majesty's Government will presently when they have time—and they have had a very heavy and sudden burden put upon them—address themselves to the preparations which will have to be made, I submit, for a new San Francisco conference or a new conference of the fifty nations at some other suitable meeting place.

He refers also to the threat to the world from the atomic bomb. I submit that his statement is significant and of great value to our discussion, in that it opens up for us a point of view regarding the relations between the United States and the other English-speaking countries. Lord Strabolgi made this significant statement:

The brutal truth, which we may as well face, is that war as an instrument of national policy, with one country inflicting its will on another by force of arms, which all nations agreed to outlaw under the Briand-Kellogg Pact, can now only be waged by one nation, the United States of America. This is so, not because it has the monopoly of knowledge, but only because the United States for the time being, and only for the time being, has the vast plant needed to make the explosive product. Therefore, for just a few years, the United States will be the only great nation able to wage war as an instrument of national policy.

Fortunately, the American people accepted as wholeheartedly as we did the full implication of the Briand-Kellogg Pact and they are pacifist in the best sense of the word. We should be very grateful and humbly thankful, I am sure, that that is the case and that it is the United States which, for a few years, has this monopoly. As has been very vividly put in your Lordships' House, in those few years mankind has to make this fateful choice: the choice is between a still more terrible and indeed fatal war—the third and last world war, and it will be the last if it comes, and it will end many other things too—waged with atomic explosives: and the other alternative is a world authority controlling this new form of armaments which will make all the older forms of arms obsolete.

I think that statement by a member of the present government, speaking in the House of Lords, is most interesting and has a significant bearing upon the present situation.

Another very interesting and enlightening statement on the meaning of Section 44 of the charter, which has been described in the House of Lords as the Canadian Article, was made by Lord Stansgate, head of the Air Ministry. He said:

The House will understand that it is asking a good deal of a State which is not represented on the Security Council to ask it to turn out its contingent through a decision of the Council in which that State has no part. In order to ease that difficulty, it has been agreed in Article 44 that when a decision has been taken to call on the forces of a State to act, that State may send a representative to the Security Council to participate in futher decisions of the Council concerning the employment of the forces of that State. That is reasonable, and I think it was proposed by Canada.

Viscount Cecil of Chelwood: Is it decision or discussion?

Viscount Stansgate: What exactly "to participate in the decisions" means I do not know. I do not know whether it means debate or not.

Viscount Cecil of Chelwood: I think it is only the discussion that is intended, but I may be wrong.

Viscount Cranborne: I think the point is that the country in question is allowed to ask to be heard in the Council and to sit on the Council and put its case. If it convinces the Council, then no doubt the plan which has been previously adopted will be modified to that extent. If it does not convince the Council, then it is obliged to accept the original decision of the Council.

I had intended while in our Committee this morning to ask the Minister, who so kindly came before us and gave a very excellent summary, what the position was in connection with the interpretation of Section 44. Does it mean that Canada, or any other country in a similar position, has only the privilege of engaging in discussion, or is it to have a voice in making the decision? The Article, as it appears in the Charter, states that we shall have a right to participate in the decision. I did not have an opportunity of asking that question at the meeting this morning.

Hon. Mr. HAIG: I asked the question before you came in.

Hon. Mr. LAMBERT: I had the privilege of putting the same question to an official of the Department of External Affairs who was present with us. He said: "I think that Lord Cranborne is wrong in the statement he made to the House of Lords," and he assured me that when that Article was evolved and included in the Charter, it carried with it a definite implication which was acknowledged, that of the right to vote.

Hon. Mr. HAIG: May I interrupt the honourable gentleman? I asked the Minister of Justice that very question, and as a matter of fact he agreed with the official of the Department. He said, when the matter is under consideration, and we are being asked

to contribute armed forces, we will be allowed to send a delegate to the Council. The delegate will take part just as if he were a member of the Council, and he will have a right to vote and to make any decision that he wishes.

Hon. Mr. LAMBERT: I imagine I was reading some other notes and did not hear that question this morning. It does cover the point. I am referring to it particularly because, in my opinion, that discussion in the House of Lords fails to make the point clear from our position.

Another very important feature of the provisions of the charter was brought out by Viscount Trenchard, relating to Articles 45, 46 and 47. I refer to the provision for the enlisting of armed forces by all countries who undertake to become members. He indicated that it was necessary to know what commitments were to be undertaken by his own and other countries, and the size and type of force which should be contributed. He made the very important suggestion, which I think should apply to every feature in the administration of the charter, that the information with regard to the strength of these forces should be publicized to the world at large; and that publicity and propaganda in connection with the work of the military staff advising the Security Council will be one of the main factors in making the charter a success.

I notice, honourable senators, that the hour of adjournment has arrived.

Some Hon. SENATORS: Six o'clock!

At six o'clock the Senate took recess.

At eight o'clock the sitting was resumed.

Hon. Mr. LAMBERT: Honourable senators, just before we adjourned I had the liberty of quoting extracts from statements made by noble members of the House of Lords and bearing upon various points in the United Nations Charter. I should like to be allowed a few moments longer to make a couple of additional quotations which I think would be interesting and helpful to compare with views expressed in our own Parliament.

I referred earlier to a critical statement—a constructively critical statement—made in another place by an honourable gentleman from Alberta, and I should like to contrast with it one that was made in the House of Lords by the noble Earl of Darnley. For the last ten years the Earl of Darnley has been a consistent exponent of a pacifist point of view. In discussing the charter of the United Nations he said he believed "that force and power politics in any form for peace-making are as dead as that august and venerable bird" —the Dodo. Then he went on to say that the charter:

—has divided up the world into three categories: The good (themselves);

That reference is to the Great Powers.

the doubtful (those that are not yet proved to be in complete accord with them); and the bad (the recent aggressors). It hopes by an overwhelming display of force to keep the doubtful from becoming bad and the bad in such subjection that they cannot become bad again. It is taken for granted that the good will always remain so.

A little further on he says:

Let me paint an imaginary picture of how the next war may happen. Some nation will get a grievance from the Peace Treaty or from the past or will hatch a new one in the future, and instead of bleating it out to the world, as Hitler used to do, the nation will keep it quiet for fear of possible interference by the Security Council, and confide it to one group of people only—its investigating scientists and chemists.

One day—it may be in ten years, fifty years or a hundred years—when it has got all it wants, all the key towns and arsenals and the politicians of the country which it regards as responsible for this grievance will be destroyed. The politicians, bereft of even one moment of time for reflection, will find themselves part of a huge black mushroom of dirt and smoke going up to the stratosphere, from their late supposed stronghold—perhaps I should say a white mushroom. Possibly, a few minutes later, another country, friendly to the one attacked, will wreak similar treatment on the aggressor, so that by the time the Security Council get out of their comfortable beds and reach their office to consider action under Article 39, which states:

"The Security Council shall determine the existence of any threat to the peace, breach of the peace, or act of aggression, and shall make recommendations or decide what measures shall be taken in accordance with Articles 41 and 42 to maintain or restore international peace and security"—the war will be over. Two or three countries will have been entirely destroyed and the ears that might have listened to the Council's warnings will be sailing in the sky in particle form, together with fragments of attaché cases, gaiters, and the other bits and pieces that used to make up a normal existence.

That statement in the ancient and honourable House of Lords so completely overshadows the speech of the honourable member from Alberta as to make him appear one of the mildest mannered pirates who ever attempted to scuttle a ship.

One other quotation. It is by Lord Balfour of Inchrye. He was well known in this country as Sir Harold Balfour during his visits here in connection with our air training plan. In his maiden speech on the charter he had this to say with reference to the atomic bomb:

This weapon is different from every other weapon which has been developed. Hitherto in war, as the noble Viscount, Lord Stansgate,

who was a colleague of mine at the Air Ministry over which he now presides, knows full well, every technical development which we have had has had its antidote, varying in degree of success. Your Lordships will remember the magnetic mine, which took a great toll of our shipping. The antidote was the degaussing of ships. We had the day raider, and we had radiolocation. We had the night bomber, and for that we had what was known as AI. The pilotless or piloted aircraft carrying the atomic bomb is in a different position. The antidote will do its best, but if one weapon gets through the result for which the enemy wishes is achieved. Thus for the atomic bomb there is no antidote which is 100 per cent effective. . . . One can say that the final issue in modern war is not in the hands of the far-sighted commander so much as in those of the short-sighted physicist.

Those two quotations express the most pessimistic point of view expressed in that debate, and I have cited them simply as a background for my submission that we can regard the charter as one more example of the age-long struggle of mankind to mould his social destiny against the forces of adversity. In that struggle, which generally speaking has been a struggle of morals against science, science would seem to have all but won the victory. But I submit that our alarmists with a flair for the sensational, make a mistake when they array science and morals in opposite and hostile camps. Centuries ago in the days of Aristotle's Greece, when there was a golden age of human relations which in some respects at least might well serve as a pattern for the modern world, philosophy embraced three fields—economics, ethics and science; to-day, when in reality they would still be united in the interest of humanity, through specialization they have been divided. There is nothing new in this challenge of science to the leaders of philosophic thought as it bears upon our political and social relations. For example, there is something prophetic in the lines of Alexander Pope, written in 1734. Here again I wish to pay deference to the honourable senator from Inkerman, because he too cited the same author. In Pope's Essay on Man will be found these lines:

> Let earth unbalanc'd from her orbit fly,
> Planets and stars run lawless through the sky;
> Let ruling angels from their spheres be hurl'd,
> Being on being wreck'd, and world on world; . . .
> Go, wondrous creature! mount where science guides;
> Go, measure earth, weigh air, and state the tides;
> Instruct the planets in what orbs to run,
> Correct old time, and regulate the sun; . . .
> Atoms or systems into ruin hurl'd,
> And now a bubble burst, and now a world.

I would commend those lines to the present generation as worthy of a good deal of thought. The apprehension which has been expressed in so many quarters over the revelation of atomic energy must be dissipated by appreciation of the fact that science has achieved, through the medium of the human mind, a great miracle which can lead mankind into new paths of peace and prosperity. After all, fear does not bring progress. History shows that progress has developed out of the positive desire to create something new. That, I submit, should be the key-note of our approval of this motion.

The Minister of Justice in his address before our committee this morning expressed the feeling that the charter is based on the conscience of mankind. He said it represents the aspiration of the common people of the world, and that if those who represent them at great international conferences today and in the future are always mindful of that fact, we may well have hope for the days ahead.

What a great responsibility rests upon the outstanding leaders of the participating nations, particularly those who represent the democratic countries in this great organization. There is no doubt about the desire for peace and happiness on the part of the rank and file of humanity everywhere. This was impressed indelibly on my mind after the last war, when it was my privilege to see the host of people who thronged the streets all the way from Buckingham Palace to the Guildhall in the city of London, when the late President Wilson went there carrying his message of hope to the world. Not only in London, but in Paris and in Rome the people acclaimed him. It is with keen regret that we are compelled to admit that great idealistic aspiration was not realized. There was no doubt then nor is there any today about the desire of humanity for peace and happiness.

Why, then, is that aspiration not realized? I believe it is largely due to the fact that too often a sense of power turns the minds of those in high places, and interferes with the realization of what is closest to the heart of humanity. The late C. P. Scott, for fifty years editor of the Manchester Guardian, and one of the world's great influences for good, is credited by his biographer with this thought on the failure of certain statesmen to measure up to the world's requirements at Versailles:

> Perhaps only Gladstone could have succeeded in such an effort, for it demanded a combination of qualities which he possessed, not to be found in any living statesman. Gladstone had a religious sense for the unity of civilization, and a conviction justified by his career, that he could fire a people with his own passionate faith.

I cite that to stress again the importance of the value of leadership in the realization of human aspirations.

Those qualities of conviction, passionate faith and courage, and the talent to express them, surely are the qualities which, if applied to this world, will change its outlook and give mankind a new hope for the future.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: Honourable members, I do not propose to take up much of the time of the House at this stage. We have listened this afternoon to a number of very able addresses, particularly those delivered by the honourable gentleman from Inkerman (Hon. Mr. Hugessen) and the honourable gentleman from Montarville (Hon. Mr. Beaubien).

Being a man with a practical turn of mind, I am hopeful that our desires for peace will find a response in the heart of every person in the world. Honourable senators who attended this morning's meeting of the Committee on External Affairs were delighted beyond measure. I was sorry that our distinguished Speaker and the honourable member for La Salle (Hon. Mr. Moraud) were unavoidably absent. I regret also that the Prime Minister of Canada was not present to give an account of his experiences at the San Francisco Conference. However, those who were present very ably represented the best in Canadian public life.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I, for one, was proud to be a Canadian—

Hon. Mr. HUGESSEN: Hear, hear,

Hon. Mr. HAIG: —when I heard those three men, normally with such diverse views, —and I mean that in the very best sense— speak so unanimously. They had come back from the conference feeling a love for Canada such as they had never before experienced— a feeling that was contagious among those whom they addressed.

Honourable members, the very moment in 1919 or 1920 when the United States Senate refused to enter the League of Nations, practical people said the League was a failure. While in a practical sense it was a failure, it did not fail entirely. It kept alive within all our hearts the realization that peace was a good thing throughout the world. It is true that many mistakes were made. But who among us does not make mistakes? It cannot be denied that things were done which were detrimental to the purposes for which the League was formed. However, it kept alive in our minds the ideal that peace for the world was better than war. The world now realizes, not through brotherly love, but rather through instinct, that with the development of the instruments of war there can no longer be a conflict between two nations—it is a world war every time.

The last few words spoken by the honourable gentleman from Ottawa (Hon. Mr. Lambert) appealed to me very strongly. Oratory is a strange thing. Hitler rode to power on oratory. It is a gift that some men possess and others do not; and I have never been able to find anyone who could define it. It can inspire men, lift them up and cause them to forget themselves. I was struck by the remark of the Minister of Justice this morning that only when the common men and women of the world are allowed to express their desires we will have no more war. It is when people are unable to declare their wishes that war is likely to occur. Now, any member in this or in any other House could criticize the shortcomings of the charter. And again I want to refer to what was said this morning by some of the gentlemen who appeared before the committee—it matters not which—when they pointed to the tremendous advances of the past twenty-five years, and noted the fact that fifty nations could assemble and put down on a piece of paper something that looks like an agreement.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. HAIG: We have an agreement, and whether it works or not, we at least have made a gain. Imagine the leading senator of the Republican party in the United States and the leading senator in the Democratic party going to San Francisco and entering into the kind of agreement that came out of the conference. They did not do that sort of thing in 1920, and their failure to do so probably cost their country a million men.

May I go back for a moment and pay my respects to the memory of one man and to refer to another. I believe that history will write of our times that the late President Roosevelt and ex-Prime Minister Churchill contributed as much to world advancement as any two men in previous world history.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: The Atlantic Charter, not the one drawn at San Francisco, was the first charter. There were only two people present when the Atlantic Charter was made; but those two gave to the world an ideal, and started us thinking along certain lines. They knew, as good practical politicians, that the conference at San Francisco should be held before the war was ended and prior to the peace treaty. During the six years of war did you ever hear criticism of what the gov-

ernment was doing, either from this side of the House or the other? We knew we were engaged in a life and death struggle. Now that it is all over, we are getting a few facts which indicate to us just how close we came to losing the war. These two men knew that under the conditions prevailing in war time the prospects of getting men together to stop war would be better. And so we met at San Francisco.

Before proceeding to briefly review some matters for the benefit of those who were not present in Committee this morning, I should like to make the statement—it is not correct to call it a protest—that I am not quite as enthusiastic as the honourable senator from Inkerman (Hon. Mr. Hugessen) about the position of Russia. I admit that in June, 1941, there was no doubt in the mind of any Canadian that we were all out to support Russia. The United States, Great Britain and Canada were, as far as they could go, all out to back Russia. Canada, which is the only country we can speak for, did get behind Russia and do all she could for her. Of course there was no choice. One question, however, has always worried me: Why did Russia in 1939 make an agreement with Germany to divide Poland? Russia knew then that Germany was going to attack her next. Some men argue that Russia needed the agreement because she was not ready for war, and wanted two years to prepare. That may be true. Nevertheless, that situation worries me a little. I do not believe you could have induced Great Britain or the United States to make an agreement of that kind. That is the philosophy of Russia that I do not like. However, I do know that if this United Nations Charter is to be a success, Russia has to be a party to it. I agree with the attitude of Mr. Bevin and Mr. Byrnes at the Ambassadors' Conference when, if rumour is correct, they spoke very plainly to Mr. Molotov. They spoke very plainly and the world will be better because of that fact. It makes the future more hopeful. I am not saying that Russia is insincere; I agree with the illustration my honourable friend has given. We flouted Russia during the last two decades. I want to be fair to Russia, but at the same time I want to speak plainly to her. I think Mr. Bevin and Mr. Byrnes made a real contribution to world peace when they candidly told Mr. Molotov what they thought about world conditions. There is no doubt that the Russian people mean well, but I am not sure that under their present form of government they are able to express their good intentions. When 4,000,000 people out of 160,000,000 or 180,000,000 elect a government, it is not very representative. I am accepting Russia one hundred per cent and am in favour of the United Nations Charter; but to those who tell me that we should do everything to get Russia in, I want to say candidly that we should tell Russia that we do not like some of the things she is doing.

It may be thought that I am boasting when I say I am not as worried about the atomic bomb as some people are. I have read all about it, and I know the greatness of it. But gas was in existence before this last war. Why was it not used by Germany?

An Hon. SENATOR: Because everybody had it.

Hon. Mr. HAIG: Yes, everybody had it, but they did not use it. If the atomic bomb is what reports indicate it to be, I am not sure that all will have it. But will anyone use it? I do not think they dare.

Hon. Mr. MURDOCK: The atomic bomb, unlike gas, does not need favourable winds in order to carry out its destructive purpose.

Hon. Mr. HAIG: That is true, my friend, but if you talk to the boys who took their lives in their hands and flew bombers over Germany from 1939 to 1941, when only one-third of them came back, and compare conditions then with those of 1942, when they could rise to 21,000 feet, carry a six-ton load, and drop it within one hundred yards of their target, it will become very clear that science has made great progress. Those flyers in the Lancasters could have dropped gas within a hundred yards of any target. Yet gas was not used. Everybody was afraid to use it. I think the same argument applies to some extent to the atomic bomb.

Let me say that if this charter has done nothing for the world, it has done a great deal for Canada. Think of those three men talking the way they did this morning, absolutely united in thought—

Hon. Mr. PATERSON: Will the honourable senator please tell us who the three men were? Because of another meeting I was unable to attend.

Hon. Mr. HAIG: Honourable Mr. St. Laurent, the Minister of Justice; Gordon Graydon, M.P., and M. J. Coldwell, M.P. Mrs. Casselman, member for Edmonton East in the last Parliament, was not re-elected and therefore was not present. Three other members of the Canadian delegation also were unable to be present. The Prime Minster, the Right Honourable W. L. Mackenzie King is in Great Britain; the honourable gentleman from La

Salle (Hon. Mr. Moraud) is in South America, and His Honour the Speaker of this House (Hon. Mr. King) was unavoidably detained by other business.

Hon. Mr. PATERSON: Was the meeting reported?

Hon. Mr. HAIG: No. His Honour the Speaker addressed us here this afternoon, and his remarks will, of course appear in Hansard. I am not trying to summarize what was said at the committee by the three delegates; I am simply stating my own impression that, whatever may happen to the United Nations Charter, our foreign policy for years to come will be influenced by what was done at the San Francisco Conference.

As we all know, the five Great Powers, about whom so much has been heard, are the United States, Russia, Great Britain, China and France. I share with the honourable senator from Montarville (Hon. Mr. Beaubien) the belief that France will once again be a powerful nation. I also think it is a splendid thing for the world that that great eastern country, China, is included among the "Big Five." I do not intend to deal with the charter in detail, as all honourable members are aware of its provisions. It provides for a General Assembly, a Security Council, an International Court of Justice, and so on. Here let me say that I do not think that any man in Canada could have made a more valuable contribution to the deliberations on the International Court of Justice than was made by the Honourable Mr. St. Laurent. It was most pleasing that one of our delegates was so outstanding a lawyer, and one so highly respected and greatly liked by the legal profession throughout Canada.

Some Honourable SENATORS: Hear, hear.

Hon. Mr. HAIG: In his quiet and unassuming way he admitted that he did "a bit"—I believe that was how he put it—with respect to that part of the charter setting up the International Court.

Our delegation sought to obtain at the conference some understanding or advice as to what would happen if we were called upon to contribute armed forces in another war. The original agreement provided that the Security Council—composed of the five Great Powers as permanent members and six nations elected for a term of two years each—could by the vote of two non-permanent members and the unanimous vote of the five permanent members declare war, in which event we could be called upon to send armed forces where needed. Before any demand of that kind was made a representative of Canada would attend a meeting of the Council and agree upon how many soldiers, airmen, sailors, ships and so on we should supply; and the whole thing would be subject to confirmation by our Parliament. That was the original understanding, and it was clear. But because of the way sections 43 and 44 of the charter are worded I inquired of the Minister of Justice as to what was intended, and he gave an answer—perhaps I should say an opinion—that the Chiefs of Staff of the five Great Powers would be in charge of military operations. If some Canadian forces were to be required, our own Chiefs of Staff would no doubt be consulted as to what should be done. At the meeting to decide whether or not Canada was to be called upon for a military contribution, a Canadian representative would take part in the proceedings and vote. However, if he voted against the use of Canadian forces but the majority was in favour of it, our men would have to be made available. That is the position, as I interpret these sections, and as explained by the Minister of Justice this morning.

Hon. Mr. CALDER: The same thing is true with regard to every country.

Hon. Mr. LAMBERT: May I remind the honourable gentlemen of another point, namely, that if the majority vote was in favour of the employment of armed forces and our Parliament supported the contrary recommendation of a Canadian delegate, Canada would automatically withdraw from the United Nations.

Hon. Mr. HAIG: That is quite correct, and I thank the honourable gentleman for reminding me of the point. But it is inconceivable that the parliament of any country would adopt that course.

The most important thing stressed at this morning's committee meeting was that unless Russia, the United States and Great Britain are in agreement, it is practically impossible to have world peace. While in our view it may be undemocratic that one nation should be able to veto the decision of ten other nations, yet when we look at the stark realities we can see that there is no way of avoiding the situation. If the United States, for instance, refused to co-operate, the whole organization would collapse.

Hon. Mr. CALDER: That is what happened after the last war.

Hon. Mr. EULER: Why did the Great Powers insist on having the right of veto? It means nothing, anyway.

Hon. Mr. HAIG: It may seem a strange thing to say, but I am in favour of it. If they have the right to veto, they will be less eager to exercise it. Suppose that in a certain situation the Council decides, contrary to the wish of Canada as expressed by our representative, that we should be called upon to send 20,000 men abroad. If we had not made our views known we might feel that failure to make them known was the reason for the decision going against us; but having presented our case we would know that we had done everything possible. Even though a person loses a case, if he has presented his views to the best of his ability, he feels more satisfied than he otherwise would.

Hon. Mr. EULER: The honourable gentleman has not answered my question. Why did the Great Powers want the right of veto?

Hon. Mr. HAIG: Russia, I presume, wanted it.

Hon. Mr. EULER: Why?

Hon. Mr. HAIG: After what she has gone through she certainly would try to avoid being forced into another war. Russia does not yet trust the western nations. That is my personal opinion, and it is the only answer I can give. I think that if Russia is fundamentally as democratic as is indicated by the way her people vote—

Hon. Mr. LACASSE: She is not.

Hon. Mr. HAIG: I am not saying she is, but I think we can depend on her developing in that direction. I admit that the Russian question is a very difficult one.

I will ask another difficult question: Why did the United States not enter the League of Nations in 1920? It seemed to be as plain as anything possibly could be that they should have done so. When I read in the paper that the United States Senate had refused to ratify the Peace Treaty, I had difficulty in convincing myself that it was true. But there it was. Therefore it seems to me that just now we ought not to be too critical of Russia or too sure that we understand her. Regardless of what anyone may say to the contrary, she would appear to have suffered so many casualties in the last war that she will do her utmost to avoid other wars. Like my honourable friend from Essex (Hon. Mr. Lacasse) I am not too confident of Russia, but I agree with the honourable senator from Inkerman (Hon. Mr. Hugessen) that we should try to judge her fairly and co-operate with her as best we can.

I did not expect to speak so long. In closing I want to say that I intend to vote for the charter, because I think it is a step forward. It may be that twenty years from now other men and women sitting in this House will say that in approving this charter we made a mistake; but we know we are doing it because we trust in God that there will be a world worth living in.

Hon. THOMAS A. CRERAR: Honourable senators, in rising to address this House for the first time I must confess to a feeling of some trepidation.

Hon. Mr. HAIG: Surely not.

Hon. Mr. CRERAR: It may be that the important place the Fathers of Confederation in their wisdom assigned to the Senate of Canada, and the long and honourable associations this House has had, are influencing me at this moment.

Before dealing with the subject-matter of the resolution, I should like to be permitted to extend to you, Mr. Speaker, warm congratulations upon your elevation to the Chair, an honour well deserved because of your long experience in the public service of this country. I desire also to add a word of congratulation to the two honourable leaders (Hon. Mr. Robertson and Hon. Mr. Haig) who in this session have succeeded to the responsible posts which they now occupy. Finally, I wish to offer a word of thanks to the older members of this honourable body who have been so cordial in their welcome to us neophytes on our entry into this Chamber.

In discussing this important motion, may I say that I believe we are all impressed with the gravity of the step we are about to take. The charter is not perfect, but when one considers the difficulties that faced the delegates at San Francisco, the number of nations represented, their different forms of government, their diversified cultures, and their varying standards of living, the wonder is not that the charter may be imperfect in certain particulars, but rather that there is any charter at all.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: This affords a substantial margin of hope that the nations, having been able to compromise their differences in this first step, may be able to continue in the great work which the charter is designed to carry out.

It is well that we should reflect on the failure of the League of Nations. I recall that in 1918, when my colleague in this Chamber the honourable senator from Saltcoats (Hon. Mr. Calder) and I were members of the Government of Canada, discussions took place in respect of the proposals for a League of Nations. Undoubtedly it was fervently hoped that the League would be an effective instrument to prevent future wars, and that the great sacrifices made from 1914 to 1918 would never again be necessary. I shall not attempt to analyse all the reasons for the failure of the League; but while we are giving adherence to the charter, it is well to review the story of the League to find out, if possible, why it failed, and then to use that knowledge to prevent a similar catastrophe overtaking the new organization we are now helping to set up.

It is fair to say that the abstention of the United States from the League of Nations, the failure in the early stages to invite Russia to become a member, and also the absence of a few other nations, had a very definite bearing on the League's lack of success. The absence of the United States was of tremendous consequence; but, rightly or wrongly, I am among those who believe that the League might still have proved a success if there had been an honest effort to make it function. In saying this I do not wish to reflect on the government of any country, but the story of the League makes it clear that from its inception there was too much jockeying for position between the various nations.

In the early years the League had some achievements to its credit, but long before it passed out of existence it was given its death blow when Japan, in direct violation of the Covenant, invaded Manchuria. The war with China lasted only a short time, and it was renewed later on. The failure at that time to impose sanctions on Japan as the aggressor nation was the first breach in the great edifice of peace. The rise of the Fascist and Nazi powers completed its ruin. By the beginning of 1935 it was abundantly clear that Italy intended to attack Ethiopia, despite the fact that Italy herself had sponsored Ethiopia before the League. Honourable members know what happened. When Italy did attack Ethiopia the League proved to be wholly powerless to deal with the situation. Why? Because the major powers could not agree on united action against the aggressor nation. It is an open fact that at that time high personages in France, and I think also in Great Britain, said in effect: "Well, it does not matter if Italy wants to take Ethiopia. Ethiopia is a backward country, it has no future, and it will be a good thing if one of the so-called civilized powers takes control of it."

I might go on with the story: Germany's reoccupation of the Ruhr; her re-arming in the face of the very provisions of the Versailles treaty; her attack on Austria in the spring of 1938; Munich in the autumn of 1938, one of the most—well, perhaps I had better not say what is in my mind. Hitler's uncompromising stand at Munich was definite evidence that the aggressor powers were on the march and that the League was impotent to prevent them. The aggressor nations believed then that the democratic powers were becoming decadent and would not intervene to protect the smaller nations against aggression. At Munich Hitler gave a solemn pledge to Chamberlain that if the Sudeten question was settled on his own terms he would have no further territorial ambitions in Europe. Yet six months later—

Hon. Mr. LACASSE: In 1939.

Hon. Mr. CRERAR: —without a moment's warning he marched into Czechoslovakia. In the autumn of 1939 he attacked Poland.

The honourable leader opposite (Hon. Mr. Haig) has commented on Russia's foreign policy. I am not here to defend Russia—not for a moment—but I do think history will show that if the western democracies had been prepared to stand against Germany at the Munich meeting Russia would have joined them. Russia came to the conclusion, with I am bound to say some warrant, that the western democracies would at no stage make a stand against Hitler, and so in the summer of 1939 she entered into a non-aggression pact with Germany.

In 1939 I was asked to be the representative of the Canadian Government at a conference in London that Mr. Chamberlain, then Prime Minister of Great Britain, had invited the overseas Dominions to attend. This gave me the opportunity of meeting a good many public men, one of whom, a European statesman of some prominence—I shall not mention his name—impressed me greatly. He had an intimate knowledge of German-Russian relations, and as well a thorough grasp of the whole European situation. I asked him about the Russian-German rapprochement and he said, "It is not worth the paper it is written on." He felt that either country might break the treaty, and he predicted that Germany would break it first. His prediction proved only too true. But I cannot escape the feeling that the Russian Government had come to the conclusion that the western democracies would

not attempt to halt Germany, and that the only recourse was to enter into this non-aggression treaty in order to gain time to prepare against the impending attack. Whether or not that policy was sound time alone will reveal.

It is interesting to note that today under the Soviet Government the guiding principle of Russian foreign policy is virtually the same as that which prevailed under the Czarist regime—further proof, were any necessary, that nationalism always exerts a potent influence on a country's foreign policy.

I believe that the international authority to be based on this charter will begin to function under much more favourable auspices than those which attended the birth of the League of Nations. Let me enumerate briefly two or three reasons for my belief. In the first place, the United States and Russia, two of the Big Three, will take a prominent part in the organization. I agree with my honourable friend from Inkerman (Hon. Mr. Hugessen) that if Russia and the United States and Great Britain cannot work in close co-operation for the maintenance of world peace, then the outlook will be gloomy indeed. And a powerful factor in helping to make the new organization work is the sense of imminent danger in the mind of every civilized, yes, and of every semi-civilized person, and the awful conviction of what another war will mean. As honourable members know, when a group of people are fighting like cats and dogs, and suddenly a great danger threatens them collectively, they promptly compromise their difficulties, for the time being at any rate, and concentrate on mutual protection. A sense of imminent danger prevails today throughout the whole civilized world. It is nonsense to think that if a war breaks out in some part of the world the rest of the world may escape its ever-widening repercussions. That was the view of the people of the United States after the first Great War, but it is no longer held. No country can isolate itself from the dangers that threaten the peace of the world. So the sense of imminent danger creates a community of interest which in turn tends to unite the peoples of the world in an endeavour to preserve the peace. I am not despondent over the failure of the conference of foreign ministers in London. The frank discussion between those gentlemen was all to the good.

Another matter I should like to emphasize is the effect of world opinion. There is such a thing as public opinion, and I am sure honourable senators have noticed the efforts being made by various countries to get their cases before the court of public opinion throughout the world. It was of some significance that after the failure of the Foreign Ministers' Conference in London, Mr. Byrnes gave to the Press a statement that went to every corner of the world. People of almost every nation, be they forward or backward, knew the reasons given by Mr. Byrnes for the failure of the conference to reach its objective. It was not very long afterwards that Mr. Molotov was telling the world his version of the incident. That could only mean that the Russian Foreign Minister in London felt the need of getting his case before the court of world opinion. If he had taken the attitude that Russia was going to travel her own way and not consider the rest of the world, he would not have gone to the trouble of having a conference and getting her case before the world. Later on, in the House of Commons, Mr. Bevin gave the British version of why the conference failed to reach its objective.

May I cite two other instances? A few days ago I was interested in reading in the morning newspaper a statement from the new Nationalist leader in the Dutch East Indies, where they are seeking to get self-government from Holland. I trust honourable members will forgive me if I do not mention the leader's name, because to me it is unpronounceable. It was significant that this gentleman went on the radio in order to put the case of the Malayan people—

Hon. Mr. DUPUIS: Indonesians.

Hon. Mr. CRERAR: —before the world. That is an evidence that even in that remote part of the Pacific the idea has taken hold that if the natives are to get anywhere they must be able to make some sort of appeal to world opinion.

The second instance which I wish to cite is that of the controversy at present raging between the Jews and the Arabs on the question of peopling Palestine. I am sure honourable senators have had the same experience I have had; scarcely a day passes that I do not get some bit of literature intended to impress me with the value and strength of one particular side of this issue. I am bound to say that a good deal of this propaganda goes to the wastepaper basket. Why are the Arabs and the Jewish people making an appeal to world opinion? It is because they recognize that in the final analysis world opinion is going to be a powerful factor in any settlement that may be reached.

The San Francisco conference, and others that are taking place, such as the one in Quebec at the present time, are all agencies for the creation of world opinion. I am sure

that other honourable senators are gratified, as I am, that that is the case, because it is obvious that only by means of the widest publicity, and by getting the greatest number of people considering, discussing and forming judgments on these questions, can some solution be reached.

I just want to say a few words more, and I apologize for speaking so long on the first occasion.

Some Hon. SENATORS: Go ahead.

Hon. Mr. CRERAR: I wish to comment on the part that I think Canada can play in this new organization, and the part that she played in the war. I had some little part in the supervision of Canada's part in the war effort. The part that she played was a great and glorious one, a very necessary part. We do not realize yet, honourable senators, how close the cause of freedom and liberty was to complete disaster in the early years of this war.

Hon. Mr. DUPUIS: Hear, hear.

Hon. Mr. CRERAR: I sometimes reflect that if the German-Nazi power, combined with that of Italy and Japan, had triumphed, the story today would be vastly different. Great Britain and the freedom-loving countries will never be nearer disaster, and escape, than they were in the early years of this war. If Britain had fallen, and she might have done so if it had not been for a few colossal mistakes on the part of Germany, the South American countries would probably have given their adherence to the new power in Europe, Africa and Asia. North America would then have been left alone, the citadel of freedom and liberty in the world. Now, because of the part that she played in the war, Canada occupies a very high and honourable place in the council of the nations.

Just here I should like to pay pribute to the permanent staff of Canada's Department of External Affairs. I think that in the senior members of that staff, and in the Ambassadors abroad, Canada has a group of men who are unequalled in any other nation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: They deserve our thanks for the work they did on behalf of Canada prior to the San Francisco Conference. We in Canada are a modest people, and it has been surprising to me at times to hear how highly the representatives of other countries evaluate Canada's world position. We are perhaps the leaders of the second-class nations in the world to-day. I do hope and pray that in the future we may realize our opportunities as well as our responsibilities, and thus play our part fully in the effort to make this new agreement work. The agreement with the Council will determine the extent of the aid which we may be called upon to give; but I say that we should support to the utmost of our ability the charter and the organization that gave birth to it, because only in that way can future disaster be prevented. Of the dangers that threaten the successful operation of this charter, I would say that the greatest is suspicion. Suspicion is one of the deadly sins. I do not know whether Dante so classified it, but at any rate it is deadly. If we are suspicious of the motives or thoughts of others, if we are suspicious of what they propose to do, our suspicion will undermine the possibility of success.

Hon. Mr. DUPUIS: Hear, hear.

Hon. Mr. CRERAR: I think too we must be conscious of the fact that there has been a great loss in the world of moral and spiritual values.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. CRERAR: Mankind cannot pass through six years of war close on the heels of a previous war without the moral conscience suffering from the terrific impact. After all the progress of the world has always been based on spiritual and moral factors. If we permit moral and spiritual factors to become weakened, dead or obliterated, we make it more difficult if not impossible to bring about the kind of world that is necessary if we are to have permanent peace.

If this United Nations organization suffers the same fate suffered by the League of Nations, the consequences will be too terrible to contemplate. Humanity's margin that keeps it on the onward and upward path is not very wide. When we consider a country like Germany, which was great and may be great again in the many arts of peace, we will realize that the influences which corrupted her and put her on the wrong path were largely the product of the last hundred years. I often think the so-called "intellectuals" of the world have often led the people down very false paths.

Hon. Mr. McGEER: You would not call Hitler and Goering intellectuals, would you?

Hon. Mr. CRERAR: No; I did not say they were intellectuals.

Hon. Mr. ROEBUCK: They were the false prophets.

Hon. Mr. LACASSE: There was Rosenberg.

Hon. Mr. CRERAR: Long before the time of Hitler and Goering there were people recognized in Germany as great intellectuals. However, what I am trying to point out at the moment is that the failure of the International Organization would probably within twenty-five or thirty years lead to another world war. In my humble judgment, be it right or wrong, another world war would destroy what is left of our Christian civilization and set the world on paths leading back to the jungle, and centuries of slow and painful work would be necessary to restore it to its present position. It seems to me, therefore, that we have a tremendous stake in this charter. If it fails, there is nothing but disaster ahead. If it succeeds, then once the troubles and difficulties of today are passed the world will march steadily forward to still higher levels of civilization and progress.

Hon. WISHART McL. ROBERTSON: Honourable senators, if you will permit me, I should like to reply to a question that was raised in respect to my earlier suggestion that this charter would be signed and ratified by His Majesty the King on behalf of Canada. During the recess I asked for some information from the Department of External Affairs, which has given me this statement:

> The Charter was signed by the Prime Minister and the Minister of Justice under the authority of a full power issued by the King on the recommendation of his Canadian Ministers. In accordance with customary practice the instrument of ratification would be similarly issued by the King under his Sign Manual at the request of the Canadian Government.

I presume that means as the King of Canada. It goes on:

> The Great Seal of Canada would be affixed to the instrument.

Aside from this, honourable senators, I was in doubt about a point that has probably occurred to the minds of honourable senators, namely, in what respect this international agreement differs from one such as the Food and Agriculture Organization agreement, the bill sanctioning which was recently passed by Parliament and assented to by the Administrator. I made an oral inquiry about this and have been advised that prior to the San Francisco Conference there was some doubt as to whether the international agreement would be entered into between the heads of states or between governments. That agreement was signed under the authority of a full power issued by the King, and the instrument of ratification was issued after Parliament had signified its assent. The Food and Agriculture Organization agreement, however, is between governments, and as such it is approved by the representatives of the King.

The honourable leader opposite (Hon. Mr. Haig) has already given to the House the names of the Conference delegates who were present at the committee this morning. I should like to say what a great pleasure it was to me to listen to their statements. Mr. Graydon's reference to the very important services rendered at San Francisco by the representatives of the Senate was particularly gratifying. I want to thank the Chairman of the Committee on External Affairs (Hon. Mr. McRae), for arranging the committee meeting, and to express my personal pride at being a member of a legislative body which can produce such excellent addresses as those we have heard this afternoon and this evening.

The resolution was adopted.

MEAT RATIONING, CONSUMPTION, EXPORT AND PRODUCTION

INQUIRY

Honourable Mr. McRAE inquired of the Government.

1. In our ration limitations why was no increased allowance made for the use of mutton as compared to beef or pork, as obviously mutton does not lend itself to being cut up to provide as much actual meat as either beef or pork?

2. What is our present annual consumption per capita in pounds and percentages, of, (a) beef; (b) pork; (c) mutton and lamb?

3. Is any mutton exported in carcass to Great Britain or Europe and, if so, what is the total so exported since the beginning of the war?

4. What steps, if any, are being taken to avoid this Fall the large surplus of mutton which existed last Fall?

5. Is mutton being canned for export? If so, where is it being canned and what is the contemplated volume likely to be required?

6. What is the prevailing price (on foot) at point of canning for sheep bought for canning purposes?

7. What was the estimated number of sheep in Canada in 1944 and how does this compare with the number of sheep in Canada as shown by the first census following Confederation?

8. Liver being a constituent part of UNRRA's canned meat preparation, has any firm or individual in Canada holding a contract to provide same had to discontinue, even temporarily, on account of inability to obtain the necessary liver? If so, when and where?

9. Have arrangements been made for canning horse meat for export to Europe? If so, to what country is this horse meat product exported?

10. Where is this horse meat being canned?

11. What is the contemplated production of canned horse meat?

12. What price is paid for horses at point of canning?

13. Why do we continue to sell excessively fat pork on the local market when the private purchaser has no facilities for rendering the same and conserving the fat?

14. Is any effort being made to conserve this excessive fat through existing rendering facilities, with a view to increased shipment of fats to Europe?

Hon. WISHART McL. ROBERTSON: I have an answer to the hoonurable gentleman's inquiry. I have already passed a copy of the answer to him, and with permission I would ask to have it placed upon Hansard.

1. Broadly, the plan followed in grouping meats into categories in the Consumer Meat Value Ration Chart was according to the amount of meat contained in each retail cut after removal of bone, gristle and excessive fat. The same general plan was followed for all classes of meat—beef, veal, lamb, mutton and pork.

On October 11 a concession was made in respect of certain mutton cuts which appeared to be receiving poor consumer acceptance. The following were moved from Category D (2½ lbs. per coupon) to Category E (3 lbs. per coupon);

Flank (bone in)
Neck (bone in)
Breast (bone in)

2. The last available per capita figures of meat consumption in Canada are those issued by the Dominion Bureau of Statistics for the year 1945 and are as follows:

	Per capita	Per Cent of Total Meat Consumption
Beef	61·7 lbs.	41·4
Pork	61·4 lbs.	41·2
Mutton and Lamb.	4·8 lbs.	3·2

3. Meat Board records of carcass mutton give the following exports to the United Kingdom:

1944	459,024 pounds
1945 (to Sept. 30)	357,249 pounds

4. There was no restriction on the export of sheep to the United States from September, 1944 to July, 1945. Following the discontinuance of export of sheep to the United States, an agreement was negotiated with the United Kingdom for the export of medium and higher qualities of mutton. Mutton of lower quality can be incorporated in canned meats being manufactured for shipment to UNRRA and the liberated areas.

5. A formula for canned meat being manufactured for UNRRA includes up to 4 per cent of boneless mutton. Canning lines are operating at the following centres:

Vancouver, Edmonton, Calgary, Saskatoon, Winnipeg, Toronto, Kitchener, Hamilton and Montreal.

The use of boneless mutton in canned meat is optional and the quantity that may be used will largely depend on availability.

6. The average prices per hundredweight paid in September this year for low grade sheep of the quality that might be used for canning were as follows:

Toronto	$3 63
Montreal	3 77
Winnipeg	2 00
Calgary	1 64
Edmontion	2 17
Vancouver	3 43

7. The estimated sheep population of Canada as of June 1, 1944, was 3,725,550.

Number of sheep, census April 2, 1871

Nova Scotia	398,377
New Brunswick	234,418
Quebec	1,007,800
Ontario	1,514,914
	3,155,509

8. No contracts have been entered into with respect to the manufacture of canned meats for UNRRA. The firms and individuals owning suitable meat canning facilities have been given an open order for product manufactured according to formula and specifications established. The quantity of liver included in the Canned Meat formula is variable from 7 to 15 per cent, at the option of the manufacturer.

9. Discussions have been held with the view of exporting canned horse meat to Belgium, but definite arrangements have not been completed.

10. Proposed location is Swift Current, Saskatchewan.

11. Not known.

12. Not known.

13. It is not considered economical or in the interest of future business to ship excessively fat hogs to England.

14. It is estimated that very little fat would be available, as most housewives find it necessary to save all their pan fat in view of the general scarcity of lard and shortening.

NATIONAL RAILWAYS AUDITORS BILL

ANSWER TO INQUIRY

On the Orders of the Day.

Hon. Mr. ROBERTSON: Honourable senators, I should like to reply to a question asked by the honourable senator for Alma (Honourable Mr. Ballantyne) respecting the fees paid to the auditors appointed by the Canadian National Railways. I have already communicated the information to him personally. The amount paid last year was $51,800, and it is not expected that there will be any change during the present year.

Hon. Mr. LEGER: I think the honourable gentleman from Alma wanted to know a little more than that. He asked whether there had been an increase in the fees since 1931-1932.

Hon. Mr. ROBERTSON: I did not so understand the question. I personally communicated to the honourable gentleman from Alma the information that the fees last year were $51,800, and that they were approximately the same for the year before. How this amount compares with what was paid as far back as the years mentioned by my honourable friend from L'Acadie (Hon. Mr. Leger) I cannot say.

Hon. Mr. McRAE: Honourable senators, the business of the railway has increased so much in the last few years that more auditing would be required, and I can understand that there might be an increase in the auditors' fees. Usually these charges are based more or less on the actual work the auditors have to perform.

Hon. Mr. ROBERTSON: I am not so advised by the Department of Transport.

Hon. Mr. McRAE: I should not be surprised if there were an increase.

The Senate adjourned until Tuesday, October 30, at 8 p.m.

APPENDIX

BEAUTIFICATION OF OTTAWA

ADDRESS BY MR. JACQUES GREBER TO MEMBERS OF PARLIAMENT

Mr. JACQUES GREBER: Mr. Minister, honourable members of the Senate and of the House of Commons:—

I have been many times in this beautiful house, even late in the evening during your sessions. I know your work, so my address will be as brief as possible.

However, I beg to express, in a few words, my deep gratitude for the honour you have made me, in coming to hear how we propose to proceed for laying out the future of your national capital. The Honourable Mr. Fournier has too kindly introduced me and praised my merits in such a way that I certainly shall have to call for your indulgence.

The joy of being in this wonderful country, after five years of sorrow and sometimes of despair, for a man whose profession is to foresee, and efforts to create better conditions of life, is like a great ray of hope. And I am greatly indebted to your Prime Minister to have given me this joy, in asking our chief, General de Gaulle, to let me come to work with you.

City planning is, or ought to be, really considered as an obvious common place. Far from being a luxury or an academic matter of studies, it is, it must be, the essential of sound politics. It is the safest investment of the community. When reasonably conceived, it is as precious as life, because its aim is to organize life, with method, foresight, dignity, comfort and pleasure.

A good city plan brings a good civic life, it is the material chart of social order, of strong finance, of sure prosperity. And the best plans are those of great vision, Daniel Burnham, the master of city planning in the United States, who made plans for Chicago, San Francisco, and continued, and extended the Lenfant Plan of Washington, used to stress this great truth: "Make no small plans, they are a waste." They certainly cost twice and give less satisfactory services than master conceptions.

Now is it opportune to speak of great plans after the amazing efforts, the exhausting expenditures, the human sacrifices made during the atrocious war just ended? Should not we wait for better times, of normal economic and political conditions? I am afraid this would be another waste.

A wide planning is a factor of rapid recovery, and the essential perhaps. Reconstruction of normal life and reconversion of industries are precisely depending upon rational, careful and broadminded planning. In France, for instance, a stricken, impoverished, weakened, devilishly devastated and demoralized country, after four and a half years of slavery, we dare to hope in greater, younger and finer civic life, than when we enjoyed the happy years of pre-war prosperity. We still believe in a better world, and my present visit to Canada, especially to Ottawa, decidedly confirms my optimistic hopes, for Canada is perhaps of all the allied nations the true land of hope and of unlimited future.

City planning, which I call the technique of human geography, is made of the harmony and of the equilibrium of man and nature. Need I tell you what nature has given to Ottawa? An ideal setting of untouched beauty; a fortunate and symbolic association of Anglo-Saxon and Latin cultures, a destiny of universal friendship.

By its amazing and generous contribution in men and resources in the world's liberation war, Canada has acquired an unquestionable position among the great nations. Its capital must and will grow at the rhythm of the national progress.

You certainly remember the prophecy of your great statesman Wilfrid Laurier, in 1893:

> I consequently keep a green spot in my heart for the city of Ottawa and when the day comes, as it will come by and by, it shall be my pleasure and that of my colleagues, I am sure, to make the city of Ottawa the centre of the intellectual development of this country and the Washington of the North.

And this explains why the decision of your Government to make the plan of the capital a lasting and living memorial to the war has been so warmly praised in Europe, and given as an example that should be repeatedly followed. This conception, however, of a memorial city plan does not exclude, in the general layout of the plan, the contribution of plastic works of art, sculptural or pictural, to commemorate glorious feats of the war. But they will be a part of the great work, and placed in the proper setting, to their best advantage.

The few illustrations which will follow my remarks will endeavour to show the universal trend toward better cities, the methods used to make them of benefit to the people, to eliminate utopical and deceiving schemes, to bring, with better conditions of housing, of traffic

and transportation, of working, of enjoying education, rest or recreation, to bring with all those material improvements, moral progress and consequently social order. As you will see, city planning has no relation with unnecessary adornment or building speculations. Real beauty is always the result of sober lines, good proportions and good taste. These qualities often proceed from restrictive rules.

Therefore, we reinforce our plans by regulations, zoning, by-laws, building codes, to bring order and discipline, to stress public interests against the abuse of private rights.

Consequently, to make Ottawa and its environs more beautiful will rather be an easy task, and in some instances a costless programme: protection of nature, control and restriction of building density, all measures that involve no private loss, no extravagant expenses, but on the contrary promote real-estate value in a more prosperous community, for a healthier population.

You might be interested to know the main lines of our programme of work, and a few details about the vast problem which has been entrusted to us.

Let me tell you, in the first place, how I conceive that such a problem should be treated.

In a little more than half a century, Ottawa had become such an important city, from its modest Bytown childhood, that in 1915, a most comprehensive work had already been done under the auspices of the Federal District Commission, with the valuable contribution of Mr. Edward Bennett, city planner of Chicago. This first plan known as the Holt Report, and many studies made a few years later by the late Nolan Cauchon, as well as the plans I have been preparing between 1937 and 1939, are the basic elements from which we shall develop and extend the programme of the work. In other words, we shall continue, as others will, in the future, the long and common endeavour to make and prepare the city to the scale of its constant progress.

Now the problem is quite larger than what it was in 1915 or even in 1939.

The exceptional function of Ottawa, not only Capital of the Dominion of Canada, but also city of great conventions, of national or international conferences, professional congresses and worldwide manifestations, must appear in a plan that preserves and emphasizes its natural frame and environment.

Welcome, dignity, stately public buildings in a frame of gardens, vast hotel and recreational facilities, art and educational centres, large tourism possibilities, without neglecting modern housing and efficient working equipment. This vision must become a tangible fact, and made a realistic scheme along the following principles:

The capital region, as outlined by the recommendations of the Joint Committee of the Senate and of the House of Commons, August 1, 1944, covers an area of 900 square miles, extending approximately 35 miles NW, 20 miles NE, 15 miles SW, and 15 miles SE, from the Peace Tower. Of this territory, 364 sq. miles are in the Province of Ontario, 536 sq. miles are in the Province of Quebec, a symbolic demonstration of the bi-racial Unity.

The cities of Ottawa and Hull, and sixteen municipalities of various importance are included in the region, with a total population of 252,672. Their present built up area is approximately 19 sq. miles, leaving 479 sq. miles of farm lands, 332 sq. miles of woodlands and 70 sq. miles of waters (rivers and lakes).

Before attempting to make plans, a methodical and profound survey of all existing conditions is the first work to consider. It will depend upon its accuracy and extensive research, that we can reach the appropriate conclusions toward the far-reaching planning and equipment of the capital and its environs, in accord with the various functions, present and future, of the different parts of this large territory. The quality of the survey is the essential guarantee of the efficiency and of the economy of the plan, also of the speed of its elaboration.

PRELIMINARY PROGRAMME OF WORK

1. The demographic analysis will determine the reasonable limits of the urban development in the best conditions of modern housing.

2. The economic survey will show the most favourable localizations for commerce and industry.

3. Transportation and traffic will be coordinated to serve the common needs of the various inhabited centres, in function of their relative activities.

4. Public services will be distributed to avoid unnecessary waste of time, money and energy.

5. Cultural and recreational centres will assure their permanent enjoyment and an easy access, from every part of the residential units.

6. A special study will be devoted to the already mentioned particular function of the capital, in regard to its international importance, due (1) to the unquestionable position acquired by Canada in the World War, among the great nations, (2) to the natural beauty and the extensive possibilities of the site of Ottawa, and (3) to the natural qualifications of Canada as the meeting point of both Anglo-Saxon and Latin cultures, on American soil.

7. As a consequence of the above special function, the parks and reservation system will be exceptionally developed, within and outside the urban zones.

Beside the normal equipment of the cities, towns and villages, in public gardens, parks, sport centres (including an Olympic Stadium) and local playgrounds, considered as public services, the larger part of the open spaces and forest reservations will consist in the preservation of the natural scenery, either by acquired property, or by protected zones under special restrictions, by-laws and adequate zoning, under proper control.

The recreational equipment of the region will include, at appropriate places: camping sites, ski grounds, skating clubs, hunting or fishing reservations, parkways, horse riding, bicycle and footpaths, organized trails, hostels and shelters, log cabins, belvederes, bathing beaches, model farms, Canadian botanical garden and eventually a Canadian zoological garden. Special protections will be applied to private golf and country clubs.

8. The power, light, water and sewage equipment will be proposed in accordance with the urban and rural planning.

The whole study (survey, plans, by-laws, and proposals) will be embodied in a general report to be prepared, with the assistance of Canadian experts, engineers, architects, and specialists.

The work will be submitted to a National Advisory Committee, composed of personalities qualified by their functions or their competence.

The Federal District Commission, by its experiences, will, I am sure, be in a position to make a substantial contribution to the work. The city of Ottawa, the city of Hull and the entire capital region are greatly indebted to this great institution. Its achievements on both sides of the Ottawa River, and far up the Gatineau River, deserve the highest praise.

We are assured of the full co-operation of the cities of Ottawa and Hull and of all municipalities involved in the master plan.

Permanent contact for advice, information and requirements will be established with the Parliament, with all Departmental offices as well as with the great public services such as the Railways administrations, industrial corporations, etc. The public spirited citizen will also be represented in the Advisory Committee, and adequate publication of the progress of the work will be periodically released for maintaining public interest in our work.

Such procedure will permit to undertake, while the plan is being prepared, such emergency work as may seem desirable, and procure employment for many classes of workmanship.

Definite operations, on pre-planned schedule, will assure the rapid reconversion of various public works and building industries.

The plan we are going to prepare will be a long range scheme, of gradual and flexible execution, in accord with the emergency of the needs and the financial possibilities.

THE SENATE

Tuesday, October 30, 1945.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

HYDRO-ELECTRIC DEVELOPMENT IN NEW BRUNSWICK

INQUIRY AND DISCUSSION

Hon. J. E. SINCLAIR rose in accordance with the following notice:

That he will call the attention of the Senate to the proceedings and report of the Standing Committee of the Senate on Railways, Telegraphs and Harbours in the session of 1944 on the possibilities of developing tidal power at the confluence of the Petitcodiac and Memramcook rivers in the province of New Brunswick and will inquire:

(a) Has action been taken by the Government to implement the recommendation of the report of the committee?

(b) If so, has the investigation been carried on by the Federal Government, or by the Government of the province of New Brunswick, or jointly by both?

(c) What hydro-electric engineers were engaged to make the investigation?

(d) Has a report of the investigation been received by the Federal Government and, if so, when will it be tabled?

He said: Honourable senators, it may be in order for me to explain shortly my object in bringing this inquiry before the Senate. It will be remembered that, as a result of a motion by the late Senator C. W. Robinson in the session of 1944 a committee was appointed to go into this matter, and that the committee in its report recommended investigation by competent engineers into the possibilities of developing tidal power at the confluence of the Petitcodiac and Memramcook rivers in New Brunswick. An eminent engineer, Dr. W. R. Turnbull, appeared before the committee and gave what was, in my

opinion and in the opinion of the committee, a very favourable report on the possibilities of developing a large volume of electrical power at that site. He was supported by Mr. J. F. Parsons, President of the Moncton Board of Trade, and by Honourable J. Walter Jones, Premier of Prince Edward Island.

Senators from New Brunswick are aware that the federal government has acted on the recommendation of our committee. I am encouraged to say this because the leader on this side (Hon. Mr. Robertson) has graciously handed me the answer to my inquiry. The federal government engaged the firm of A. G. Acres & Company, consulting engineers of Niagara Falls, Ontario, to make the survey during the past season. Since my inquiry was put on the Order Paper a return has been brought down in another place showing the correspondence in the matter; but up to the 2nd of October the Government had received no report of the investigation. I do not know whether the answer to my inquiry covers the period from that date to the present time or not. However, I understand there are two reasons for the delay. First, the airways company which was engaged to take an aerial photograph of the site has not yet supplied it to the engineers; and, secondly, the head of the firm of consulting engineers passed away.

I might explain what prompted me to bring this matter to the attention of the Senate. Honourable members are doubtless aware that on October 15 the Minister of Justice made a statement in another place outlining the progress of the negotiations between Canada and the United States for the joint development of the St. Lawrence Waterway. It appears that the agreement between the two countries is now before the Congress of the United States and may be expected to reach the Parliament of Canada in the near future. Should that work be undertaken it will make available to the central provinces a large block of cheap electric energy.

With all deference to honourable members from the central provinces, I share the opinion of many Canadians that the economic situation of Canada is unbalanced because of the fact that the great development of hydro-electric energy in Ontario and Quebec has built up the industrial strength of those provinces, while the lack of hydro-electric energy in the Maritime and Prairie Provinces has been a serious handicap to their industrial growth, and leaves them at a marked disadvantage in the home market when their manufacturing products come into competition with those of central Canada; and they are forced to rely on an export market. This state of affairs, as I say, leads to an unbalanced economy.

I think it wise to bring the matter to the attention of the Senate at this time since, as is well known, it was realized during the Confederation debates that in order to counterbalance the influence of the large and thickly populated provinces and protect the small thinly populated provinces the membership of the Senate would have to be on a territorial rather than a population basis. It was realized that only in this way could the rights of the small provinces as well as the rights of minorities be safeguarded. It being the function of the Senate of Canada to safeguard these rights, I think the question of hydro-electric development in New Brunswick should arouse the interest of all honourable members.

To give you the complete picture, I am going to refer to works, projects and expenditures that it is necessary for this country to undertake in the post-war era. We must develop our resources and encourage more population. We must do this in such a way that the outlying provinces will get their fair share of the benefits, the quid pro quo to which they are entitled under Confederation —something which the concentration of industry in central Canada does not give them today. In 1928 the Canadian National Advisory Committee presented a report stating that when the St. Lawrence Waterway was completed, it would make available to central Canada about 2,000,000 horsepower in electrical energy. Such an addition to the present development in that area would bring about a situation that would not be in the best interests of the outlying provinces. These are matters that must be considered if we are to develop this country in a balanced way.

In the debate on the Address we listened to a very informative speech by the honourable senator from Medicine Hat (Hon. Mr. Gershaw), in which he referred to the improvements that were needed in the Prairie Provinces, where, in order to reclaim and improve the area known as the Palliser Triangle from recurring periods of drought, it is necessary to extend the benefits of irrigation and make available the waters of rivers now going to waste. Such an undertaking requires a large expenditure of money, but I think the expenditure is justified; and sooner than we now expect, the project may be undertaken by the Government of Canada. My concern is that expenditures of this kind should be made in such a way as to benefit all sections of Canada.

There are many things that could be done in the Maritime Provinces for the benefit of those provinces and Canada as a whole. The basic requirement of industry is cheap power. The report of the committee to which I refer, and the investigation that was ordered, gave promise of a large development of cheap electrical power in the province of New Brunswick; and if the project is feasible, I submit that it should be undertaken at as early a date as possible.

Of course the Maritime Provinces have other resources that must be developed. I refer more particularly to the province of Nova Scotia, where at Sydney we have immense deposits of coal adjacent to the steel mills. In the neighbouring colony of Newfoundland there are deposits of iron ore that would keep that industry going for many years to come. Also, the shipbuilding industry in the province of Nova Scotia should be started at an early date, for it would give employment to our people and create nearby markets. The harbours there are open and available twelve months of the year, and there is no reason why such an industry should not be undertaken.

Another situation that requires early attention in the Maritimes is the renewal of and the further development of the dykes on the marsh lands around the Bay of Fundy, where roughly 10,000 acres of as good land as you will find in Canada are practically idle because of the destruction of dykes built in those areas by early settlers with hand labour. It is scarcely feasible to renew them by hand labour, but with the advantages of modern machinery and with some expenditure the land could be brought into production.

During the war the agriculturalists throughout Canada responded nobly to the request for greater production. In the Maritimes we increased our livestock, beef and dairy cattle, hogs and poultry by many times. We were enabled to do that by reason of the fact that the Federal Government absorbed the freight rate on coarse grain coming from the head of the lakes to the Maritime Provinces. We find ourselves at the present time with a larger number of livestock on our farms than we have ever had before. With the present short crop in the West, it appears that it will be difficult for us to get the necessary food to maintain our livestock. I submit, therefore, that it is a sound proposition for the Federal Government to take up the problem of dykes on our marsh lands, so that we can grow within reach of our livestock the necessary coarse grain and hay.

I wish to impress on this Chamber that the basis of our hopes for manufacturing in the Maritime Provinces is cheap power. We have just come through a very serious war, and we have learned a good many lessons during that time. We have learned the danger from aerial bombing and of the atomic bomb. Great Britain, with her manufacturing industries, learned how necessary it was not to have such industries concentrated in one small area. We know that the very best assurance against a recurrence of war is preparedness for war. Therefore, I say an added reason why this project should be looked into and a report brought down at once, if possible, is the fact that if the hydro-electric development were proceeded with it would make for a better distribution of industries throughout Canada. Cheaper power in the Maritime Provinces would help to increase our population and would create employment. There is nothing like cheap power and proximity to natural resources for attracting industries.

I mention these points, honourable senators, just to show the importance of this proposed development and the necessity for having the investigators' report at the earliest possible date. So strongly do I feel about the possibilities of power development at the confluence of these two rivers that I say without hesitation that if the report proves to be as favourable as the one we got, the federal government should declare the work to be for the general advantage of Canada and undertake it as a straight federal proposition. I do not hesitate to take that ground because I think it is the right one. I hope that my honourable friend the leader of the House (Hon. Mr. Robertson) may see fit to encourage the Department of Mines and Resources to obtain the report from the engineers as quickly as possible, so that when we are required to consider proposed expenditures for other large projects we shall know exactly what we are doing for every part of Canada.

Hon. ANTOINE J. LEGER: Honourable senators, I want to collaborate and say a few words in approbation of the remarks of my honourable friend from Queen's (Hon. Mr. Sinclair). When, about two years ago, the proposed development of the tidal power of the Petitcodiac and Memramcook rivers was brought to the attention of this House by the late Honourable Senator C. W. Robinson, it received not only the sympathetic but I should say the enthusiastic attention of the Senate, of the other House and of the Government of Canada, so much so that the proposal was submitted to a firm of engineers for a report. If the project is feasible, then it is to be hoped that the Senate, which took the initiative in the matter, and the other House and the Government, will interest

themselves in the enterprise and see that the construction is undertaken without delay.

In doing so they would to a degree compensate the Maritime Provinces for some of the sacrifices they made when they entered Confederation: the sacrifice of their natural market, in the United States; the sacrifice of their main industries, which eventually, for reasons that I need not mention, moved to Central Canada; the sacrifice of their population, which followed the industries; and many other sacrifices, unnecessary to mention at this time, which have ever since handicapped the Maritime Provinces.

All these impediments were anticipated by the provinces down by the Atlantic when they joined the Union. But their generosity of heart and their patriotism for a greater and more united Canada seized them and carried them along, with the result that they led the way to Confederation.

To remove some of the impediments bound to follow the union, the British North America Act provided for the construction of the Intercolonial Railway, connecting Halifax with the river St. Lawrence. It was well understood, although not so mentioned in the Act, that this railway was to be owned by the Government and operated by them in a way specially favourable to the Maritime Provinces. All went well for a time, but the Intercolonial Railway now forms part of the Canadian National Railways, and limited consideration is given to the Maritime Provinces. I refer especially to freight rates.

I have made these few observations, not with the idea of recriminating against the rest of Canada, but merely to show that after all there is a moral obligation on the part of the more fortunate provinces to come to the rescue of the ever willing but always handicapped Maritime Provinces.

So, honourable senators, should this project prove feasible it is to be hoped that it will receive the support necessary to its completion and operation. Then the Maritime Provinces, with an abundance of cheap power available, with the energy and enthusiasm ever characteristic of their people, will move forward for their own betterment, but remaining always willing, as in the past, to lend assistance, to endure sacrifices if need be, and to make this country as a whole a happier, more united, progressive and attractive place in which to live.

Hon. Mr. EULER: Honourable senators, I have no desire to find fault, but simply wish to keep the record straight. I thought I understood the honourable senator to say that the Maritime Provinces had been discriminated against in regard to freight rates. Is it not a fact that there are special freight rates for the Maritime Provinces?

Hon. Mr. LEGER: I said limited consideration had been given with regard to freight rates.

Hon. Mr. EULER: But there are special freight rates for the Maritime Provinces.

Hon. Mr. LEGER: There has been some reduction, but not the reduction that we should have.

Hon. Mr. HARDY: How much should you have?

Hon. Mr. LEGER: Well, we should have enough to protect our industries.

Hon. Mr. HARDY: Free rates would be very satisfactory.

Hon. Mr. LAMBERT: Honourable senators, may I ask a question of the honourable gentleman who made the inquiry (Hon. Mr. Sinclair) and the honourable gentleman from L'Acadie (Hon. Mr. Leger)? As one who was a member of the committee and heard the very interesting evidence that was given last year by Dr. Turnbull and others, I have wondered if the governments of the Maritime Provinces have taken any steps by themselves to present the interests that have been so ably represented here direct to the Government of Canada?

Hon. Mr. SINCLAIR: The province of New Brunswick, in which the property in question is situated, co-operated with the federal government in having the survey made by the firm of engineers I have mentioned, and contributed approximately half the cost of that survey. According to the return I have referred to the full cost of the survey was not known at the time. In the first instance the cost was estimated at $50,000, later that estimate was increased to cover certain unforseen expenses. The Government of New Brunswick paid one-half of the $50,000 and, if I remember rightly, undertook to pay anything in excess of the original estimate. So far as I am aware, nothing was paid by the other provinces, the site of this proposed development being entirely within the province of New Brunswick. When the late Senator Robinson proposed the investigation he stated that the province of New Brunswick was so much interested in the possibility of developing this tidal power that the project was mentioned in the Speech from the Throne which opened the 1944 session of the provincial legislature.

Hon. Mr. ROBERTSON: I desire to make these specific answers to the honourable gentleman's inquiry:

(a) Yes.

(b) The investigation has been carried on at the expense of both governments.

(c) The firm of A. G. Acres & Company, Consulting Engineers, Niagara Falls, Ontario.

(d) The report of the investigation has not yet been received by the federal government.

GOLD PRODUCTION IN CANADA

DISCUSSION

Hon. A. D. McRAE rose in accordance with the following notice:

That he will call the attention of the Senate to the development of our gold resources, and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly in the employment of labour, the establishment of new communities and the importance of gold in taking care of our foreign obligations.

He said: Honourable members, in these days of my declining commercial responsibilities, I usually find that in many discussions in this House I am not in the position of a personally interested party; but I should like to state that among my remaining business is gold mining, and the remarks, suggestions, and recommendations that I may have to make during my talk will be based on my actual experience and the general knowledge which I have acquired of its problems and its possibilities. So far as possible, I will try to divorce all personal interests from my views and treat the gold problems of Canada on an entirely national basis. You will be the best judges as to how far I succeed in that aim.

The romance of gold has carried on through the centuries. The allure of gold is as strong today as it ever was. When we review history we find that gold has been sought for at least five thousand years, probably seven thousand years. It may interest honourable senators to know that prior to the outbreak of the war a British company was successfully mining the tailings from an old Egyptian mine supposed to have been worked at least five thousand years ago. The recovery made by the Egyptians at that time was not very thorough.

The first mention we have of prospecting, the advance guard of industrial mining, is in the time of the seventh king of the third dynasty of Egypt, about 3,000 years B.C. The first prospecting expedition on record is that of Jason of Greece, who set out in his ship the *Argo* to rob the Armenians. That was in 1250 B.C. This trip resulted in what is called the myth of the Golden Fleece. I am not sure that this was a myth. I am of the opinion that the old prospectors found that by running water and sand or gravel containing gold over the fleece of sheep, the gold, being heavier than water, settled into the wool, and if the fleece was not dried and shaken out once in a while it would soon assume a golden colour. In fact it is interesting to note that that principle is still used in modern dredging, but matting instead of sheep's fleece is used in the side flumes to catch the fine flake gold that otherwise would go back into the dredge pond.

The first great gold rush recorded in history was Spain's invasion of South America in the 16th Century. Then two centuries later came the outstanding discovery of gold in California in 1848—ninety-seven years ago. That discovery produced, I believe, $550,000,000 in gold in the first ten years, and brought about a prosperity such as had never been known before. The whole world was affected by that discovery and as a result, if I remember rightly, the gold reserves of the world were increased something like 50 per cent.

Coming down to our country, we had the rush to the Cariboo in my own province of British Columbia in 1865. This was followed by the Klondike discoveries in 1898, which extended into Alaska. This was all alluvial or free gold recovered from gravel and sand, but usually gravel. These alluvial deposits are of varying ages, some of them millions of years old. They are not always in the streams; they are sometimes on the bench land where the upheaval has placed them, but nevertheless they were the river channels of past ages.

Following these alluvial gold discoveries, stamp mills were established and used in the recovery of free gold from crushed quartz. The recovery of what is known as gold from hard rock was not then known, but the development which followed along, the increase in the size of the mills and the heavier machinery, made it practicable to crush the very hard rock which contains gold and to make a reasonable recovery. This, however, was again revolutionized by the discovery of the cyanide process. With the assistance of cyanide as much as 97 per cent of the gold in the ore is recovered. It also solved the problem of complex ores. That is regarded as efficient mining. In fact practically all our gold today comes from this kind of development. No new alluvial gold deposits on this continent remain to be discovered, and today our alluvial production is but a small fraction of our total production.

It may be interesting to honourable senators to know that during the long period of search for gold the trend has always been upwards.

The value of gold has advanced, I believe, several times over the centuries; but for nearly one hundred years prior to the end of the first World War it remained stationary. Then it began to climb. This resulted finally in legislation being passed in the United States in 1934 fixing the value of gold at $35 an ounce. As a matter of fact, the United States was the only country which passed legitimate legislation increasing the price of gold It did so by reducing the gold content of its dollar.

On the matter of the increased price of gold, I have always contended that we have the cart before the horse. An ounce of gold is an ounce of gold. It does not change in value. It is the fall in value of the respective currencies in the different countries that results in the erroneous impression that gold has increased in value. It is a question of what an ounce of gold is worth in the currency of any particular country. I think this is an illusion which should be corrected.

As proof of this, the United States in 1934 reduced the gold content of its dollar to 15 5/21 grams of gold, nine-tenths fine, and it took thirty-five of these dollars to consume one ounce of gold. That was a perfectly legitimate way of dealing with the matter.

Following the depression of 1930 many people spent wakeful nights worrying about the security of gold, and trying to devise some substitute unit of value. I remember reading in the press that Mr. Henry Ford had suggested wheat as a unit of value instead of gold. This suggestion, to my mind, was one of the most ridiculous of many schemes proposed. Wheat is a bulky commodity, requires large storage facilities, its market value is very uncertain, it depreciates rapidly. None of these objections applies to gold.

War has so impoverished the European nations that their ability to return to the gold standard is not now a question. Nevertheless, gold, in my opinion, is more secure as a medium of international exchange today than it has ever been before. Some permanent medium as a basis of international exchange must remain if a world trade is to be carried on. Otherwise we must return to the old barter system, which is impractical commercially and would in effect be a return to the Dark Ages.

During the discussions as to the uselessness of gold, much reference was made to the gold of the United States buried in the hills of Kentucky. As a matter of fact, that issue is like the myth of the Golden Fleece—a thing of the past. It may interest honourable senators to know that while some years ago the United States had a 200 per cent coverage for its outstanding currency, the coverage at the present time is somewhat less than 40 per cent. Its reserves of gold were so depleted that last January legislation was passed by Congress reducing the coverage from 40 per cent to 25 per cent in anticipation of that country not having gold enough to maintain the official coverage of 40 per cent.

You may well ask: Where has this gold gone? During the war the United States bought much more from South America and other countries than it sold to them, and these countries invariably took payment of their balance of trade in gold. Some of the gold was exported to the respective countries and some of it remained earmarked as their property in the vaults of the United States. For instance, gold valued at one and a half billion dollars now stored in the United States vaults belongs to France. Other European countries have gold stored there.

I am told by well informed financial men that if we took the balance sheet of the United States today and deducted from it their commitments and other obligations payable in gold, they would have little or no gold left. Of course, that will not occur, because these obligations do not all mature at one time. But certainly the Americans are willing to buy all the gold we can produce at $35 an ounce. At one time it was said that the United States had 90 per cent of the gold above ground in its vaults. Today they hold only 50 per cent of the gold reserves of the world. These figures do not include Russia, whose gold reserves are unknown.

Supporting the value of gold is the inherent desire of people of all nations to acquire gold. That desire seems to have been instilled into the people of the world down through the centuries. Today a man can travel in any country of the world if he has a gold brick that is large enough. Gold can be sold at a premium over $35 an ounce in U.S. funds in any country on earth. This statement is borne out by the fact that in the few remaining open markets, such as exist in South America, gold is selling around $55 an ounce, payable in U.S. funds—a premium of about 50 per cent over our Canadian price. It has been higher, but I believe that is about the present price in the open market.

Some people complain about our gold mines receiving a premium of 10 per cent and getting $38.50 an ounce for gold instead of $35. They overlook the fact that 75 per cent of this premium is taken from the gold mines by special legislation and that the net to the mining companies is $35.87½ an ounce, not $38.50. This, I believe, is special legislation and is not affected by the reduction in the

Excess Profits Tax to 60 per cent. Few people realize that there is a real ceiling on gold. If we had a free market we might expect to get more than $50 an ounce in U.S. funds instead of $35, an advance of about 50 per cent which would be a great boon to gold mining in this country.

Were it not that I believe that consolidation of our gold production will be necessary in the future to take care of our foreign obligations, as will be shown in my later remarks, I would advocate the removal of the gold ceiling. I propose therefore to deal tonight with the production of gold only as the basis of international exchange.

It might well be asked, what chance has Canada to increase her gold production. To begin with, the glacial era pretty well removed the cover in the Canadian mining areas, particularly in the northern part of our country. It has been said that in this country we have ten times as much pre-Cambrian shield exposed as has the United States. I think that is far too modest an estimate. The pre-Cambrian rock in place is where we find our mines. It runs across the northern part of Canada, through every province from the Atlantic to the Pacific, with the lone exception of British Columbia, where the upheaval resulting in the Rocky Mountains has stood much of the original rock on end making mining in that province more difficult, more uncertain and more expensive.

As honourable senators from the province of Quebec will agree, we have seen rapid development in that area. Following across the continent we have similar gold discoveries in northern Ontario. Northern Manitoba is also producing gold, and successful mines are operating in the eastern section of Saskatchewan. It is reasonable to expect that similar deposits will be found along the northern parts of Saskatchewan and Alberta; but as the cover there is deeper, that section of the country will perhaps remain unexplored for many years. Then we come to the Northwest Territories, the Yellowknife District, where there is practically no cover at all. The rock is exposed for miles, except for occasional pot holes and muskeg, and the general diffusion of gold is over such a large area that it promises the development of many successful mines. In fact, there are geologists who say that the Yellowknife alone may some day rival the Rand of South Africa in gold production. If that is so, our barren lands may yet play an important part in the industrial life of our country.

I think, honourable senators, that except in odd sections here and there the gold development in Quebec is just starting; the surface has been barely scratched. The same situation applies to 3,000 miles across Canada. I do not think I am too optimistic when I say that under an active program of development our gold production at the end of ten years might be something approximating $500,000,000 annually. This may be considered too optimistic by more conservative men, but I think most will agree that with a real mining program we should be able to double our 1941 production of $205,789,000. That would mean an annual production of $411,000,000, which is not very far removed from the gold production I hope for. I am confident the development of the Yellowknife district on a large scale could easily make up the difference.

Before dealing with what this would mean to Canada and Canadians, may we take a look at the present situation of our gold mining industry. Here I feel I am going to be very disappointing. According to Government records, our gold production in 1941 was $205,789,000. In 1944 under war conditions, our production dropped down to $112,532,000, and it is still falling. Our production of gold in 1944 was the lowest in twelve years. We are back where we were in 1933. The production for the first seven months of the present year shows a further loss of 12 per cent, compared with the same period in 1944. The latest Government report available, July of this year, shows that again there is a falling off in gold production as compared with the same month last year, The situation is serious. We may well ask ourselves, honourable senators, whether we are going to let our gold industry, which can and should occupy such an important place in our internal economy, gradually die out, or are going to do what is necessary to make it a thriving industry again.

At the outbreak of the recent war our existing gold mines were urged to increase production, and new mines were encouraged to get into production, the gold being necessary to pay for our purchases from the United States. Later, when labour became scarce and lend-lease was put into effect, gold production was no longer considered an essential industry, and many of the smaller mines were obliged to close for lack of labour, and they are still idle. Only the large mines with large developed reserves ahead of them were able to continue, with reduced output, and lower grades due to inexperienced miners. This resulted in reduced earnings and, in most instances, smaller dividends.

When experienced miners are available—and there is little improvement to be reported at the present time—it is going to take these mines at least two years to do the necessary

pre-development work to get back to normalcy. They cannot plan any increased production before they catch up with their underground work. This is the really serious thing confronting our major mines. They have drawn on their reserves to the point where they are almost up against solid rock, and many of them will take at least two years before showing much increase in their milling operations.

The gold mines cannot carry the load of taxation to which they are subjected today. In my judgment the industry is rapidly closing up. An examination of the balance sheets of many gold mines shows clearly that their margin of profit is so small that, with a fixed price for their production and with increasing costs, they cannot hope to continue to operate very long at a profit. And when the day comes that they cannot operate at a profit they must close down. Right now gold mining, under excessive taxation, has in reality little chance of interesting investors. The reduction of the excess profits tax to sixty per cent is of little or no value to the old established gold mines and is totally uninteresting to the new mines. The forty per cent corporation tax, and the other charges, such as municipal taxes, unemployment insurance, silicosis protection costs, etc., in all probability take half of the profits of the corporation. Honourable senators may feel that the price of gold shares today is a contradiction of this statement. The fact is, though, that the real investor is interested only in our well-established mines, where there are ample reserves to secure his capital. He considers this investment the best hedge against inflation, which he feels certain will result in an increased price for gold. This, however, does not apply to the new mines. They are always a gamble. People will always gamble in the hope of quick returns. But it requires large capital expenditures to bring these new gold mines into production, and no sound businessman would risk his money in an investment of that kind, knowing that half the profits of the venture, if successful, would go to pay taxes. It would be like taking in a silent partner who got half the profits without assuming any of the losses.

Developing a new gold mine is always a venture. Even with the help of competent geologists, engineers and managers, I have had substantial losses. No way has yet been devised of exactly measuring the extent of the deposits, the value of the ore under ground, or difficulties you may encounter. You have got to get underground to find out, and that costs money. We need lots of venture money to develop our new gold mines, but we should see to it that the prospect has a reasonable chance of success and that the man who takes any part in the venture—I will not call him an investor—gets a run for his money.

Our mining legislation should not penalize the successful mines which have become well established and make satisfactory, perhaps big returns. They are necessary to the success of the enterprise as a whole. You might as well try to run a lottery without prizes as to develop a gold industry with no outstanding successful gold mining companies.

While I am on this subject I want to say a word for the successful gold mines. In my judgment they are today showing the way to the highest class of employment. Most of them not only maintain and contribute to an employees' pension fund, but they also maintain hospitals and have an arrangement for providing doctors to look after the miner and his family. It is very high class employment, as I view it. A visit to one of the big mines, where one can see the accommodation afforded the men, is most interesting. They change into mining clothes before they go down the shaft in the morning, and when they come out of the mine at night they have a shower bath before changing back into their street clothes. There is a sun lamp room in which they can spend as much time as they please, and the local papers are provided for their reading. I think these conditions of employment are such as to make every Canadian feel proud, and I am rather impatient with the criticism which sometimes is directed towards our outstanding mines.

Before the war Canada was able to pay her unfavourable balance of trade with the United States by sending to New York the sterling she received from London in payment of her favourable balance of trade with Great Britain. That gate is now closed, even if we had hopes of a continuance of our lopsided business with the British Isles. I think we are well disillusioned as to the possibility of that. This triangular arrangement is possible no longer.

Unfortunately the United States produces practically everything we produce in Canada, so the opportunity for a substantial increase in our exports to that country is not bright. Some of our exports to the United States are on a sound footing, but many of them are the result of war and cannot be depended on to continue under peace conditions. We Canadians may anticipate that with lower tariffs and the desire of our people to buy American goods, our importations from the United States will increase, and it is reasonable to expect an unfavourable balance of

trade with the United States of as much as $400,000,000 annually. That would include the visible as well as the invisible balance of trade, the latter being the interest, dividends and so on payable to American citizens and corporations. I know of only two things that we can safely figure on to pay this increase in our unfavourable trade balance. These are our gold, and the monies spent in Canada by United States tourists in excess of the amount spent in the United States by Canadian tourists.

I have said that it would take from five to ten years to develop a gold mine and bring it into production. That is a long time these days. But if we present an attractive programme for our gold development, from present indications it would appear that the inflow of American capital for the next few years to develop our gold reserves would equal and take the place of the increased amount of gold we hope to send them eventually. I think honourable senators will agree that we must cash in on some of our natural resources to bridge the chasm that is now in front of us. Gold presents the opportunity to do so, at least in part.

It is for this reason that I do not advocate the removal of the ceiling on gold. I feel the Government should continue to consolidate our gold production, in view of the unfavourable trade balance we may have with our neighbours. I make this statement although I appreciate that with a free gold market we would get much more than the present price of $35 an ounce. Our Government must realize that with the increasing costs and the present burdensome taxes, the margin of profit on many of our gold mines will disappear entirely and the mines will close down. Taxes and various regulations must be eased if interest in our gold mining is to revive.

Furthermore, such an unfavourable situation as at present affects our gold mining will leave much of the lower grade ore in the ground. That will never be recovered. The companies will as a matter of course be obliged to high-grade their mines in order to continue operating as long as possible.

One thing that I do not think is fully appreciated by the Canadian people is the value of the development of our gold resources to the country as a whole. Giving evidence before Dr. James' committee on reconstruction in another place, Mr. Scott Turner of the United States Bureau of Mines stated that his Bureau estimated that one man on a mine payroll provided a livelihood for twelve other individuals, which I presume would include the miner's family if he had one.

It is worthy of note that in 1940 our mines purchased $100,000,000 of supplies. This included agricultural produce, flour, beef, canned goods and all food commodities required in an ordinary community, as well as mine machinery and supplies. Thus these purchases provided work for the farmer, the mechanic, the machinist, the railway man, and every citizen. In fact, all our citizens benefited, just as they do from increased business in general.

It is estimated that our mining industry as a whole provides now for about ten per cent of our population. An annual production of $500,000,000 of gold at $7 a ton, and averaging two tons per day for every man on the payroll, would furnish employment for roughly one hundred thousand men. On the basis of twelve to one suggested by Mr. Turner, our gold industry alone would provide sustenance for a population of 1,200,000. If we could put this development into effect overnight, there would be no problem of unemployment. But that cannot be done. We must be prepared to spend a long time on it, for it will take at least five years to get any worth while results from a mine, and ten years to get maximum results.

I believe, honourable senators, that the development of our gold reserves is perhaps the most promising avenue we have in our efforts to provide employment and take care of our obligations. If my deductions are sound even in part, I believe you will feel that no time should be lost in getting the development under way. These are the days that call for action. If we appreciate the situation that is now on our door-step, we should not wait for things to happen. Bold and prompt action by our Government will be required in many instances in the next few years. We have no time to wait and see. The development of our gold industry is only one of many problems that cry out for a decision on the part of the Government.

I come now to what I think is necessary to bring about the development of the industry. I said last session that the Mining Act in force at the outbreak of the war was a very good one, and that under it the gold development we desired could be brought about. This general statement would necessitate a return to pre-war taxation, the following being the changes necessary:

1. The excess profits tax should be cancelled A reduction to 60 per cent is of value to very few of the old established mines, and of no interest whatever to new mines except as a red light to frighten away would-be investors.

2. The corporation tax on gold mines should be reduced to the pre-war rate of 20 per cent. With a ceiling price on gold and our increase in costs, investors will not look with favour on a business which pays out half of its earnings in the form of war taxes and other Government taxes. Gold mining gets no bonus. It is obvious that if operating costs continue to rise there will have to be a rise in the price of gold too, because while a reduction in taxes will probably answer the purpose at present, it will not forever solve the problem.

3. The depletion allowance should be restored to 50 per cent. The present 30 per cent is not sufficient, as will be borne out by the records of the many companies which have never been able to repay their capital.

The loss of revenue from these three items would soon be fully made up by the increase in sales taxes collected from increased business, income tax and various other Government sources of income, which would come about by the increased business resulting from the larger production.

4. The Government obliges all gold mines to send their gold to the Mint at Ottawa for refining. It is felt by the mining companies that this refining should be done at actual cost. Canadian mines are charged 35 cents an ounce by our Mint. The United States Mint at Seattle for identically the same work charges me 13 cents an ounce, and makes a slight reduction for shipments of 600 ounces or more. That does not seem so very much money, but let me remind the House that in 1940, when the Mint reported the receipt of 5,545 thousand ounces of gold, the profit which it makes of 22 cents an ounce would amount to $1,219,939; and on the reduced production of 1944 it would amount to $643,000. This charge, as I understand it, is not statutory, but is just a mandatory charge. These figures are very conservative, for I am advised that although the gold is accumulated here it is not minted in Ottawa. Apparently it is sent to some mint in the United States, and I am advised the Government are charged 8¾ cents an ounce. They have some further expense for express and insurance, but, strange to say, these charges are very reasonable having regard to the value of the gold. That expense might amount to another cent an ounce, maybe slightly more, leaving 25 cents an ounce profit, 3 cents an ounce more than my estimate. In any event the Government makes 22 cents profit on every ounce of gold produced in Canada—gold that it never touches at all except to accumulate and ship to a mint in the United States. To my way of thinking, this is a very unreasonable charge to impose on our mines, and I feel the industry has strong grounds for asking to be relieved of everything but the actual cost. I submit that the pinching off of these huge sums by mandatory orders should be discontinued.

5. There should be a restoration of the three-year exemption from taxes on new mines. This is a great encouragement to the small operator. Usually a new mine is a small one to start with. The profits, if any, are put back in the development of the mine, and thus supplement the capital provided for, which is frequently found insufficient. The credit for this excellent encouragement to new mines belongs, I think, to the honourable senator from Churchill (Hon. Mr. Crerar), who was the Minister of Mines during the period it was put into effect.

New mines should not be obliged to provide depreciation or depletion during this period. A rule by our income tax authorities in this regard frequently nullified or greatly reduced the effect of the three-year exemption for new mines as contemplated by the statute. This Act while in effect was a great help to the prospector. It gave him a strong talking point to get people interested in examining his prospect and, if favourable, undertaking its development. I believe the Act cost the country very little, if any, money, but it certainly was a great encouragement to mining.

I would think that the renewal of the three-year tax exemption for new mines might be included in the present budget, as it does not affect the revenue of the country one cent. These mines are non-existent and cannot produce until they are in operation, so the present budget would not be affected by any action the Government might at the present time take along that line. But it would be an encouragement to prospectors and to the mining industry generally. This I think is necessary, particularly having regard to the fact that the present burden of taxation will apparently rest on the mines until at least another budget is brought down.

In conclusion, honourable senators, I would refer briefly to the prospector. The prospector is every inch a man, with spirit, faith and courage unlimited. Our prospectors are the pioneers of the industry. They are rapidly passing on. It is important to Canada with its far-flung acres and vast mineral resources that this gap should be filled. It has occurred to me that some of our returned soldiers who have learned to like the open-air life, who have courage and do not fear the wilderness and are not averse to being alone and on their own, at least some of the time, might be given the necessary elementary training in geology and mineralogy to qualify them to

become intelligent prospectors, and thus fill the places of the grand old veterans who are rapidly passing off the scene.

As my tribute to the prospector I should like to quote Mr. T. A. Rickard. In his book The Romance of Mining he writes:

Let us give credit to whom it belongs. To the man with the faith of a child and the heart of a viking. To the man who has tramped and toiled until he heard the mile-wide mutterings of imagined rivers, and beyond the nameless timber saw illimitable plains. To the miner who has crossed the last range of hills and lies in the only prospect hole he could not dig. To the man who was the Herald of Empire and the pioneer of industry—to him that blazed the trail.

Some Hon. SENATORS: Hear, hear.

On motion of Hon. Mr. Crerar the debate was adjourned.

PRIVATE BILL

THIRD READING

Hon. Mr. HOWARD, for Hon. Mr. Lesage, moved the third reading of Bill F, an Act respecting the Quebec Railway, Light and Power Company, as amended.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. HAYDEN, for Hon. Mr. Farris, moved the third reading of Bill G, an Act to amend an Act respecting Vancouver, Victoria and Eastern Railway and Navigation Company, the Nelson and Fort Sheppard Railway Company and Great Northern Railway Company, as amended.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

ORDER DISCHARGED

On the order:

Committee of the Whole on Bill D, an Act to incorporate International Air Transport Association, as amended.—Hon. Mr. Hugessen.

Hon. A. D. McRAE: Honourable senators, the other day when I asked that this bill be referred to Committee of the Whole, I had confused it with another bill introduced in the other place which has not yet reached us. With permission of the House, therefore, I should like to withdraw my motion. I have no objection to the bill being read the third time now.

Hon. Mr. COPP: With unanimous consent, it would be all right.

Hon. Mr. LEGER: The proper procedure, I think, would be to send the bill to the Committee of the Whole, to pass it through committee and report it. Then your procedure would be in accordance with the rules.

Hon. Mr. HAYDEN: The discharge of the Order can be moved.

Hon. Mr. LEGER: That would be a roundabout way.

Hon. Mr. HAIG: The proper way would be to follow my friend's suggestion, and move that the bill be discharged and be placed on the order paper for a third reading to-morrow. I move, therefore, that the order be discharged, and that the bill be placed on the order paper for a third reading.

Hon. Mr. LEGER: The bill has been referred to Committee of the Whole, and it must be sent to the committee to be dealt with. I suggest that the proper procedure is to form a Committee of the Whole, have the committee deal with the bill, and then report it to the House. Third reading can then be moved.

Hon. Mr. HAYDEN: The Senate can discharge the Order.

Hon. Mr. LEGER: The Senate has not charge of the bill now. It has been referred to the Committee of the Whole.

Hon. Mr. HAIG: Mr. Speaker, the House can always bring back a bill from any place. All that is necessary to bring the bill back to the House is the appropriate motion. The House is all-powerful.

The Order was discharged, and the bill placed on the Orders of the Day for to-morrow.

PRIVATE BILL

SECOND READING

Hon. Mr. BEAUREGARD moved the second reading of Bill V2, an Act to incorporate Compagnie de Fiducie du Canada (Trust Company of Canada).

Hon. C. C. BALLANTYNE: Honourable senators, before this bill is read a second time, may I say to the honourable senator from Rougemont (Hon. Mr. Beauregard) that while generally speaking I have no objection to the bill, I think it is unfortunate that the English name of the company reads as follows "Trust Company of Canada." It might be confused with the Bank of Canada. It is too significant a name. I would respectfully suggest to my honourable friend that a substitution be made, especially for the two words "of Canada."

Hon. Mr. BEAUREGARD: I understand that there is no possible objection to the French name "Compagnie de Fiducie du Canada"; and I do not know of any better English translation of the French than the words that have been used by the translators. I may say, with all due deference to the honourable senator from Alma (Hon. Mr. Ballantyne), that there are cases similar to this one. We have the Bank of Canada and we have La Banque Canadienne Nationale—which is the Canadian National Bank—and, I do not think anyone has confused the two. It is purely my opinion, but I do not believe any confusion has ever occurred between the Bank of Canada and the local bank.

Hon. Mr. BALLANTYNE: We have a great many trust companies in this country, such as the National Trust Company, the Montreal Trust Company and the Royal Trust Company; but such a name, as "Trust Company of Canada", is, I think, going too far.

Hon. Mr. BEAUREGARD: Perhaps I should say a few words. Every honourable senator who has looked at this bill has seen that it is an ordinary bill to incorporate by special act of parliament a new company for carrying on the business of a trust company, in the city of Montreal and elsewhere, under the Trust Companies Act. The company does not acquire any special privileges. After the bill has been read a second time, I will move that it be referred to the Standing Committee on Banking and Commerce, where this question of the name can be considered.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Beauregard the Bill was referred to the Committee on Banking and Commerce.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine moved the second reading of the following bills:

Bill I, an Act for the relief of Martha Louise Manful Hatch.

Bill J, an Act for the relief of Nora Jean Cunningham Brisbane.

Bill K, an Act for the relief of Thérèse Bonenfant Fusco.

Bill L, an Act for the relief of Mildred Euretta Mackay Disher.

Bill M, an Act for the relief of Mary Emerson Whittemore Schlemm.

Bill N, an Act for the relief of Andrew Lawrence Card.

Bill O, an Act for the relief of Annie Morrison Wisely Pitblado.

Bill P, an Act for the relief of Joe Eisen.

Bill Q, an Act for the relief of Ellen Therese Cramer Watson.

Bill R, an Act for the relief of Rita Gendron Reid.

Bill S, an Act for the relief of Evelyine Pearl Edwards Aird.

Bill T, an Act for the relief of Helen Turner Luke.

Bill U, an Act for the relief of Lois Elizabeth Allworth Pierce.

Bill V, an Act for the relief of Armandine Cecile LeBrun Lachance.

Bill W. an Act for the relief of Grace Irene Paquette Hopkins.

Bill X, an Act for the relief of Alma Joan Begin Oswald.

Bill Y, an Act for the relief of George Ernest Reed.

Bill Z, an Act for relief of Sylvia Heather McCulloch Peck.

Bill A2, an Act for the relief of Frederick Keith Beattie.

Bill B2, an Act for the relief of Robert Coull.

Bill C2, an Act for the relief of Violet Beach Meredith.

Bill D2, an Act for the relief of Max Engelberg.

Bill E2, an Act for the relief of Bertha Harris Fineberg.

Bill F2, an Act for the relief of Nils Jens Patterson.

Bill G2, an Act for the relief of Benjamin Charles Stafford.

Bill H2, an Act for the relief of Florence Mary Daniel Nightingale.

Bill I2, an Act for the relief of Edward Stephen Vasselin.

Bill J2, an Act for the relief of Robert Marshall Miller.

Bill K2, an Act for the relief of Dorina Laurin Wallis.

Bill L2, an Act for the relief of Helen Louise Clark Leet.

Bill M2, an Act for the relief of Dorothy Anita Duffy Gregson.

Bill N2, an Act for the relief of Irene Grace Harman Smith.

Bill O2, an Act for the relief of Lorna Maud Clerk Kingsland.

Bill P2, an Act for the relief of Edgar Jean.

Bill Q2, an Act for the relief of Ethel Maybird Wright Latremouille.

Bill R2, an Act for the relief of Marie Rose-Alba Germaine Bélair Blanchard.

Bill S2, an Act for the relief of William Bernard McCarrick.

Bill T2, an Act for the relief of Lorne Edward Souva.

Bill U2, an Act for the relief of Edith Gertrude Jackson Holloway.

Bill Y2, an Act for the relief of George Allenby Bradshaw.

Bill Z2, an Act for the relief of Phyllis Fitch Farber.

Bill A3, an Act for the relief of Vencel Humenay.

Bill B3, an Act for the relief of Waldo James Cousins.

Bill C3, an Act for the relief of Albert Wilson Harvey.

Bill D3, an Act for the relief of Iris Esther Westerberg Duffy.

Bill E3, an Act for the relief of Della Frances Gardner Hudson.

Bill F3, an Act for the relief of Joseph Gerard Fernand Arthur Broleau.

Bill G3, an Act for the relief of Audrey Nathaniel Smith MacNair.

Bill H3, an Act for the relief of Ovila Bernard.

Bill I3, an Act for the relief of Albert Edward Spray.

Bill J3, an Act for the relief of Helen Isabel Dibblee Brown.

Bill K3, an Act for the relief of Robert Hiscock.

Bill L3, an Act for the relief of Jacques Noel Cerminara.

Bill M3, an Act for the relief of Joseph William Henry Beausoleil.

Bill N3, an Act for the relief of Rita Beryl Gwendolyn Scott Lunn.

Bill O3, an Act for the relief of Neil Sinclair McKechnie.

Bill P3, an Act for the relief of Albert Evariste Gelinas.

The motion was agreed to, and the Bills were read the second time.

PRIVATE BILL

SECOND READING

Hon. ARISTIDE BLAIS moved the second reading of Bill W2, an Act to incorporate the Catholic Episcopal Corporation of Whitehorse.

He said: The purpose of this bill is to incorporate the Right Reverence Jean Louis Coudert, Vicar Apostolic of the Vicariate Apostolic of Whitehorse, and his successors, under the name of "The Catholic Episcopal Corporation of Whitehorse". The bill provides in clause 2 that the head office of the corporation should be at Whitehorse in the Yukon territory. The other clauses of the bill follow exactly the terms of the Act passed during the 1913 session of Parliament incorporating the Roman Catholic Episcopal Corporation of Mackenzie.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Blais, the Bill was referred to the Committee on Miscellaneous Private Bills.

PRIVATE BILL

SECOND READING

Hon. Mr. HAYDEN moved the second reading of Bill X2, an Act respecting the Lake Erie and Detroit River Company and Pere Marquette Railway Company.

Hon. Mr. FOSTER: Will the honourable senator tell us something about this bill?

Hon. Mr. HAYDEN: The purpose of this bill is similar to that of a bill that was brought before the Senate last year, and which came before the House again this year for amendment—an Act respecting Vancouver, Victoria and Eastern Railway and Navigation Company. The purpose here is twofold. The Pere Marquette railway is the parent company, and the Lake Erie is a wholly owned subsidiary. In connection with the wholly owned subsidiary, a lease has been approved by the Governor in Council on the recommendation of the Board of Transport Commissioners, for a period of twenty-one years, which is the limit under the Railway Act. It is provided that with the approval of Parliament a lease between a subsidiary company and the parent company may run for a period of fifty years.

There is a second provision of the bill under which it is sought to give the subsidiary company power to sell, and the parent company the power to buy, the assets of the subsidiary company at any time it may be desirable to do so.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden the Bill was referred to the Committee on Railways, Telegraphs and Harbours.

ESTIMATES

EXAMINATION BY FINANCE COMMITTEE

The Senate resumed from Tuesday, October 23, the adjourned debate on the motion of Hon. Mr. Robertson:

That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament, and

by resolutions relating to war and other proposed financial measures of which notice has been given to Parliament, in advance of the bills based on the said estimates and resolutions reaching the Senate.

And the amendment moved by Hon. Mr. McGeer:

That the said motion be amended by striking out all the words after "That" in the first line thereof, and substituting therefor the following: "any Standing or Special Committee of the Senate be authorized to examine any resolution or proposed bill laid before Parliament in advance of the resolution or bill reaching the Senate."

Hon. ARTHUR MARCOTTE: Honourable senators, it would take just a few words to explain my vote against the amendment. The reasons given by the honourable senator from Vancouver South (Hon. Mr. Farris), supplemented by those of the honourable leader on this side (Hon. Mr. Haig), would be sufficient to do so, because I agree with them that it is necessary for us not only to keep control of our proceedings but to adopt the principle of any bill before it is sent to a committee.

It is true that on several occasions bills have been sent to committee before their principle was adopted; but they had been before the Senate and had been read a first and second time, on the understanding that the principle could be taken up and discussed before third reading. These were exceptions.

Besides, as an honourable member stated, every senator has an obligation to study and scrutinize measures before deciding on them. If the Senate had no notice that a bill was being considered by a committee, how could senators who were not members of that committee follow the study of the bill? The Senate does not proceed in the way that would be necessary if the amendment were adopted.

While I am mentioning notice of a bill being studied in a committee, I should like to make a suggestion. When a committee of the Senate is to meet, the Clerk of Committees sends to every member of the committee a notice, stating that it will sit in a cetrain place, at a certain hour on a certain date, to consider such and such a measure. Why could not the Clerk at the same time send the same notice to the other members of the Senate? The only change would be that this notice would be a general one. In this way, every senator would know whenever any committee was meeting, and what it was considering.

I have before me a notice stating, "The Standing Committee on Railways, Telegraphs and Harbours, of which you are a member, will sit" to consider a certain measure on a certain date and at a certain hour. In sending such a notice to senators who are not members of the committee, it would merely be necessary to strike out the words "of which you are a member". This would take only a few mniutes of the Clerk's time and would cost nothing. Yet this practice would inform all of us as to what matters were coming before the various committees, and it would probably result in a larger attendance at committee meetings.

Coming back to the amendment, we should not forget that one of the main functions of the Senate is to consider, adopt, amend or reject bills or measures coming from the other House of Parliament. As the main motion and the amendment involve the powers of the Senate to deal with money bills, there is more to be said.

The honourable senator from De Lorimier (Hon. Mr. Vien) in his eloquent and very lucid address gave a resumé of the powers of the Senate, and disproved the claim of the House of Commons that money bills were the sole gift of that branch of Parliament. If I may, I should like to elaborate on that phase of the discussion.

In his eloquent remarks on the Address in reply to the Speech from the Throne, the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer), the mover of the amendment, incorporated the report of the Special Committee appointed by the Senate in 1918 to inquire into the Senate's powers with respect to money bills. But, honourable senators, the report incorporated in his address is not complete, for it does not include the memorandum prepared by Senator Ross and the legal opinions of Messrs. Lafleur, Geoffrion and Ewart, the eminent lawyers who had been requested to study this question.

This matter of the powers of the Upper House with regard to money bills is not new. It was not new in 1918, nor new in 1868. For three centuries it has been the subject of discussions, controversies, even bitter quarrels between the House of Commons and the House of Lords in England, not to mention what has taken place in the colonies.

The reading of the 1918 report, and of the memorandum and legal opinions forming part of the report, is illuminating to any student of constitutional law. But these things are not all. Honourable senators would, I am sure, read with great interest and satisfaction the speeches made in the Senate during the discussion on this report in 1918. I would not trespass on your patience by covering the whole history of these controversies. Honourable senators are surely conversant with them. But it may be interesting to give in a short way the

reasons for the conclusions arrived at by the Special Committee. The first five clauses of the report relate to money bills. Let us read them again. I am quoting from the Journals of the Senate, 1918, volume 54, page 194:

The following summing-up thereof is submitted as the conclusions of your committee on the rights of the Senate in matters of financial legislation:

(1) That the Senate of Canada has and always had since it was created, the power to amend bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the Crown.

(2) That this power was given as an essential part of the Confederation contract.

(3) That the practice of the Imperial Houses of Parliament in respect of money bills is no part of the Constitution of the Dominion of Canada.

(4) That the Senate in the past has repeatedly amended so-called money bills, in some cases without protest from the Commons, while in other cases the bills were allowed to pass, the Commons protesting or claiming that the Senate could not amend a money bill.

(5) That Rule 78 of the House of Commons of Canada claiming for that body powers and privileges in connection with money bills identical with those of the Imperial House of Commons is unwarranted under the provisions of The British North America Act, 1867.

The memorandum which formed part of the report covers a succinct but complete history of the controversies between the Imperial Houses of Parliament on this mooted question. I shall cite only the points leading the committee to its conclusions. A comparison is made between the powers of the House of Lords and the Senate of Canada as to money bills, and the conclusion is that the Senate has more powers than the House of Lords. The Senate is not subject to what is called the "swamping power" of the House of Commons in England.

I am now citing extracts from the memorandum, at page 195:

It will be noticed that these powers of the Commons and these disabilities of the Lords are not settled by a law but by practice and custom founded on resolutions of the Commons backed up by threats to which the Lords yielded under protest. Mr. Asquith's resolution (1910) "That it is expedient that the House of Lords be disabled by law from rejecting or amending a money bill, etc." is an admission of this fact.

At page 197:

The Constitution of the Dominion of Canada was therefore new in the line of colonial constitutions. The legal effect of the words of the British North America Act will have to be settled (as Acts of Parliament are construed) by the plain meaning of the words used.

There are five things that are new—age, property, residence, life tenure and the fixed number. In the old provincial constitutions these are not found. In those above mentioned (1791) and (1840) a Councillor was required only to be a British subject twenty-one years of age.

The statute shows a fundamental difference between the Senate and the House of Lords.

Then the Senate is an Upper House in a federation and not in a unitary State or Legislative Union as is the House of Lords. The Senate is more like that of the United States or the upper house in Germany or Switzerland. If it is not the first duty of the Senate to protect provincial interests it is impossible not to infer from the terms of the Act that this is a duty cast upon it. Why else the appointment by provinces and electoral districts with the qualifications of property and residence? Why not an appointment to the Senate simply as in the House of Lords or the nominated legislative councils already referred to? Such fundamental changes are not made for nothing. The first duty of the Senate is to protect and preserve provincial rights and interests. No such duty is required of the House of Lords or of any of the legislative councils in the provinces. More than that from the Act it is quite clear that to enable the Senate to do this it was made an independent body by the abolition of the "swamping power," and making the tenure of the position for life. It has, of course, other powers and duties consequent on its being an independent part of the Constitution.

The British North America Act imposes one extremely important limitation on the powers of the Senate. Sections 53 and 54 of the Act read:—

53 Bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons.

54 It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue or of any tax or impost to any purpose that has not been first recommended to that House by message of the Governor General in the Session in which such vote, resolution, address or bill is proposed.

At page 198:

Principles and practices or customs are very different things. On principle the House of Lords is co-ordinate with the House of Commons and the Senate of Canada is co-ordinate with the House of Commons, except in this one matter of originating money bills. The House of Commons in England, by its use of the "swamping power" has reduced the House of Lords to a state of impotence in all financial matters. The House of Commons in Canada has no such power. A law without a sanction is nothing. A practice or custom or convention without the power to enforce it is nothing, even if the practice were applicable.

The constitution of the Senate as already outlined is fundamentally different from the House of Lords and its functions of safeguarding provincial interests in a federal system is one unknown to an upper house in a unitary system, as is the House of Lords. Then the Senate is in a measure representative although nominated. This is brought about by the property and residence qualifications of senators.

The division of the Dominion into senatorial districts differentiates the two upper houses. The senators first of all represent their prov-

inces or districts and their first duty is to them. Then the "swamping power" was taken away for the express purpose of making the Senate independent of the House of Commons as a condition precedent to Confederation. On what implication or analogy can a practice forced on the House of Lords by an all-powerful House of Commons be applicable to an independent House like the Senate? It would require a statute to effect this, like sections 53 and 54.

At page 199:

When the House of Commons of Canada claims that it can drag the Senate beneath it as the Commons did the House of Lords in England and through the "swamping power" the answer is that it has not got this power and is as much bound by the British North America Act as the Senate. We have a Constitution that can only be altered by the Imperial Parliament. The House of Commons can not by passing rules add to its powers or diminish those of the Senate. Rule 75 of the House of Commons is quite outside of the powers of that House.

At page 201 under the heading of Senates and Upper Chambers, I find:

At page 224 Temperley says: In theory the Senate of Canada possesses equal rights with those of the Lower House except that it can not originate money bills. It has, however, the full power either to amend or reject them.

Three eminent lawyers, Mr. E. Lafleur and Mr. Aimé Geoffrion of Montreal and Mr. John Ewart of Ottawa, gave written opinions which are also part of the report by the Special Committee. I am quoting a few paragraphs taken from pages 202 and 203 of the Journals of the Senate.

At page 202:

Sections 17 and 91 of the British North America Act place the Senate on exactly the same footing as the House of Commons as respects all legislation.

The only material derogation to this general rule is contained in section 53, which provides that bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons.

The denial of the right to originate money bills does not involve the denial of the right to amend them. Nothing therefore in the text of the British North America Act takes away the latter right from the Senate.

At page 203:

It is remarkable that of the two restrictions on the rights of the Lords which the Commons by its resolution of 1678 tried to impose, namely: the denial of the right to originate and the denial of the right to amend money bills, the British North America Act, while mentioning the first in section 53, should not mention the second against which the Lords had specially protested.

If it had been the intention of the British Parliament to impose the two restrictions on the Senate it surely would have mentioned them both, or if content to rely on the preamble as incorporating the whole British constitution it would have mentioned neither.

To those reasons might be added this further consideration, that there is very little analogy between the Lords and the Senate. The Lords represent themselves, the Senate represents the provinces. The Lords are not in an independent position, as the House of Commons can use its influence over the Crown and induce it to add as many members as are needed to the House of Lords to obtain a favourable majority.

It is probably for that reason that section 18 of the British North America Act when dealing with the privileges, immunities and powers of the Senate refers as the maximum for such privileges, immunities and powers to those held, enjoyed and exercised by the Imperial House of Commons (and not by the House of Lords) at the passing of the Act.

Under the circumstances, we are of the opinion that the Senate of Canada may amend a money bill originating in the House of Commons as fully as the House of Commons can do.

Now, honourable members, before I cite excerpts from speeches made by some senators at the time this report was presented for discussion and adoption, I will read clauses 6 and 7 of the conclusions of the report:

6. That the Senate as shown by the British North America Act, as well as by the discussion in the Canadian legislature on the Quebec Resolutions, in addition to its general powers and duties is specially empowered to safeguard the rights of the provincial organizations.

7. That besides general legislation, there are questions such as provincial subsidies, public lands in the western provinces and the rights of the provinces in connection with pending railway legislation and the adjustment of the rights of the provinces thereunder likely to arise at any time, and it is important that the powers of the Senate relating thereto be thoroughly understood.

Senators Ross, Bostock, Choquette, Poirier, Beique, Dandurand and Sir James Lougheed took a prominent part in the debate. They were all old parliamentarians, and some of them eminent jurists. The memorandum had been prepared by Senator Ross. It speaks for itself.

I cite these extracts from the speech of Honourable Senator Bostock, as reported in the Senate Debates of 1918, at page 557:

The question we have to consider in relation to this report is as to what action we should take later on in regard to money bills. The change in the attitude of the Senate in regard to these matters is very important, and one that should not be adopted without very careful and serious consideration. But in the interest of the country we must maintain our position and see to it that the rights and responsibilities of the Senate under the British North America Act are properly exercised. That Act placed the Senate in all financial matters very largely on an equality with the House of Commons, except that we have not the power of originating money bills.

The fact that we are governed by a written constitution, as has been explained by the honourable gentleman from Middleton (Hon. W. B. Ross), puts us in a position very

different from that of a House such as the House of Lords, or any other Upper House which is subject to a superior power that could swamp the power of that Upper House by appointing more members, and thus prevent action by that House which might run counter to the wishes of the Crown or the views of the Lower House.

I think that we should give very careful and very close attention to this report. The opinions that have been expressed by leading counsel are also very valuable, and add greatly to the strength of the position in which we find ourselves placed today.

There are in this Chamber many honourable senators who remember Senator Beique. They had the opportunity of valuing his legal knowledge and vast experience. From what I am about to cite from his address on this report you will see that the report, the memorandum of Senator Ross and the legal opinions, changed his point of view and convinced him that the Senate had powers which had been doubtful in his mind up to that time.

At page 665:

May I be allowed to add a word to what I have already said? When I spoke first I took it for granted that it had always been assumed by this House up to this moment that money bills were within the exclusive jurisdiction of the House of Commons.

I must confess that the honourable gentleman from Middleton (Hon. W. B. Ross) has thrown a good deal of light on the question, and, as presently advised, I must say that I think he is quite right. He has stated the unquestionable principle that the Parliament of Canada is not governed by common law, so to speak, as are the Imperial House of Commons and the House of Lords. They are not acting under any statutory law; they are acting under customs and usages, which are the result of long practice; but the Parliament of Canada is acting under a written constitution and must remain within the four corners of that statute. So far as they are within the four corners of the statute they are entitled to exercise all the rights and privileges which are given to them by that statute.

At page 666:

I think that unless we find some restrictions in that Act the two Houses are placed on a par as far as legislation is concerned, whether it be on one subject or another.

That is not the case with us in Canada—

He was making a comparison with the House of Lords.

—because we have a written constitution; and, unless the House of Commons, with the consent of the Crown, takes the responsibility of disregarding the rights and powers of this branch of Parliament, those rights have to be respected.

At page 667, citing from the debates of 1867, he said:

Mr. Dorion took the same view. He pointed out that the effect of abolishing the swamping power was to make the Senate entirely independent.

So we have, on one hand, an Act which is perfectly plain in its terms, confiding the power to both the Senate and the House of Commons, without any distinction, without any preference one over the other, except sections 53 and 54; and, on the other hand, the important fact that it was intended to make the Senate independent of the House of Commons, because the Senate was entrusted with the protection of the interests of the provinces.

I think it is our duty to realize what are our powers, but not with a view of abusing them or exercising them unduly. I think this House should be commended for the way in which it has exercised its powers in the past, especially in money matters.

Bills for appropriating any part of the public revenue, or for imposing any tax or impost, shall originate in the House of Commons.

That unquestionably curtails the powers of this House, but it curtails them only to the extent stated. Because a bill of that kind must originate in the House of Commons is no reason why we should be deprived of the right of dealing with it freely, provided that the amount authorized by the Crown is not exceeded. I think that our position in that respect is on a par with that of the House of Commons. Private members of the House of Commons are not allowed to present a money bill. It must originate with the Cabinet, because it must be accompanied by a message from the Crown. But the moment the message has been received and the bill has been introduced by the Government, the members of the House of Commons deal with it most freely in every way, except that they cannot increase the amount specified by it without the consent of the Crown. They can amend the bill, and they exercise their power in that regard very freely. Why should our position be different from theirs? Where can we find that our rights in respect to amending a money bill are curtailed to a greater extent than are those of the members of the House of Commons?

It is only recently that this Chamber suffered the loss of Senator Dandurand. For many years he gave the Senate the benefit of his wide experience in world affairs. I do not think that he had any superior in his knowledge of the work and powers of the Senate.

I am quoting from his speech on this report. At page 671 will be found the following passage:

There was a certain purpose in view: it was that we should represent, not a small section of the population, but the provinces from which we come; and I would ask my honourable friends if in reading the Quebec resolutions and the federal compact they do not notice that the financial clauses of the contract play a most important role. If they do play an important role and if we are here to see that the letter and spirit of that agreement are maintained, does it not follow logically that we have a special duty to watch over the financial administration of the country?

I recognize that, though we may have equal powers with the House of Commons, they should be exercised by us in a different spirit. We have equal powers, but we have not the same mandate. If the Commons, when acting according to the letter and spirit of the constitution, have a clear mandate from the country, their authority should go unchallenged in financial as in other matters. Our duty, I surmise, is to assure ourselves that the Commons have that clear mandate. If in this respect the Senate fulfils its duty seriously, it can play an important, a paramount part in the safeguarding of the Federal treasury. I claim that very often we have been individually convinced that the Commons, in disposing of the money and the credit of the country, has not given sufficient consideration to the general interests of Canada, and, in common with many of the most prominent citizens of Canada who are concerned over the proper administration of the country, and who watch its expenditures with a careful eye, we have felt that the House of Commons was at times quite improvident. It is natural that we should see such things.

At page 672:

It is very desirable that the powers of this Chamber should be defined and established so far as it is possible for us to define and establish them, in order to prevent any misunderstanding, conflict or clash with the House of Commons. We are a co-ordinate branch of Parliament, and therefore it is very desirable that there should be a complete understanding, not only on the part of this Chamber but on the part of the House of Commons, as to what our powers are. It is only by having a clear understanding of this nature that good relations will be maintained between the two Chambers; and I regard this report as contributing in that direction in a more valuable way than any other purpose it may serve.

Honourable members have, of course, read the addresses by the Fathers of Confederation, especially those by Sir John Macdonald. Their addresses show exactly what they had in mind when they framed our constitution and made the Senate the independent branch of Parliament which it is.

Not only have we the powers to do certain things, but it is our duty to exercise those powers. We are bound to safeguard provincial rights; to protect minority rights; to protect the country at large against hasty legislation, improvident measures. But in so doing we should be careful to devote the necessary time to the study of any measures coming before us. Some of these measures can be anticipated and studied before they reach this Chamber, and in these rare circumstances it may be possible to have some of our committees make the necessary inquiries, reserving judgment until the matter is brought before the Senate. But I do not think it is good practice. The Senate, through its committees, could make investigations on matters before the public, although not before Parliament, and make suggestions. This will come in its proper time.

Hon. Mr. MARCOTTE.

In reading the addresses made in 1918 by these wise and experienced men, we can see that they had a true appreciation of their duties as members of the Senate. The Fathers of Confederation had expected senators to deliberate calmly and carefully on all measures coming to them from the other Chamber.

In perusing the report of the speech made by the late Senator Murphy on the usefulness of the Senate, and that by the Honourable Senator from Lincoln (Hon. Mr. Bench) on the same topic, we can feel satisfied that this branch of Parliament has done remarkably well and fulfilled expectations. Some honourable members seem to worry about criticism of the Senate. The great trouble is that our work is not sensational. As was stated by Right Honourable Mr. Meighen, the most useful work of the Senate is done in its different committees, but not being known to the public, it cannot be appreciated. This should be enquired into. In the meantime, the Senate will survive these criticisms, will continue to play its important role in the legislative affairs of our country, and, as in the past, will do its work with courage and with dignity.

On motion of Hon. Mr. Robertson, the debate was adjourned.

PRIVATE BILL

SECOND READING

Hon. C. J. VENIOT moved the second reading of Bill Q3, an Act to amend the Act to incorporate The Royal College of Physicians and Surgeons of Canada.

He said: Honourable senators, in view of the lateness of the hour, I shall be very brief, although it had been my intention to explain each clause of the bill sufficiently to enable us to dispose of the bill tonight. However, may I say a few words concerning the set-up of the Royal College of Physicians and Surgeons of Canada, who are asking for this measure?

This organization was incorporated in 1929 by an Act of Parliament. That Act was amended in 1939 to enable the College to undertake the certification of specialists in Canada; that is to say, to determine the conditions under which doctors of medicine could call themselves specialists in certain branches of medicine and surgery, and practice as such.

The Royal College, like its parallel organizations in Great Britain, France and the United States, groups together members of the medical profession who by long years of practice, by teaching in medical schools and hospitals, by special discoveries in the medical field, or by undergoing special qualifying examinations

determined by the regulations of the college, have distinguished themselves and achieved eminence in their respective fields of activity. These men are associated in the common aim of elevating to the highest possible level the standards of medical and surgical teaching and practice, and it has been chiefly through their efforts that medical schools in this country have attained such high standards of excellence, and are recognized today as second to none among the medical schools of the world.

Forty years ago a young man could hop from the ranks of street-car conductors, store clerks or labourers into any medical school on the continent, and receive a degree of doctor of medicine after a four-year course. This is not true today. Before a candidate can enter a school of medicine in Canada he must have completed at least one year, and in most cases two years, of pre-medical studies in the basic sciences of physics, chemistry, biology, higher mathematics, languages and so forth, to fittingly prepare himself for a four-year course in medical subjects, at the end of which he must serve for one year as an interne in a recognized hospital. This is the set-up of the organization which presents this bill to the House.

The experience gained through the years since the College was founded and the impact of changing conditions in the medical profession have revealed the desirability, if not the necessity, of securing a further amendment to the Act of incorporation. This is necessary if the influence and prestige of the College is to be maintained and broadened, and the standards of the fellowship raised to an even higher point of excellence. It is for that reason that an amendment is asked to four of the sections of the original Act of incorporation.

Hon. Mr. HAIG: I largely agree with what the honourable gentleman has said about the College of Physicians and Surgeons, but I should like to know what is the object of the bill.

Hon. Mr. LEGER: I think it is stated in the new section 5.

Hon. Mr. VENIOT: If it is the desire of the House, I should be only too glad to explain the whole bill. The first section—

Hon. Mr. HAIG: The honourable gentleman does not need to go into the bill in detail. Would he just tell us what its purposes are?

Hon. Mr. VENIOT: I said that the purpose of the bill was to provide for further raising the standards of the Royal College of Physicians and Surgeons. That is a summary of the purpose of the bill, and I cannot explain it more fully unless I go into certain details concerning the various sections. Section 5 of the original Act is to be repealed and replaced by the following:

> The Council may, at any time after the coming into force of this Act, and without examination, select and admit as Fellows, physicians and surgeons of distinction who are graduates of at least twenty years' standing of a medical school or university, who are domiciled in Canada, and who, in the opinion of the Council, have given evidence of high ability in one or more branches of medicine.

The Act imposed a time limit of two years during which the fellowship could be granted without examination. Faced with an enormous amount of work in its organization, the College found the time allowed to be insufficient, with the result that many physicians and surgeons of distinction, many of whom now hold important positions in medical schools and are outstanding in the communities in which they live, were not enrolled in the College. In order to correct this condition, to extend the influence of the College, and to enhance its prestige, it is highly desirable that the College be given the power to admit such persons to the fellowship. This it is proposed to do by deleting the words "within two years" in the first line of the section as it now reads. To prevent any lowering in the standard of the fellowship it is expressly stipulated that a period of twenty years from graduation shall have elapsed before Fellows can be admitted. Therefore, the purpose of this section is to raise the standard of fellowship in the College.

Section 6 of the Act is to be repealed and a new section substituted, to provide for similar improvements in the fellowship by means of exchange or reciprocity between fellowships in other Colleges and in the Royal College of Physicians and Surgeons of Canada. Having established in section 8 a minimum standard of five years' post-graduate training for applicants for the fellowship by examination, it seems only logical and reasonable that the same restriction should be imposed upon applicants for the ad eundem fellowship without further examination, and that the quality of their post-graduate training should be subjected to the same scrutiny.

Hon. Mr. HAIG: What this does, really, is provide for the giving of an honorary title of Fellow to certain physicians and surgeons?

Hon. Mr. VENIOT: Some doctors would receive an honorary title, but others would be made fellows by virtue of the fellowships they hold in, for instance, the Royal College of Physicians and Surgeons of England, the Academy of Medicine of France, or the American College of Physicians and Surgeons

in the United States. This bill would give the Royal College of Physicians and Surgeons of Canada the power to admit as fellows, physicians and surgeons holding a fellowship in other colleges, but these physicians and surgeons have to comply with the conditions laid down in the bill.

Hon. Mr. HAIG: I understand it now.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Honourable Mr. VENIOT, the bill was referred to the Standing Committee on Miscellaneous Private Bills.

DIVORCE BILLS

FIRST READINGS

Honourable Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills, which were severally read the first time:

Bill R3, an Act for the relief of Royal Tessier.

Bill S3, an Act for the relief of Aurore Leblanc Proulx.

Bill T3, an Act for the relief of Margaret Susan Bradshaw Hodgkinson.

Bill U3, an Act for the relief of Lydia Donalda MacDonald Fletcher.

Bill V3, an Act for the relief of Charles Edward Varney.

Bill W3, an Act for the relief of George Louis Bush.

Bill X3, an Act for the relief of John Hall Jones.

Bill Y3, an Act for the relief of Madeline Daisy Harvey Bell.

Bill Z3, an Act for the relief of Georges Moshonas.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, October 31, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

COMMITTEE ON PUBLIC HEALTH AND INSPECTION OF FOODS

FIRST REPORT

Hon. J. P. HOWDEN: Honourable senators, the Standing Committee on Public Health and Inspection of Foods beg leave to make their first report as follows:

Your Committee recommend that their quorum be reduced to three members. All of which is respectfully submitted.

Hon. Mr. VENIOT.

May I say, honourable senators, that my instructions are to ask that this report be concurred in immediately. Therefore, with leave, I would move that it be adopted.

Hon. Mr. HAIG: Would the honourable gentleman tell us why the committee needs three members as a quorum? I should think that if the number were reduced to one the committee would get through its business sooner. How many members has the committee?

Hon. Mr. HOWDEN: I do not know how many members there are on the committee, but I should like to suggest that we got through our business without much loss of time.

The motion was agreed to.

PRIVATE BILLS

FIRST READINGS

Bill A4, an Act to consolidate and amend the Acts relating to Alliance Nationale.—Hon. Mr. Beauregard.

Bill B4, an Act to incorporate Canadian National Slovak Benefit Society.—Hon. Mr. Bench.

BUSINESS OF THE SENATE

On the Orders of the day:

Hon. WISHART McL. ROBERTSON: Honourable senators, realizing that it is difficult to make travel reservations at this time I desire to give notice now of a proposed adjournment of the Senate. I have made all the inquiries possible as to the progress of legislation in another place, and have consulted with the chairmen of our committees as to the work they have in hand, and I suggest that to-morrow afternoon we adjourn until Monday evening, November 12.

Hon. A. D. McRAE: Honourable senators, I am on record as having protested several times against prolonged adjournments, and I feel so deeply about the matter that perhaps I may be pardoned if I express my objection to the adjournment that has just been proposed. I quite appreciate that we probably could not be kept busy next week by business coming to us from the other House, but surely we have enough energy to look into and try to solve some of the outstanding issues confronting Canada today. I must say that I am amazed at this proposed adjournment. I believe it is concurred in by my own leader (Hon. Mr. Haig). Honourable senators will remember very well that he is on record as having protested against long adjournments many times in the past six or eight years—

Hon. Mr. HAIG: Ten.

Hon. Mr. McRAE: —in words much stronger than I can employ to-day. Those protests were uttered while the war was on, when we had very little opportunity to initiate anything in this House. During the war most of us felt it behooved us to keep our ideas under cover, and to reserve any criticism that we might wish to express, in the hope of thereby furthering the war effort. But now this country is faced with problems almost beyond our ability to solve. It is not good enough to say that we have nothing to do and so are going to adjourn for ten or twelve days. I am sure these long adjournments are annoying to a good many senators, as they certainly are to me. If I have to sit around week after week I cannot help feeling that I am not employing my time in the best interests of the country.

Today I had the pleasure—and it was a pleasure—of attending the meeting of the Special Committee appointed to examine into the Income War Tax Act and the Excess Profits Tax Act, and the programme there outlined by the honourable gentleman from Toronto (Hon. Mr. Campbell) impressed me with the great amount of work before the committee. It will not be possible for the committee to present more than an interim report this session, but the hope is that within a couple of months after the beginning of next session something in the way of a final report can be brought in. I know the people of this country are almost to an individual interested in taxation, which is one of our big problems.

We had some discussion this afternoon of the proposal to reduce the number of members necessary to form a quorum in one of our committees. If the Senate is going to adjourn for ten or twelve days, will there be enough senators in Ottawa to enable committees to continue? Indicative of the work to be done are notices before me of three committee meetings set for tomorrow. The times of meeting of two of them are only half an hour apart. That may be long enough to permit honourable senators who are on the two committees to attend the meetings of both; but it may not be. If there were fewer adjournments of the Senate it would be possible to regulate the sittings of committees so as to make it convenient for more members to attend.

Now, honourable senators, I do not want to force this question to an issue; I do not like protesting against every adjournment; but unless other reasons than those stated this afternoon are given for adjourning, I will offer an amendment that we do not adjourn but reconvene on Monday next instead of a week later. I do not know how many honourable members are in sympathy with what I have said. I believe my protest has merit and is in line with what the country expects from us.

Hon. Mr. MURDOCK: Your Honour, would it be in order for me to say a couple of words? I think it is encouraging for the work and future of the Senate to hear these remarks from an honourable gentleman who in the past ten or twelve years has missed more sittings of this House than has any other member. I think that what he has said should be regarded by us all as encouraging for the future of the Senate.

Hon. Mr. McRAE: The honourable gentleman well knows that there was a war on.

Hon. Mr. ROBERTSON: Honourable senators, if I may be permitted to speak on this matter again, I should like to assure the House that I suggested the adjournment only after very careful consideration. I am as desirous and willing as anyone that the Senate should be kept as active as possible. Before I reached a conclusion that an adjournment over next week would be advisable I consulted with the chairmen of the Divorce Committee, which is being kept constantly busy, and of the Special Committee on taxation, and both assured me that an adjournment of the Senate until the 12th of November would not interfere with the work of their respective committees. Rightly or wrongly, that is what I was advised. An adjournment of the Senate next week might even facilitate rather than hinder the work of these committees. True, in the absence of any business before the Senate we could go through the motions of meeting and adjourn every day next week, but I do not think that procedure would meet with the approval of honourable senators.

I am as desirous as any other honourable senator that we should in some way or other develop a programme for the employment of more time, not only in committees but in the Senate itself, on legislative matters. We have already moved along that line in considering the reports of committees, so that we may be better prepared when the main questions come before us. I am hopeful that some process can be devised by which we may deal with legislation in the manner most in keeping with parliamentary procedure. Certainly, we cannot know too much about any bills that we may have to consider—I speak for myself at any rate. In this particular case, I repeat, it was only after consulting with the active committees and giving as much consideration as I could to the progress of legislation in the other House, that I came to the conclusion it would

be better to do as I have suggested than to adjourn until next Monday. But let me assure honourable senators that if there is any considerable body of opinion in favour of adjourning merely over the week-end, I shall be happy to so move tomorrow or whenever we have dealt with current business.

Hon. JOHN T. HAIG: Honourable members, in view of the fact that my name has been mentioned by the honourable senator from Vancouver (Hon. Mr. McRae), I admit that the responsibilities of office may have changed my views.

Hon. Mr. McRAE: I am afraid they have.

Hon. Mr. HAIG: While I was opposed to adjournment, I was always conscious of the futility of our meeting when there was no business for our consideration. That in my view was worse than any lengthy adjournment.

An Hon. SENATOR: That is right.

Hon. Mr. HAIG: I have always believed that important legislation of a non-political nature should be introduced in this House rather than in another place. I can quite understand that any government would prefer to introduce in the Chamber elected by the people all legislation of a political character to which there would probably be opposition. But this session there were two or three bills that should have been introduced in this House. For instance, the Naturalization Bill might well have originated with us. Then we could have referred it to one of our standing committees or a special committee in order to hear representations for and against the measure. Similar remarks apply to the question of a national flag for Canada. I think we could have dealt with this subject much more satisfactorily than the other House, for here it would have been considered dispassionately, and those who desired to express their views on the subject would have had an opportunity of appearing.

In my opinion it would be a great mistake to meet next week if we have nothing to do.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: Nothing is so disappointing as to attend here for half an hour and then adjourn. It has too much the appearance of playing a game. I quite agree with the honourable senator from Vancouver that there should be no adjournment so long as there is any work to be done. I have had the great pleasure of being consulted by the honourable leader of the Government (Hon. Mr. Robertson) with respect to the advisability of nearly every adjournment, and I appreciate his courtesy very much. I am trying to the best of my ability to maintain the high honour of this House and to see to it that we discharge our constitutional obligations to the fullest extent. The honourable member from Vancouver-Burrard (Hon. Mr. McGeer) the other day pointed out what the Fathers of Confederation intended the Senate to be. It never should be and never was intended to be a political Chamber, but rather a Chamber where second thoughts would have a chance of prevailing, where the Maritime Provinces would get a fair deal if Confederation could give it to them. That is why those provinces were given one-quarter of the Senate membership. The minute we drift away from the purpose for which Confederation set up the Senate, we become a House unsatisfactory not only to ourselves but to all Canadians.

I happen to be a member of one of the active committees. We consulted among ourselves and decided that next week the committee would sit every morning and afternoon.

Hon. Mr. McRAE: The Divorce Committee?

Hon. Mr. HAIG: Yes. The chairman and other members of the committee will remain here to carry on the work. As to the committee on taxation, I do not see how it is possible for the members to meet before the 13th or 14th of next month. For one thing, they have to arrange for the appearance of witnesses. They cannot just run over to the Finance Department or the National Revenue Department and say, "Mr. Jones, come over and address us." They have got to advise Mr. Jones what they want to know, and if he is not the man who can give the information and Mr. Smith is, he should be secured so that whatever evidence they may require will come from the very best source.

Honourable senators, I had not intended to speak at all on this matter, but I feel very keenly that if there is any work for the Senate to do we should not adjourn for a week or ten days—and I know that feeling is shared by every member of this House. If I want to go home for a week I can do so in the knowledge that I have sitting beside me an honourable gentleman (Hon. Mr. Ballantyne) who knows more about the duties of my position than I do, and is more capable of discharging them. But while I am averse to adjourning so long as there is any business before us, at the same time I do not think we should assemble and go through the usual spasms and then adjourn from day to day. Such empty gestures will only make the Senate ridiculous. I am therefore heartily in accord with the motion proposed by the honourable

leader of the Government, that when the Senate adjourns it stand adjourned until the 12th of November.

Let me again express the hope that next session the Government will originate important legislation in this House, so that we may be kept fully occupied. I think if the Government took this course it would reap benefits that now apparently it neither realizes nor expects.

RIGHTS OF SENATORS

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. THOMAS VIEN: Honourable senators, since I entered public life in 1917, some twenty-eight years ago, today for the first time I find myself compelled to rise on a question of privilege. In this instance I feel that the honour of the Senate, the honour of several honourable senators who are members of the bar at Montreal, and my own honour are involved.

The question of privilege arises out of statements made in this House on October 24, as they appear at page 134 of the current Debates of the Senate. Those statements were made by the honourable senator from Parkdale (Hon. Mr. Murdock), when he attempted to read an article that had appeared several months previously in Liberty magazine. I shall refer to it later as being also the basis of my objections.

The words of the honourable senator which are complained of are the following:

Hon. Mr. Murdock: If His Honour will wait till I get through, I think he will find it is distinctly in line with what the committee is to consider. If he is going to decide otherwise before I get to the part I have in mind, I suppose I must accept his decision. In other words, we are not going to have a decent consideration of the things that the committee is to consider.

His Honour the Speaker called attention to the point of order, but the honourable gentleman continued:

Your Honour, this is one of the things distinctly in line with this motion, as I understand it. There was a particular reason why I wanted to read the first paragraph of this article. Of course, ordinary senators and others are to be shut off when they get into a discussion of anything that might be embarrassing to the grafter and the greedy man; but I wanted to place this before the House—

Whereupon I rose on a point of order, which was upheld by the Chair. And the honourable senator added:

"The wicked flee when no man pursueth." All right, your Honour, I bow to your ruling. But I ask honourable senators to read this article and then decide who is the "nationally known senator" referred to in the paragraph I quoted.

An innuendo is apparent, and it is to the effect that the senator to whom reference is made in the article is a grafter or a greedy man, and that the point of order was raised for the purpose of shutting off discussion when such grafter or grabber happened to be a "nationally known senator."

It is always dangerous to refer to yellow press articles bearing flamboyant titles without first ascertaining if the facts alleged justify the title. In such cases one must guard against exaggerated language unwarranted by the facts. In substantiation of my question of privilege I shall have later to refer to the pertinent parts of this article.

It has been reported to me by honourable senators that my honourable friend from Parkdale continues to spread around that my conduct in this instance, as a member and ex-Speaker of this House, has been most undignified. Furthermore, when he apologized the other day to the honourable senator from Rougemont for having mentioned him as the one involved, the implication was that the senator guilty of the practices alleged in the article is certainly unworthy of sitting in this House or of presiding over one of its committees.

Honourable senators, there is nothing in the article to substantiate such insinuations. This article is signed by Harold Dingman. The title is flamboyant. It reads as follows:

Millions are being made by crooked dealers. The black market is still a rising market, mocking the law with an immunity guaranteed by the public.

The prosecuting attorney described it to me as one of the "really hot" cases in the Montreal regional drive to eliminate the black market in used cars. It was hot not only because a vital issue was at stake—one affecting all regional offices in Canada—but also because a wealthy company, with friends in the highest places, was charged with illegal dealings, and because the company had engaged a nationally known senator as defence counsel.

I should like first to point out that a barrister who happens to be a senator is not thereby precluded from continuing his professional practice, nor from accepting a brief, even in a case involving an infringement of a government regulation. A lawyer, even if he happens to be a senator, can accept a brief to defend any accused person. If the honourable senator from Parkdale were accused of murder —which God forbid—I could defend him. The charge here, as we shall see, is much less than murder. The question involved was of interest not only to my client, one of the most reputable companies in Canada, but also to all motor car dealers from Halifax to Vancouver. There was no allegation of black marketing; therefore the title of the article is misleading.

The honourable senator from Parkdale, had he read the article attentively and dispassionately, would not have been exercised and would have cast no aspersions.

The question at issue involved only the proper construction of a regulation of the Wartime Prices and Trade Board. Since the war, there being a priority on new cars, all motor car dealers have dealt, almost exclusively, in used cars. Black marketing entails an element of bad faith; the act of wittingly selling above the ceiling price and concealing the excess.

In this case an exhaustive examination of the books, of not only my client but other dealers in Canada, had revealed that the following practice had developed: a motor car dealer, buying and selling used cars, is asked to sell a car standing in his showroom. He says: "The price of that car is so much"—a price below the ceiling established by the Wartime Prices and Trade Board—"but I shall not sell it to you unless you have another used car to trade in." If the prospective purchaser has a used car to trade in, a mechanic is sent out to appraise it. It may be worth $25 or $200 or more. There is no floor, or bottom price fixed by the Board below which no dealer can go. When the subject was discussed with the Wartime Prices and Trade Board, they agreed that they could not establish minimum prices for used cars traded in. The obvious reason is that these cars vary in quality and in their degree of general depreciation. Following a lengthy discussion between the motor vehicle administration and representatives of the trade, a new regulation was published which was perfectly satisfactory to all concerned. It was agreed that when a traded-in car is purchased by a dealer, reconditioned and re-sold, the re-sale price may include the purchase price, the cost of reconditioning, fixed charges, overhead expenses, interest, insurance and other carrying charges, and a reasonable margin of profit over all. Since then the trade has continued to follow exactly the procedure that had been complained of, but its re-selling price is governed by the new regulation. This was a test case by the Wartime Prices and Trade Board, and related exclusively to the proper construction of an order of the Board. Honourable senators, that is all that was involved.

I have given this explanation so that no other honourable senator practising law in Montreal may be subjected to the indignity suffered by the honourable senator from Rougemont (Hon. Mr. Beauregard) a few days ago, and by myself in the instance referred to. I have no advice to give to my honourable friend from Parkdale, nor indeed to any other honourable senator, but I might perhaps be permitted to suggest that at a time when this honourable body is being attacked from right and left, and when honourable senators are doing their best to uphold the honour, powers and privileges of the Senate, it is unseemly for a senator to lend his high office to the diffusion of a yellow press article published only for the purpose of creating a sensation. The sting of that article was in the title only. The facts related in the article itself do not justify the extravagance of the language used. In these facts there is nothing derogatory to the honour of the Senate, to the honour of a senator, nor indeed to the honour of a member of the bar. As a result of what was brought out at the trial in Montreal, the practice complained of was allowed to continue, with the correction indicated, but there was no bad faith alleged nor proven.

Slander and calumny are dangerous things, and once uttered they cannot be completely withdrawn. I should like to quote the words of Voltaire:

> Tell lies and more lies. Some of them are bound to stick.

Nobody knows that better than the honourable senator from Parkdale himself, for a few years ago he was the victim of a similar incident. He does not seem to have learned anything as a result of his bitter experience.

Honourable senators, the explanation I have given should be sufficient to dispel these regrettable and disreputable insinuations. It should suffice in that connection. It should vindicate the honour of senators who happen to be practising law at Montreal. There is no justification for the attacks that we have suffered at the hands of the honourable senator from Parkdale.

Hon. JAMES MURDOCK: Your Honour, would I be in order in saying a few words?

Hon. Mr. VIEN: Mr. Speaker, I spoke on a question of privilege, which is not debatable.

Hon. Mr. MURDOCK: Then on a question of privilege I rise to say that I am distinctly glad to have had the explanation that has just been given by the honourable senator from De Lorimier (Hon. Mr. Vien). It shows me something that I did not know. I wrote to Harold Dingman, the author of the article in Liberty, and he told me to apply to the Wartime Prices and Trade Board in Montreal, but I realized that that probably would do no good. I now understand better than I did before something that occurred in the first days of this session. In September last I noticed that my honourable friend who has just spoken on a question of privilege had

not been here for a day or two, and when I saw him I said: "Tommy, glad to see you. This is the first time you have been here." He said: "Oh yes, Jim. I have got to make my living, don't you know?" I have nothing to retract from the position I have taken. The other day I wanted to inform the honourable senator from Toronto (Hon. Mr. Campbell) and other members of the Special Committee on taxation that this article involved two questions of law that required their consideration. These questions were quoted verbatim. Evidently the honourable gentleman defending in this case had not noticed one of them, because previously he had pleaded not guilty, but when the attorney prosecuting the charge drew his attention to the other quotation from the law he changed his attitude and pleaded guilty. I have nothing to suggest further; only I do think that the committees should look into these two questions, because when they fooled a capable and on-the-job lawyer what would they do to the uninitiated like myself?

THE SENATE

NEWSPAPER REPORT—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. J. J. BENCH: Honourable senators, I should like to draw attention to a news article which I submit directly concerns the privileges of this honourable House. It is reported by the Ottawa Citizen this morning that in an address to a political gathering in this city last evening, one of our honourable colleagues made certain references to this Chamber. The article quotes him as having said in part as follows:

> The time is long past due when the Canadian people should say who sits in the Senate, for the Senate would be more powerful and more effective if its members had to face the voters periodically.
>
> The Senate is not a House of Lords . . . but an advisory body representing the people. At present, the senators are appointed for life, and with a comfortable plush-lined chamber to sit in, it is the finest old age pension club in the world. Though senators are now comfortably looked after with salaries of $4,000 yearly, it was not long ago that the same Senate vetoed an old age pension scheme to provide $20 monthly to needy people reaching the age of seventy. If lobbying in the Senate could have been as effective for the old age pension as it is for the protection of insurance companies and banks, the pension would easily have been raised to $50 instead.

Now, honourable senators, undoubtedly that is very sensational, but in my respectful submission it casts a definite slur on the integrity of every gentleman who sits in this honourable Chamber.

Hon Mr. COPP: And lady.

Hon. Mr. BENCH: Any honourable senator is, of course, perfectly free to attend meetings and make such public criticism of the Senate as he in his wisdom may think proper. However, I suggest that such aspersions as were evidently cast upon this House by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) in his speech last evening are greatly to be deprecated. I was not in the Senate when the Old Age Pensions Bill was first considered, but notwithstanding what the honourable gentleman is reported to have said at last night's meeting, I am perfectly satisfied that the bill was rejected here on the high ground which honourable members at that time considered to be in the best interests of the country.

The honourable gentleman was perfectly within his rights in suggesting that membership in this House should be on an elective basis. May I say to him, without intending any offence—incidentally, I am sorry he is not in his seat—that to me it seems strange to couple that statement with the suggestion that membership in this House is something in the nature of a gift from the Crown. I find it strange indeed that that remark should come—and I suggest it came with ill grace—from the gentleman who has been the latest recipient amongst us of what he apparently regards as His Majesty's beneficence.

Hon. Mr. MURDOCK: May I ask the honourable gentleman a question? Does he not know that "labour skates" like McGeer and Murdock have been getting into this kind of trouble for years?

PRIVATE BILL

THIRD READING

Hon. Mr. HUGESSEN moved the third reading of Bill D, an Act to incorporate International Air Transport Association.

The motion was agreed to, and the Bill was read the third time, and passed.

DIVORCE BILLS

POSTPONED

On the Order:

Third Reading Bill I, an Act for the relief of Martha Louise Manful Hatch.

Hon. W. M. ASELTINE: Honourable senators, Orders No. 2 to No. 58 are for the third reading of divorce bills, and I think I should explain why there are so many of these orders at this time. A typewritten transcript of the evidence heard before the committee is attached to every one of our reports when it is presented in the Senate; but as yet the reports

and evidence in only five or six of this session's cases have been printed. This situation is caused by the fact that the Printing Bureau has lost the services of sixteen or more of its linotype operators and is far behind with its work. If there is any objection to proceeding with these reports before the evidence has ben printed and distributed, I am quite content that the motion should stand.

Hon. Mr. MURDOCK: Honourable members, a distinguished senator, not of the same religious persuasion as myself, asked me before the House met to hold up further consideration of these bills until, in compliance with the rules of the Senate, the evidence is before us. I mentioned the matter to my seat-mate, the honourable member from Queen's (Hon. Mr. Sinclair), and I understood that he had spoken to the honourable member from West Central Saskatchewan (Hon. Mr. Aseltine). Otherwise I do not know that I would have raised the question, although I do think that when we are talking about the lack of work before the Senate we should at least observe the rules in relation to whatever business we happen to have in hand.

Hon. Mr. ASELTINE: Stand.

DIVORCE REPORTS

Hon. W. M. ASELTINE, Chairman of the Committee on Divorce, moved consideration and adoption en bloc of divorce reports, Orders of the Day 59 to 81 inclusive.

Hon. Mr. MURDOCK: Are not these reports in exactly the same position as the bills, the third readings of which have just been postponed?

Hon. Mr. ASELTINE: They are in the same position, except that the reports with the evidence attached have been tabled, and every honourable senator thus has an opportunity of examining them. We are anxious to have these reports adopted so that we may make progress with the bills to be founded on them. There are two hundred and fifty or more divorce cases pending, and it will be impossible for the Divorce Committee to proceed with its work if the bills based on these reports are held up for a week or more. Honourable members will have ample opportunity to read the evidence later on, and as chairman of the Divorce Committee I shall be obliged if the House will agree to the motion.

Hon. Mr. HAIG: I submit it is not necessary that the divorce evidence should be printed and distributed before a motion to adopt a report of the Committee on Divorce is agreed to. The report is complete. It has a typewritten transcript of the evidence attached, it has been agreed to by the committee, and it has been on the Order Paper for the required time. I think the honourable senator from Parkdale (Hon. Mr. Murdock) should name the senator who asked him to oppose the motion to proceed with these reports. To withhold it is not fair to other senators.

Hon. Mr. EULER: Especially if he is present.

Hon. Mr. HAIG: The honourable senator from Parkdale should take the responsibility of naming the honourable gentleman. These reports are complete in themselves, and I submit no objection can be taken to their adoption.

Hon. Mr. MURDOCK: All right, I will name the honourable senator. It is Senator Marcotte.

Hon. A. MARCOTTE: Honourable senators, I made my request to the honourable senator from Parkdale because I did not expect to be in my seat when these orders would be reached. I cannot understand why we should be asked to pass a bill when we have not had a chance to read the evidence and convince ourselves that the report should be adopted and the bill based thereon passed. The reason advanced for accepting the motion, that the Committee on Divorce has many cases pending before it, is beside the point. I regret that there are so many petitions for divorce, and that in order to deal with the work expeditiously it has been found necessary for the main committee and a subcommittee to sit simultaneously. The honourable chairman of the committee (Hon. Mr. Aseltine) and the honourable leader on this side (Hon. Mr. Haig) have stated that the evidence is attached to each report and that any honourable senator has a chance to examine it. True, the typewritten transcript is attached to the original report, but it is not a part of the report which comes to us.

Hon. Mr. HAIG: My point of order is that the report is complete. There is no occasion to produce the printed evidence regarding these Orders 59 to 81 inclusive.

Hon. Mr. MARCOTTE: I have less objection to the reports being adopted than I have to the passing of the bills founded on these reports.

Hon. Mr. ASELTINE: That is all I want.

The Hon. the SPEAKER: I may remind honourable members that this question came up two or three years ago. At that time the honourable gentleman from Parkdale withdrew his objection to the motion for adoption

on its being explained that the report was complete in itself. So I will put the question: Is it your pleasure, honourable senators, to adopt the reports, Orders 59 to 81 inclusive?

Some Hon. SENATORS: Carried!

The motion was agreed to, and the reports were adopted.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE: The reports having been adopted, I beg to present the following bills for first reading:

Bill C4, an Act for the relief of Ann Agnes Hyson Kellogg.

Bill D4, an Act for the relief of Anna Ostronoff Smilestone.

Bill E4, an Act for the relief of Doris Alice Davis Stackhouse.

Bill F4, an Act for the relief of Olive Maud Prouse Palmer.

Bill G4, an Act for the relief of Mary Mueller Pierotte.

Bill H4, an Act for the relief of Anthony Malt.

Bill I4, an Act for the relief of Roderick John Elder.

Bill J4, an Act for the relief of Francis George Dennis.

Bill K4, an Act for the relief of Zenon Alary.

Bill L4, an Act for the relief of Gladys Muriel Watson Hooper.

Bill M4, an Act for the relief of Pearl Woodward McGregor.

Bill N4, an Act for the relief of Lily Bromberg Seidlitz.

Bill O4, an Act for the relief of Clarence David Cowan.

Bill P4, an Act for the relief of Kathleen Helena Henry Bates.

Bill Q4, an Act for the relief of William John Mitchell.

Bill R4, an Act for the relief of Nathan Labovitch, otherwise known as Nathan Labow.

Bill S4, an Act for the relief of Fannie Bly Blanshay.

Bill T4, an Act for the relief of Annette Lea Marion Macnab.

Bill U4, an Act for the relief of Gerald Franklin.

Bill V4, an Act for the relief of Ivor Edna Nancy Mosher Clarke.

Bill W4, an Act for the relief of Mary MacRury Tait.

Bill X4, an Act for the relief of Ernest Stanley Powell.

Bill Y4, an Act for the relief of Anastasia Stack Kormylo.

The Bills were read a first time.

The Hon. the SPEAKER: When shall these Bills be read a second time?

Hon. Mr. ASELTINE: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 1, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL

REPORT OF COMMITTEE

Hon. A. B. COPP presented and moved concurrence in the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 11, an Act to amend the Canadian National Railways Capital Revision Act, 1937.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: The bill is now ready for third reading.

Hon. Mr. ROBERTSON: Unless there is objection, I move third reading of the bill now.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. A. K. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Private Bills on Bill H, an Act to incorporate The Arctic Institute of North America.

He said: Honourable senators, the Standing Committee on Miscellaneous Private Bills have examined this bill, and beg to report same with two minor amendments which in no way affect the substance of the bill.

The motion was agreed to.

THIRD READING

Hon. Mr. BEAUREGARD moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

INTERNATIONAL LABOUR ORGANIZATION—PROTECTION OF WORKERS

RESOLUTION APPROVING CONVENTION

Hon. WISHART McL. ROBERTSON moved the following resolution:

Resolved, That this House do approve of the convention concerning the protection against accidents of workers employed in loading or unloading ships (revised), which was adopted by the General Conference of the International Labour Organization of the League of Nations at its sixteenth session in Geneva, on the 27th day of April, 1932.

He said: Honourable Senators, the International Labour Convention (No. 32) concerning the protection against accidents of workers employed in loading or unloading ships was adopted by the International Labour Conference at its 1932 session. It is a revision of a convention of 1929.

The Canada Shipping Act was revised in 1934 and was proclaimed on August 1, 1936. Provision was made in it for the appointment of an Inspector of Ships' Tackle, and for the making of regulations to protect persons employed in loading or unloading ships. The Act repealed the rather meagre provision that had previously been made for the protection of dockers.

On December 14, 1938, an Order in Council approved regulations for the protection of dockers along the lines required by the convention.

The regulations follow closely the British Docks Regulations of 1934. As a result, a clause requiring the regulations to be posted at the docks was inadvertently omitted from the Canadian regulations. The British regulations were made under the authority of the British Factories Act, which requires all regulations made under its authority to be kept posted in such position as to be conveniently read by the work people. This omission was discovered in 1942 and brought to the attention of the Department of Transport. Accordingly, the regulations were amended by Order in Council of February 19, 1943 to stipulate that copies or summaries of the regulations must be posted at all docks.

The obvious question that came to my mind, and perhaps it came to the minds of other honourable senators, was why the delay between the time of the adoption of this convention by the International Labour Organization and the adoption by Canada. On that point I have been given the following explanation:

The parliamentary history of the Canadian Docks Regulations is as follows:

In February, 1935, both Houses of Parliament passed a resolution purporting to approve the convention of 1932 preparatory to ratification.

At that time, the Canada Shipping Act, 1934, was not in effect and the necessary regulations had not been made. This order of procedure, however (that is, approval by Parliament of ratification before the enactment of legislation), was in line with the then Prime Minister's opinion as to the proper procedure in connection with the international labour conventions. However, through a clerical error, the unrevised convention of 1929 was attached to the resolution adopted by the Houses of Parliament in 1935.

The Honourable Norman Rogers, Minister of Labour, took up the question of ratification again on March 30, 1939, after the regulations of December 1938 had been approved. A notice of motion to approve the convention was drafted, but the parliamentary session ended on June 3 and no action was taken.

It is important to know that while the convention had not been formally ratified by Canada, its provisions for the protection of men engaged in the loading or unloading of ships have been in effect and undoubtedly have proved of great value, particularly during the war period.

As I understand it, during the war period no further action was taken to secure formal ratification.

On motion of Hon. Mr. Haig, the debate was adjourned.

INTERNATIONAL LABOUR ORGANIZATION—WAGES AND HOURS OF WORK

RESOLUTION APPROVING CONVENTION

Honourable WISHART McL. ROBERTSON moved:

Resolved, That this House do approve of the convention concerning statistics of wages and hours of work in the principal mining and manufacturing industries, including building and construction, and in agriculture, which was adopted by the General Conference of the International Labour Organization of the League of Nations at its twenty-fourth session in Geneva, on the 20th day of June, 1938.

He said: Honourable senators, this convention, adopted at the 1938 session of the International Labour Conference, requires each country ratifying it to compile and publish regularly statistics as to wages and hours of work, and to furnish the data compiled to the International Labour Office. The convention also requires the compilation of information concerning average earnings and the hours actually worked. The information relates to the principal mining and manufacturing industries, including building and construction, and to agriculture. The convention makes certain stipulations as to the frequency of publication, index numbers, and other matters.

No new legislation is necessary in Canada to give effect to this convention. The Statistics Act and the Labour Department Act authorize the Dominion Bureau of Statistics and the

Department of Labour, respectively, to compile and publish statistics. The only question is as to the practice under these statutes.

The Dominion Bureau of Statistics compiles and publishes statistics concerning earnings and hours of work; statistics concerning rates of wages and also of hours of work are compiled and published by the Department of Labour. The International Labour Office is furnished with data by both. Thus, the carrying out of the convention is a joint undertaking of the Dominion Bureau of Statistics, the Department of Trade and Commerce and the Department of Labour.

In a letter of February 24, 1943, signed by the late Dr. S. A. Cudmore, Dominion Statistician, the statement is made that, in his opinion, "the statistics of wages and hours of work collected by this Bureau comply with the terms of Convention (No. 63)".

I might say that the parliamentary history of this convention is similar to that of the preceding one. In 1939 the then Minister of Labour, Honourable Norman Rogers, prepared a resolution for ratification of the convention, but up to the time Parliament adjourned in June no action had been taken. Afterwards the pressure of business pertaining to our war effort was such that it was not possible to proceed with the ratification until quite recently.

I move adoption of the resolution.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

On the Order:

Third reading Bill I, an Act for the relief of Martha Louise Manful Hatch.

Hon. W. M. ASELTINE: Honourable senators, these divorce bills are still in the same position as they were yesterday: there are no printed reports of the evidence in addition to those that we have already received.

I should like to refer to the objection taken yesterday by the honourable senator from Ponteix (Hon. Mr. Marcotte) to divorce bills being proceeded with. After the Senate rose he told me that he was interested in only one or two bills, particularly the Gelinas bill, Order No. 57. I told him a copy of the evidence in this case was attached to the report, and was available to him. He said he would read it.

Unless there is any objection, I would move that these bills, Orders 1 to 57, be taken en bloc.

Hon. Mr. COPP: Carried.

The motion was agreed to, and the following Bills were read the third time, and passed, on division:

Bill I, an Act for the relief of Martha Louise Manful Hatch.

Bill J, an Act for the relief of Nora Jean Cunningham Brisbane.

Bill K, an Act for the relief of Thérèse Bonenfant Fusco.

Bill L, an Act for the relief of Mildred Euretta Mackay Disher.

Bill M, an Act for the relief of Mary Emerson Whittemore Schlemm.

Bill N, an Act for the relief of Andrew Lawrence Card.

Bill O, an Act for the relief of Annie Morrison Wisely Pitblado.

Bill P, an Act for the relief of Joe Eisen.

Bill Q, an Act for the relief of Ellen Therese Cramer Watson.

Bill R, an Act for the relief of Rita Gendron Reid.

Bill S, an Act for the relief of Evelyine Pearl Edwards Aird.

Bill T, an Act for the relief of Helen Turner Luke.

Bill U, an Act for the relief of Lois Elizabeth Allworth Pierce.

Bill V, an Act for the relief of Armandine Cecile LeBrun Lachance.

Bill W, an Act for the relief of Grace Irene Paquette Hopkins.

Bill X, an Act for the relief of Alma Joan Begin Oswald.

Bill Y, an Act for the relief of George Ernest Reed.

Bill Z, an Act for the relief of Sylvia Heather McCulloch Peck.

Bill A2, an Act for the relief of Frederick Keith Beattie.

Bill B2, an Act for the relief of Robert Coull.

Bill C2, an Act for the relief of Violet Beach Meredith.

Bill D2, an Act for the relief of Max Engelberg.

Bill E2, an Act for the relief of Bertha Harris Fineberg.

Bill F2, an Act for the relief of Nils Jens Patterson.

Bill G2, an Act for the relief of Benjamin Charles Stafford.

Bill H2, an Act for the relief of Florence Mary Daniel Nightingale.

Bill I2, an Act for the relief of Edward Stephen Vasselin.

Bill J2, an Act for the relief of Robert Marshall Miller.

Bill K2, an Act for the relief of Dorina Laurin Wallis.

Bill L2, an Act for the relief of Helen Louise Clark Leet.

Bill M2, an Act for the relief of Dorothy Anita Duffy Gregson.

Bill N2, an Act for the relief of Irene Grace Harman Smith.

Bill O2, an Act for the relief or Lorna Maud Clerk Kingsland.

Bill P2, an Act for the relief of Edgar Jean.

Bill Q2, an Act for the relief of Ethel Maybird Wright Latremouille.

Bill R2, an Act for the relief of Marie Rose-Alba Germaine Bélair Blanchard.

Bill S2, an Act for the relief of William Bernard McCarrick.

Bill T2, an Act for the relief of Lorne Edward Souva.

Bill U2, an Act for the relief of Edith Gertrude Jackson Holloway.

Bill Y2, an Act for the relief of George Allenby Bradshaw.

Bill Z2, an Act for the relief of Phyllis Fitch Farber.

Bill A3, an Act for the relief of Vencel Humenay.

Bill B3, an Act for the relief of Waldo James Cousins.

Bill C3, an Act for the relief of Albert Wilson Harvey.

Bill D3, an Act for the relief of Iris Esther Westerberg Duffy.

Bill E3, an Act for the relief of Della Frances Gardner Hudson.

Bill F3, an Act for the relief of Joseph Gerard Fernand Arthur Broleau.

Bill G3, an Act for the relief of Audrey Nathaniel Smith MacNair.

Bill H3, an Act for the relief of Ovila Bernard.

Bill I3, an Act for the relief of Albert Edward Spray.

Bill J3, an Act fo rthe relief of Helen Isabel Dibblee Brown.

Bill K3, an Act for the relief of Robert Hiscock.

Bill L3, an Act for the relief of Jacques Noel Cerminara.

Bill M3, an Act for the relief of Joseph William Henry Beausoleil.

Bill N3, an Act for the relief of Rita Beryl Gwendolyn Scott Lunn.

Bill O3, an Act for the relief of Neil Sinclair McKechnie.

Bill P3, an Act for the relief of Albert Evariste Gelinas.

SECOND READINGS

On motion of Hon. Mr. Aseltine, the following bills were read the second time:

Bill R3, an Act for the relief of Royal Tessier.

Bill S3, an Act for the relief of Aurore Leblanc Proulx.

Bill T3, an Act for the relief of Margaret Susan Bradshaw Hodgkinson.

Bill U3, an Act for the relief of Lydia Donalda MacDonald Fletcher.

Bill V3, an Act for the relief of Charles Edward Varney.

Bill W3, an Act for the relief of George Louis Bush.

Bill X3, an Act for the relief of John Hall Jones.

Bill Y3, an Act for the relief of Madeline Daisy Harvey Bell.

Bill Z3, an Act for the relief of Georges Moshonas.

Bill C4, an Act for the relief of Ann Agnes Hyson Kellogg.

Bill D4, an Act for the relief of Anna Ostronoff Smilestone.

Bill E4, an Act for the relief of Doris Alice Davis Stackhouse.

Bill F4, an Act for the relief of Olive Maud Prouse Palmer.

Bill G4, an Act for the relief of Mary Mueller Pierotte.

Bill H4, an Act for the relief of Anthony Malt.

Bill I4, an Act for the relief of Roderick John Elder.

Bill J4, an Act for the relief of Francis George Dennis.

Bill K4, an Act for the relief of Zenon Alary.

Bill L4, an Act for the relief of Gladys Muriel Watson Hooper.

Bill M4, an Act for the relief of Pearl Woodward McGregor.

Bill N4, an Act for the relief of Lily Bromberg Seidlitz.

Bill O4, an Act for the relief of Clarence David Cowan.

Bill P4, an Act for the relief of Kathleen Helena Henry Bates.

Bill Q4, an Act for the relief of William John Mitchell.

Bill R4, an Act for the relief of Nathan Labovitch, otherwise known as Nathan Labow.

Bill S4, an Act for the relief of Fannie Bly Blanshay.

Bill T4, an Act for the relief of Annette Lea Marion Macnab.

Bill U4, an Act for the relief of Gerald Franklin.

Bill V4, an Act for the relief of Ivoi Edna Nancy Mosher Clarke.

Bill W4, an Act for the relief of Mary MacRury Tait.

Bill X4, an Act for the relief of Ernest Stanley Powell.

Bill Y4, an Act for the relief of Anastasia Stack Kormylo.

PRIVATE BILL

SECOND READING

Hon. ELIE BEAUREGARD moved the second reading of Bill A4, an Act to consolidate and amend the Acts relating to Alliance Nationale.

Hon. Mr. HAIG: What is it about?

Hon. Mr. BEAUREGARD: The Alliance Nationale first came into existence in 1893 under the laws of the Province of Quebec as the Association Provinciale. It was described as a fraternal and mutual insurance company. As a matter of fact its insurance business was of a minor character. In 1917, by federal legislation, the company was incorporated under its present title as a fraternal and mutual insurance company. Since then the Act has been twice amended, once in 1924 and again in 1929. In the meantime, I understand, there has been a great expansion of the company's insurance business and millions of dollars of group insurance is now in force. As a consequence the organization finds it difficult to operate under its present system of fraternal lodges. Hence this bill to consolidate and amend the legislation.

The main purpose of the bill is set out in section 4:

> The company is hereby invested with all the rights and powers of a mutual life insurance company, and is divested of the rights and powers of a fraternal benefit society, except to the extent that they are included in the rights and powers of a mutual life insurance company.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. BEAUREGARD: I move that this bill be referred to the Standing Committee on Miscellaneous Private Bills.

Hon. Mr. COPP: I think the bill should be referred to the Committee on Banking and Commerce. It is more or less a financial bill.

Hon. Mr. BEAUREGARD: If it is the pleasure of the Senate, I will amend my motion and ask that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 9, an Act to amend the Department of National Health and Welfare Act.

The motion was agreed to, and the Bill was read the third time, and passed.

ESTIMATES

EXAMINATION BY FINANCE COMMITTEE

The Senate resumed from Tuesday, October 30, the adjourned debate on the motion of Hon. Mr. Robertson:

> That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament, and by resolutions relating to war and other proposed financial measures of which notice has been given to Parliament, in advance of the bills based on the said estimates and resolutions reaching the Senate.

And the amendment moved by Hon. Mr. McGeer:

> That the said motion be amended by striking out all the words after "That" in the first line thereof, and substituting therefor the following: "any Standing or Special Committee of the Senate be authorized to examine any resolution or proposed bill laid before Parliament in advance of the resolution or bill reaching the Senate."

Hon. WISHART McL. ROBERTSON: Honourable members, the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) was kind enough to show me a copy of his amendment to my motion that the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before Parliament.

While, personally, I had some doubt as to the wisdom of the amendment, nevertheless I concurred in the suggestion that my honourable friend should proceed with it in order to secure the judgment of the Senate with respect to it. I have a great deal of sympathy with the motive which prompted the honourable senator to move his amendment. His intention, as I understand it, is to facilitate the study in our committees of resolutions or bills, in order that honourable members may have the fullest possible information about such measures before they come to the Senate for consideration.

While I am in sympathy with the desire to secure the fullest information concerning any question that may come before this House, after listening to discussion by honourable senators I have grave doubts as to the wisdom of the procedure which this amendment proposes. Briefly the amendment is that:

> any Standing or Special Committee of the Senate be authorized to examine any resolution or proposed bill laid before Parliament in advance of the resolution or bill reaching the Senate.

My objection is based on two grounds. First, if the Senate were to adopt the amendment it would thereby abrogate to an extent the power which it has of deciding when and under what circumstances any specific question shall be referred to committee.

Hon. Mr. HUGESSEN: And to what committee.

Hon. Mr. ROBERTSON: And to what committee. Further—and I say this with some diffidence in the presence of honourable senators who are so much more experienced than I am—it appears to me that parliamentary procedure frowns on anticipatory motions. On the other hand, it must be borne in mind that in specific instances the principle has been adopted; and to some extent it is adopted in the motion I am making, in order that we may have an opportunity of considering the details of the estimates before the Supply Bill actually reaches us.

Honourable senators will recall that in anticipation of the receipt by this House of a resolution seeking to ratify Canada's participation in the Food and Agriculture Organization, the Senate specifically agreed to refer the report of the Interim Commission to the Committee on Agriculture and Forestry. The purpose of the reference was not that action should be taken, but rather that representations might be made with respect to the resolution before it was actually passed. Honourable senators will recall also that the same procedure was followed in relation to the United Nations Charter, which was referred to committee before the consideration of the resolution by this House. I think honourable senators will agree that that procedure was very beneficial. Nevertheless, the point in my mind is that the Senate should not relinquish its power to refer a matter to committee, or, if it sees fit, to decline to do so. I think it is desirable to retain that power. If honourable senators were desirous of securing information on a particular subject through reference to a committee, it would always be open to them to ask the Senate for the necessary authority, and the Senate would then be the judge as to the wisdom of such action.

I come now to the second point—the question of which committee should undertake the consideration of a certain matter. On this point there would always be some difference of opinion. As honourable senators know, the margin in such cases is narrow. For instance, the Senate saw fit to send the report of the Interim Commission on Food and Agriculture to the Committee on Agriculture and Forestry. Very strong reasons could have been advanced in support of a proposal to send it to the Committee on External Affairs. Indeed, in another place it was referred to the Committee on External Affairs. Since there is always that question, it seems to me desirable that honourable senators keep in their own hands the right to say, first, whether a matter should be referred, and, second, to which committee it should be referred. As far as my knowledge goes, the references that heretofore have been made in anticipation of legislation coming to this House in specific cases have worked out reasonably well.

I am hopeful that something may be worked out in regard to legislation generally. Of course, we can only act with the concurrence and authority of the Senate; but it seems to me that anything we can do in order to secure additional information on matters of importance before they come to us is, in principle, right. At the moment I am not able to suggest the best method of obtaining this result and at the same time retaining authority within the hands of the Senate.

I would suggest therefore to the honourable senator who was courteous enough to show me an advance copy of the proposed amendment, that after having secured the opinion of the Senate on the matter, he might consider withdrawing his amendment to my motion.

Hon. Mr. McGEER: Honourable senators, the amendment which I proposed came, as the honourable leader of the Government has said, after discussion and correspondence with him. It arose out of a discussion as to how bills originating in the House of Commons could be handled by the Senate. I read the honourable leader's motion, and it seemed to me that the Senate had the power to deal with any legislation the moment it was introduced in the Commons. In reply to the criticism that my amendment is too wide open, I would say that any question as to what committee should consider a particular matter could be dealt with by the Senate at the time.

I understand now that the honourable leader of the Government proposes to work out some method by which the Senate will have ample opportunity to examine and review important legislation from the other House before being called upon to approve it. Whatever procedure is adopted, if that result is to come about I think the purpose of my amendment has been achieved. After looking into the rules I have no hesitation in saying that if the Senate lacks time for the consideration of Commons bills, it is simply because it has not used its power to see that bills, after their introduction into the House of Commons, are brought before the Committee of the Whole here or one of our standing or special committees. Measures other than money bills can be dealt with in any way that the Senate sees fit—amended up or down, or rejected; and when a bill is rejected the

Senate can, if it wishes, initiate another measure to replace it. It does seem to me that in the field of legislation which we must face over the coming years, the Senate must not only adopt some such procedure for considering Commons bills, but must develop facilities for conference between both Houses as part of their working machinery.

I am very pleased to accede to the request of the honourable leader of the Government, and to withdraw the amendment.

Hon. Mr. ROBERTSON: I thank the honourable gentleman.

Hon. Mr. COPP: I fear that a short-cut is being taken. It seems to me there should be a motion that the honourable senator be granted leave to withdraw his amendment.

Hon. Mr. McGEER: I will stand corrected on a mere detail of that kind.

The Hon. the SPEAKER: It is necessary to have leave for withdrawal of an amendment. It is moved by Hon. Senator McGeer, seconded by Hon. Senator Veniot, that leave be granted for withdrawal of the amendment.

Some Hon. SENATORS: Carried.

The amendment was withdrawn, and the motion was agreed to.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, with leave, I would move that a copy of the estimates for the fiscal year ending 31st March, 1946, tabled this day, be referred to the Standing Committee on Finance. For the information of honourable members I may say that I shall ask the Clerk to call the first meeting of the Committee for Tuesday, November 13, at 11 a.m.

The motion was agreed to.

GOLD PRODUCTION IN CANADA

DISCUSSION

The Senate resumed from Tuesday, October 30, the adjourned debate on the notice of Hon. Mr. McRae:

That he will call the attention of the Senate to the development of our gold resources, and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly in the employment of labour, the establishment of new communities and the importance of gold in taking care of our foreign obligations.

Hon. T. A. CRERAR: Honourable senators, the matter to which the honourable gentleman from Vancouver (Hon. Mr. McRae) called attention the other day in a very excellent speech is one that deserves the serious consideration of this honourable House. A few years ago a representative in Canada of one of the Central European powers called on me at my office in the Langevin Block, where the Department of Mines and Resources has its headquarters. After some conversation he asked me if I would point out to him on the map the location of our radium mines. I had a map of the Dominion on the wall. We went over to it and I pointed out the location of the mine at the south-eastern corner of Great Bear Lake, less than thirty miles from the Arctic Circle. I told him something of the romance of the discovery of this mine and of its later development, with which I shall not burden the House today.

Our talk led on to a discussion of our mineral resources, and I informed my friend of the great pre-Cambrian shield which extends from Labrador in a great arc down below Hudson's Bay, cutting into northern Quebec and northern Ontario, dipping down into Michigan and a corner of Minnesota, then running northward again, and from northern Manitoba and northern Saskatchewan on through almost to the Arctic Circle at Great Bear Lake. That is a vast area, embracing a distance of almost 4,000 miles. I informed him that the knowledge we possessed because of explorations and development work already projected and carried out gave us a pretty clear indication that anywhere along that vast arc we might expect to find either precious or commercial metals.

From that we went on to talk about our other resources. He inquired about timber. I explained to him that we had a great belt of coniferous trees, extending from the Atlantic across Quebec and the northern part of Ontario, Manitoba, Saskatchewan, Alberta and on into British Columbia. Then I told him about our great inland and coastal fisheries. This led to a discussion of another important natural resource—our fur-bearing animals. As honourable senators well know, a few hundred years ago the export of furs was the principal trade of this country. Let me say in passing that sound methods of conservation will restore this great natural resource to the position it occupied in those remote days.

We sat down, and my visitor cogitated for a few minutes. Then he said to me: "Mr. Crerar, you have a very, very rich country, but—if you will pardon me for saying so—you are a very wasteful people." On reflection I came to the conclusion that my friend was right on both counts. We have a country of great natural resources, the products of which are needed in our complex civilization. I am afraid that we are a wasteful or—shall I say—

a careless people in the control, development and management of these very valuable natural resources. Evidence of this is found in the fact that on an average the ravages of insects and fires exact a higher annual toll of our forest wealth than is taken by commercial operations. That is a reproach to our management of this very important natural resource. The direct loss of our forest wealth is serious enough, but the collateral consequences may be far-reaching if the depletion is not checked.

As honourable members are aware, the east slope of the Rocky Mountains is covered with a heavy growth of trees, mainly spruce. Even before Alberta's natural resources were transferred to her, fire was making great inroads on this forest wealth in that province. The fire loss continues. The provincial authorities say they have not got the financial means to maintain an adequate fire protection service; and because of the lack of protection there are heavy fire losses in that area almost every year.

If we project our minds into the future, it is not difficult to realize what these annually recurring losses will bring about. Once this forest cover goes, the waters that come down from the mountains into both branches of the Saskatchewan river, the Red Deer river and other streams, will in the spring become roaring torrents, with soil erosion and flood damage; in the summer-time the flow will dwindle to a trickle, and cities and towns that depend on these rivers will lose their water supply.

Honourable members will recall that our fur resources were for years ruthlessly exploited, with no thought of conservation at all. In later years it was realized, particularly in the Indian Branch of the Department of Mines and Resources, that over 40 per cent of our Indians are located in the northern part of the Prairie Provinces and that, since these Indians depend on trapping for their livelihood, if the fur-bearing animals disappeared the Indians would then become public charges. Bearing that in mind, some seven or eight years ago the department instituted a programme for the rehabilitation of this valuable natural resource. The success of this work is now demonstrated beyond any question of doubt. It is apparent that if we devise sensible methods to conserve our natural resources, these resources can be maintained and increased.

I could give further illustrations of the benefits which have already come from our conservation policy. For instance, in the past our great inland fisheries were ruthlessly exploited; but now we have demonstrated the effectiveness of methods for the conservation of this important natural resource. I realize that the natural resources are in the hands of the provinces and therefore our part can only be that of a partner, nevertheless I believe some feasible plan of conservation can be worked out for the protection and development of our great natural wealth.

To come more directly to the motion, as I have already stated, I think the Senate is indebted to the honourable member from Vancouver (Hon. Mr. McRae) for bringing the matter of gold production to our attention. It is interesting to note that the production of gold in Canada has reached its present development within virtually the last fifty years. Prior to that time there were a few mines in operation in the Maritime Provinces, there was some placer mining in British Columbia, and there were one or two small gold mining developments in the older parts of Ontario. But the production was insignificant. Half a century ago the vast waste of rock extending from Labrador to Great Bear Lake was regarded as worthless. It was granitic rock and it was the generally accepted theory that it contained no mineral wealth. A very interesting event led to a change of opinion. Upwards of forty years ago the Ontario Government projected a colonizing railway to Northern Ontario to reach the clay belt. This belt later was traversed by the Transcontinental railway. Blasting operations in the Temiskaming area revealed very definite traces of silver, and led to the conviction that if those granitic rocks contained silver they might also contain other metals. Prospecting took place, with results that are now familiar to all. That discovery led to the belief that anywhere throughout this great pre-Cambrian field we might expect to find both precious and base metals. Later developments have completely revolutionized the theories which geologists and mining men held fifty years ago. Outside this great field we have rich possibilities in British Columbia, the home province of the honourable senator. British Columbia has made substantial progress in both quartz and alluvial gold mining. Base metals, notably lead and zinc, have also been found in the ores from this province when put through the smelters at Trail.

What we are considering today relates more directly to gold, and I should like to give the House some information on the progress made in this regard. When the Temiskaming and Northern Ontario Railway was built through to Cochrane, we had one of the first gold mining developments, in the Porcupine area. Romance also surrounded that discovery, and today there are probably a score of operating mines in that district, with a thriving city of thirty thousand people. I refer to Timmins. In this single area within a period of little

more than thirty years upwards of $750,000,000 worth of gold has been produced. No area in Canada of similar dimensions has produced that amount of wealth in that time. In passing I shall merely mention Kirkland Lake and Noranda and the great belt that extends from Kirkland through to Senneterre on the National Transcontinental Railway, but a little later I may have a word or two to say about that area.

The production of gold in Canada steadily increased until a few years ago, when war conditions led to its curtailment. It is interesting to note that in the so-called depression years from 1930 to 1936 or 1937 our only advance was in the gold-mining industry. It showed an improvement every year throughout the depression. For instance, the production of gold in 1931 was 2,693,000 ounces, with a value, based on the old price of gold, in excess of $58,000,000. In 1941, our banner year, production had grown to 5,345,000 ounces with a value of $205,000,000. In 1944 there was a substantial decline, the reasons for which I will mention in a minute or two. In that year our gold production was 2,922,000 ounces, representing a value of $112,000,000 odd. In other words, within a period of three years the value of our gold production dropped by almost 50 per cent.

The reasons for that drop in production are not far to seek. After the outbreak of war we gave encouragement to our gold mining companies to increase their production, because it was one of the most useful means the Finance Department had by which to get the exchange necessary to purchase the large amount of supplies we were then buying in the United States. After the Hyde Park declaration, and the understanding embodied in it, the economies of the two countries were, for the purposes of war, largely integrated. A situation developed in which the United States, mistakenly, I think, to a large extent closed down on its gold production. In other words, the board that had to do with the matter of supplies declined to furnish the mines with necessary machinery, because iron and steel and other raw materials were needed for war purposes. In Canada we had much the same situation. We could not very well ask the United States to supply us with iron and steel in order to maintain our gold mining industry when the United States was following the policy I have mentioned with regard to its own industry. There were some other reasons too, which I shall mention presently.

It may be of interest to honourable senators to know that South Africa followed a different policy. In the production of gold South Africa leads the world, the United States is next, and so far as the known production is concerned, Canada is third. It may be that Canada's production is exceeded by that of Russia; but we have no statistics on that country. This indicates the important place that Canada occupies in the production of gold.

In 1938 Canada's production of gold was 4,725,000 ounces; in 1944 it dropped to 2,922,000 ounces. In South Africa in 1938 the production was 12,161,000 ounces; in 1944 it was 12,277,000 ounces, an increase of over 100,000 ounces. The problems in South Africa, however, may have been different from ours, so far as the prosecution of the war was concerned. That comparison is interesting. I still think that probably the shrewdest minds so far as international trade and commercial development are concerned are to be found in Great Britain. Whatever the reason may have been for it, the mines in South Africa were kept in production.

I do not wish to discuss today, honourable senators, the relation of gold to monetary theories. That is a field where angels almost fear to tread. It may be said, however, that in the last fifteen years there has developed a school of thought which holds that in some mysterious fashion international currencies, in their relation to each other, can be managed without recourse to gold. The chief value of gold in the good old days before the war of 1914-18, was to hold in balance international payments. The value of the currencies of all the leading countries of the world had a definite relationship to gold. The result was that a person in Canada wishing to sell wheat, timber or bacon could get bids from abroad and instantly translate them into terms of Canadian dollars, and thereby, in establishing his profit, avoid the risk of fluctuation in currencies. This procedure provided an easy method of doing international business. For the time being that has all gone; and what may happen in the future is as yet largely closed to our vision.

While I do not wish to discuss gold in relation to monetary theories, I should like to give the House some information about its value in the internal economy of our country, in the matter of producing wealth and providing employment. I doubt if there is any other Canadian business activity that is so fruitful in providing employment and in fertilizing public revenues, as is mining, especially of gold. For instance, in 1937, the ex-

penditures of Canada's gold mines for consumable stores, equipment, electrical power, fuel, freight and insurance amounted to over $40,000,000. Those commodities, as broken down by the Bureau of Statistics, include about forty items. In the base metal mines a similar condition prevailed. Their total expenditures for the items I mention was over $59,000,000. The combined purchases of the base metal mines and the gold mines total practically $100,000,000, and this is exclusive of wages and salaries paid.

I have here some information on the International Nickel Company that might be of interest to the House. The management of that company will have no objection, I am sure, as the information was received not in confidence, but was sent to me at my request. In the year 1936 the total wages paid by the International Nickel Company were a few thousand dollars short of $15,000,000, and the total expenditures for commodities required for their mining operations were over $26,500,000. Now $26,000,000 is a very considerable expenditure by one company for materials. In analyzing this, I will touch only on items in excess of $1,000,000. The amount expended on iron and steel bars, sheets, plates and all structural steel was $2,382,384; and on coal, coke, charcoal and wood, was $3,900,000. It should be interesting for our Nova Scotia friends to note that 312,000 tons of this coal came from their province. The item for lumber and timber of all kinds is over $2,000,000. That figure included over $314,000 spent on fir and cedar from British Columbia. Electrical equipment cost more than $1,300,000; machinery and repair parts for smelters, $1,483,000; acids and chemicals—and this shows the broad range of materials required—took almost $1,400,000. There is one other item which, though it is less than $1,000,000, will be of some interest, particularly to senators from Western Canada. The smelter fluxes that are used to mix with ore in the smelting process cost over $354,000. Of these fluxes, 37,711 tons of sodium sulphate came from a lake in the province of Saskatchewan.

May I mention one or two more items? The power purchased cost $1,200,000; and for railway, freight and express—a problem that does not bother us now but may in the future —there was an expenditure of $4,500,000.

I apologize to honourable senators for burdening them—

Hon. Mr. QUINN: Go on.

Hon. Mr. CRERAR: —with these details. These figures show the extent of the operations of such an enterprise. I could name a property in the province of Manitoba where a great copper and zinc mine has been developed that employs almost 2,000 people, pays wages of around $3,000,000 a year and supports a community of between 8,000 and 9,000 people.

It is interesting to reflect that the distribution of this purchasing power benefits everyone in Canada, including the agriculturist and the railway man. The purchase in one year in British Columbia by the International Nickel Company of $350,000 worth of lumber, and timber in other forms, gave employment to a large number of railway men. And it is the same all down the line. I think there is substantial basis for my statement that this industry is fruitful in providing employment and fertilizes our public revenue in a healthy fashion.

I should like to say a word or two about taxation. In discussing this question one realizes that he is perhaps treading on somewhat delicate ground, but I have always believed, and I aver my belief today, that the tax levied upon the business of corporations is in its essence an unwise tax. That applies particularly, I think, to the mining industry, because of the very nature of that industry. The value of the ore in a mine might be indicated by a line from A to X. At A the ore may be worth only $1.50 a ton, not justifying development for commercial purposes. At X it may be worth $15 a ton, far more than the minimum price necessary to make the ore a commercial proposition. Somewhere between A and X is found the breaking point, where the ore is valuable enough to enable the mine to pay operating expenses, look after depreciation and yield a reasonable return on the money invested in it. Now, the result of taxation, and particularly of oppressive taxation, is to move that point farther up the line. If by paying no tax you can mine $6 per ton ore profitably, and the imposition of a tax makes it impossible to mine any ore below the value of $7, then because of the tax the body of ore ranging in value between $6 and $7 is converted into waste rock, the life of the mine is shortened, the volume of employment of miners is lessened and the total value of wealth produced over a period of years is decreased.

Mines are a wasting asset. In that respect mining differs from almost any other industry in Canada. The gold mines that are at present producing will some day reach the end of their deposits. If wise policies of reforesta-

tion can be maintained, the soil and the natural conditions that produced trees in the last fifty years will produce trees in the next fifty years. Similarly in farming, if good methods are used the soil will, generally speaking, continue to produce good crops. But, as I say, mines are a wasting asset. That fact should be taken more into account when taxation is being considered. There seems to be a feeling that mining companies make a great deal of money, and that a widespread public outcry would arise against any government that dared to tax them at sensible rates. I do not hold that view, honourable senators. I am confident that if a problem is thoroughly explained to the people at large they will in the end reach a common-sense decision as to its solution.

There are just one or two other points I should like to mention. We are all concerned with the financial situation in which the country finds itself as a result of our participation in the war. I believe it is safe to say that when this war business is cleaned up our federal debt may be of the order of 17 billion dollars, or very close to that figure; and simply by taking paper and pencil and totalling our obligations we can see that in order to meet our commitments it will be necessary to raise by taxation one and three-quarter or two billion dollars a year. I am not going to say today that that is beyond the capacity of the Canadian people. I have my doubts about that, but that is not my argument today. My argument is that there is need, first, for rigid economy wherever possible in public expenditures, and, secondly, for sound and wise policies in relation to our whole national development.

I do think that our mining industry is one of the greatest potential assets in this country, and I should like just briefly to run over the known possibilities of the great shield. Up in the Quebec-Labrador area there has been discovered in recent months a very rich and very large body of iron ore. Ores of other metals have also been found there. Coming on down through Quebec we find the region from Kirkland Lake to Senneterre, where there are several producing mines, including the large Noranda mine. Then in Ontario there is the International Nickel Company's mine. Canada is today the chief source of the world's nickel supply. In the Michipicoten section north of Lake Superior there are iron mines and some gold mines. Farther west we run into the Central Patricia area, the Red Lake Area and the Steep Rock area. And so it goes, through to the Great Slave Lake region, where within the last few years we have uncovered a potential gold production equal, perhaps, to that of any other area in Canada to date. Then there are the rich metals of British Columbia.

Now, I submit that, having regard to this country's financial situation and need for huge revenues, it is only sensible that we should intelligently study how best to develop these resources, which provide employment and create wealth. Then we must frankly see how best we can exchange the wealth we produce for things that can be obtained only from other countries. This comes pretty close to a question that I do not wish to discuss here today, but I do say that a solution of our financial difficulties can come about only through a tremendous expansion of Canada's international trade.

Mines are not our only resources with great potentialities. There are our forests, our furs, our fish, our rich agricultural lands. But I shall not discuss these today. I should like, however, to make what I think is a practical suggestion, which is that at the beginning of next session we might well consider setting up a committee of this honourable House to examine into these resources and make recommendations for their wise development. While we may not have power to implement recommendations of that kind, I do think they would be of great value to our people. I hope honourable senators will consider that suggestion. Since my arrival here I have observed that the Senate looks at things a little more objectively than the other House does, that we are a little further removed from that party controversy which, if I may say so, I think is quite proper in the other end of the building. I believe that an objective inquiry into the character of our resources and the best methods of conserving and developing them to suit the needs of the Canadian people would be of real value to us all. By conducting such an inquiry we could make a useful contribution to the freedom of Canada, which in the dark years immediately behind us we all struggled so valiantly to preserve.

On motion of Hon. Mr. Robertson, the debate was adjourned.

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, with leave I would move that when the Senate adjourns today it do stand adjourned until Monday, November 12, at eight o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Monday, November 12, at 8 p.m.

THE SENATE

Monday, November 12, 1945.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRANS-CANADA AIR LINES BILL

FIRST READING

A message was received from the House of Commons with Bill 21, an Act to amend The Trans-Canada Air Lines Act, 1937.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: At the next sitting.

CANADA PRIZE BILL

FIRST READING

A message was received from the House of Commons with Bill 10, an Act to provide for a Prize Court and prize law in Canada.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

STANDING COMMITTEE ON DIVORCE

EXTENSION OF TIME FOR RECEIPT OF PETITIONS

Hon. W. M. ASELTINE, Chairman of the Committee on Divorce presented the 126th report of the Committee, as follows:

The Committee recommend that the time limit for receiving petitions for bills of divorce, which expired on Monday, the 5th November, instant, be extended to Tuesday, the 13th November, instant.

All which is respectfully submitted.

He said: Honourable senators, the reason for this report is that the sixty-day period provided by Rule 138 expired when the Senate was not sitting, and it is necessary to extend the time limit for one more day in order that a few petitions may be presented to the House tomorrow. I should like to have the report concurred in this evening, if possible. With leave, I would therefore move concurrence in the report.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Honourable Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills which were read the first time:

Bill Z4, an Act for the relief of James Christie Miller.

Bill A5, an Act for the relief of Francis Needan Quirk.

Bill B5, an Act for the relief of Virginia Wallace Knowlton Tousaw.

Bill C5, an Act for the relief of Elsie Pearl Craig MacInnis.

Bill D5, an Act for the relief of Celia Calp Hecht.

Bill E5, an Act for the relief of Joseph Marcel Rouleau.

Bill F5, an Act for the relief of William Arthur Smythe.

Bill G5, an Act for the relief of Nellie Sapphire Tanham Herring.

Bill H5, an Act for the relief of John Guerin Bowles.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Tomorrow.

THIRD READINGS

On motion of Hon. Mr. Aseltine, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed, on division:

Bill R3, an Act for the relief of Royal Tessier.

Bill S3, an Act for the relief of Aurore Leblanc Proulx.

Bill T3, an Act for the relief of Margaret Susan Bradshaw Hodgkinson.

Bill U3, an Act for the relief of Lydia Donalda MacDonald Fletcher.

Bill V3, an Act for the relief of Charles Edward Varney.

Bill W3, an Act for the relief of George Louis Bush.

Bill X3, an Act for the relief of John Hall Jones.

Bill Y3, an Act for the relief of Madeline Daisy Harvey Bell.

Bill Z3, an Act for the relief of Georges Moshonas.

Bill C4, an Act for the relief of Ann Agnes Hyson Kellogg.

Bill D4, an Act for the relief of Anna Ostronoff Smilestone.

Bill E4, an Act for the relief of Doris Alice Davis Stackhouse.

Bill F4, an Act for the relief of Olive Maud Prouse Palmer.

Bill G4, an Act for the relief of Mary Mueller Pierotte.

Bill H4, an Act for the relief of Anthony Malt.

Bill I4, an Act for the relief Roderick John Elder.

Bill J4, an Act for the relief of Francis George Dennis.

Bill K4, an Act for the relief of Zenon Alary.

Bill L4, an Act for the relief of Gladys Muriel Watson Hooper.

Bill M4, an Act for the relief of Pearl Woodward McGregor.

Bill N4, an Act for the relief of Lily Bromberg Seidlitz.

Bill O4, an Act for the relief of Clarence David Cowan.

Bill P4, an Act for the relief of Kathleen Helena Henry Bates.

Bill Q4, an Act for the relief of William John Mitchell.

Bill R4, an Act for the relief of Nathan Labovitch, otherwise known as Nathan Labow.

Bill S4, an Act for the relief of Fannie Bly Blanshay.

Bill T4, an Act for the relief of Annette Lea Marion Macnab.

Bill U4, an Act for the relief of Gerald Franklin.

Bill V4, an Act for the relief of Ivor Edna Nancy Mosher Clarke.

Bill W4, an Act for relief of Mary MacRury Tait.

Bill X4, an Act for the relief of Ernest Stanley Powell.

Bill Y4, an Act for the relief of Anastasia Stack Kormylo.

EXCESS PROFITS TAX REFEREES—ONTARIO APPLICATIONS FOR STANDARD BASE

INQUIRY

Hon. Mr. HARDY inquired:

1. What are the names of the members of the Board of Referees for Excess Profits Tax?

2. How many applications arising in the province of Ontario have been filed with the Board of Referees, asking for the settlement of a standard base, or standard profits?

3. How many of such applications have been finally disposed of by the board to date or to such date as may be reasonably convenient?

Hon. Mr. ROBERTSON: This is the answer to the honourable gentleman's inquiry:

1. Active members:—Honourable Mr. Justice J. D. Hyndman, Kris A. Mapp, Esq., C.A., T. N. Kirby, Esq., C.A., C. A. Gray, Esq.

Inactive members:—Honourable Mr. Justice W. H. Harrison, C. P. Fell, Esq., K. W Dalglish, Esq., C.A., Courtland Elliott, Esq.

2. By Section 5 of the Excess Profits Tax Act, "the Minister shall direct that the standard profits be ascertained by the Board of Referees".

Ontario applications which have been filed with the board number 1,149.

3. As of November 6, 1945, the board had finally disposed of 996.

GOLD PRODUCTION IN CANADA

DISCUSSION

The Senate resumed from Thursday, November 1, the adjourned debate on the notice of Hon. Mr. McRae:

That he will call the attention of the Senate to the development of our gold resources, and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly in the employment of labour, the establishment of new communities and the importance of gold in taking care of our foreign obligations.

Hon. GERALD G. McGEER: Honourable members, the subject-matter of this notice by the honourable senator from Vancouver (Hon. Mr. McRae) raises some very important features of our post-war programme. The pertinent issue immediately under discussion is the part that increased production of Canadian gold will play in: (a) Canadian general prosperity; (b) employment of labour; (c) establishment of new communities; (d) the meeting of our foreign obligations.

But, by implication, there is something even more important with regard to our gold production than is raised specifically in those issues, and that is the part that our gold will play in stabilizing Canadian buying power and the unit of Canada's medium of exchange in foreign markets.

Before any sound judgment can be offered with regard to any of these questions, the value of gold in our national economy and the part that it can fulfil in our national affairs should be determined. No one knows better than I the great diversity of opinion that exists in the minds of people in all walks of life with regard to that strange and alluring metal which we call gold. Other than for decorative purposes, as a metal it hasn't much value. The monetary value that it possesses has been given to it either by law or by custom. It is rare, but not by any means the scarcest of our metals. Nor is it by any means the most durable. It is easily workable and doesn't discolour or deteriorate—qualities which make it suitable for use in

the decorative arts. But its use even in this domain has been steadily declining. Gold plates for the dinner table, gold for false teeth, and even gold for jewellery no longer has the vogue that it possessed in what some are pleased to call "the good old days of gold fobs and watch chains". In the sign-painters craft, however, it does still hold a place of importance.

In the field of monetary service gold has suffered a similar decline in popularity. It has ceased to circulate as coins, and is no longer considered essential as a security for the value of paper currency, bank deposits or contracts. Notwithstanding all these and other facts which prove that it is one of the most useless and the least used of all the metals of the earth, it is still a metal to be reckoned with.

While Shakespeare's statement that "gold is the strength, the sinews of the world" is no longer true, the fact that gold is the only safe and secure form of universal wealth cannot be denied. The votaries of gold are everywhere, of every race and colour, and there is no corner of the earth where gold will not buy anything that is for sale. Gold still retains the amazing grip that it has had on the imagination of the peoples of all generations. It still holds a place of commanding authority in the grim realities of the economic progress of civilization.

The classics reveal the mythical Golden Fleece of the Argonauts, and gold takes the leading role in Shakespeare's human tragedy of the pound of flesh, where the exaction of blood for interest was denied. The worship of the Golden Calf was proclaimed the unforgivable sin; but strangely enough the worship of gold grew apace, until finally gold itself became the veritable ruling power in the march of human progress.

The lure of gold brought the Spaniards to Mexico and to South America, and wrote into our history the stories of the fabled wealth of the Incas and the bloody and blazing conflicts of the Spanish Main. It took the fortune hunters to California, to the land of the Cariboo in British Columbia, to the veldts of South Africa, to the deserts of Australia and Colorado, to the high north of the Klondike and Alaska, and to the wild and vast reaches of Canada's pre-Cambrian shield. The gold-seeker has blazed the trail in many lands, where others have followed to settle and wrest from Mother Earth far greater riches than all the gold that was ever found.

The part that the lure of gold has played in the spread of civilization is no less important than the tremendous influence it has exercised in the march of human progress.

Hon. Mr. McGEER.

In 1816 the gold standard was established by English law as the single basis of the monetary power of the British race. By 1873 it became the monetary standard of all the nations of Christendom. Upon the gold standard was built the great financial strength of the City of London, and that was the power which played one of the most important parts in the creation of the modern might of the vast world empire of the British Crown—still the mightiest empire ever known in the history of mankind, and the greatest single force for the betterment of individual and international relations in all this troubled world.

The course of human progress under the rule of the gold standard, while tremendous in its sweep and force, was never smooth and easy. It was characterized by wars and revolutions, booms and depressions, the building of great fortunes and all the disasters that follow in the wake of bankruptcy and repudiation. Stability for world commerce was never part of the alleged security which was always put forth as the great and enduring virtue of the gold standard. It was always used by those who actually controlled its operation, the great international bankers, to produce conditions of trade to suit themselves.

During the last 175 years there have been 43 periods of progressive prosperity of varying length of time and intensity, and in the same period there have been 43 periods of countervailing depression. Depression periods followed boom periods with the consistent regularity of the rising and the setting of the sun.

I am going to put on the record here a statement of booms and depressions and the years in which they occur. It is as follows:

Booms	Depressions
1791-92	1790-91
1793-94-95	1793
1796-97	1797-98-99
1799-1800-01	1802-03-04
1805-06-07	1807-08-09
1809-10-11-12	1812-13-14
1815-16-17	1817
1818-19	1819-20-21
1822	1823-24
1824-25	1826-27-28-29-30
1830-31	
1832-33	1834-35
1835-36-37	1837-38
1839	1840-41-42-43-44-45
1845-46-47-48	1846
	1848-49
1850-51	1851
1852-53-54	1854-55
1855-56-57	1857-58-59
1859	1860
1860	1861-62
1863-64-65	1865-66
1866-67	1867-68

Booms	Depressions
1868-69-70	1870-71
1871-72-73	1874-75-76-77-78-79
1879-80-81-82-83	1883-84-85-86
1886-87	1888
1888-89-90	1891
1892-93	1893-94-95
1895-96	1896-97
1897-98	1898
1899-1900	1900-01
1901-02-03	1903-04
1905-06-07	1907-08-09
1909-10	1910-11
1912-13	1914-15
1915-16-17-18-19	1919
1920	1921-22
1922-23-24	1924
1925-26-27	1927-28
1928-29	1929-30-31-32-33-34-35-36
1937	1937-38-39
1939-40	1940
1941-42-43	

Under the persistent appearance of the trade cycle, the gold standard became suspect. Instead of giving security it was blamed for instabillity.

The great political leaders, and students of trade, commerce and political economy, long ago began to question the wisdom of allowing the owners of gold to exercise a controlling influence over domestic and international commerce.

The most successful attack upon the gold standard came when Lincoln won the civil war by using a national currency not convertible into gold. Before that John Law, in France, had waged his unsuccessful assault upon the power of those who then controlled the gold resources of the world. Law was ruined and Lincoln was assassinated. At the turn of the century, William Jennings Bryan sent hurtling through civilization the challenge:

> You shall not crush down upon the brow of labour this crown of thorns. You shall not crucify mankind under a cross of gold.

But like John Law, the Scottish adventurer in Old France, William Jennings Bryan was crucified politically as a sacrificial offering at the golden shrine of the money power of his beloved 'land of the free and the home of the brave'.

Arthur Kitson, a brilliant engineer living in 1894, joined in the growing force of the attack by declaring in his book The Scientific Solution of the Money Question:

> The gold standard money system creates debts and then prevents men from settling them. It places mankind in perpetual bondage. It is a prison gate that only opens inward. The factors of evil minister to its exploiters. Repudiation is inevitable. It cannot be avoided. Nations must strangle this monster or it will strangle them. All our surplus wealth which should go to form a national store and all our surplus we must sacrifice. The gold standard means inevitable war. The children born of it are Fire and Sword, Red Ruin and the breaking up of laws. It does not merely concern statesmen and students of finance; it is the greatest moral, the greatest social question which mankind has ever had to consider. It concerns the lives, fortunes and happiness of every human being today and all the generations yet unborn. It is the problem at the turn of the century and our answer to it will determine the character of the drama we have to witness and upon which the curtain of the 20th Century is about to rise.

The curtain of 45 years of our century has been drawn aside. Arthur Kitson's sorrowful prediction of war, revolution, ruin and repudiation has been sadly fulfilled. In this century, our world has witnessed war and revolution on an unprecedented scale. Booms and depressions, now called inflation and deflation, of unparalleled magnitude have mounted into surging disturbances culminating in debt repudiation, bankruptcy, misery and poverty throughout the whole world. Ruling powers in the spheres of politics and commerce have been swept aside. And the end is not yet. We face today an unpredictable Asia; Europe is in chaos, and the new and unknown world force that was born of Lenin's revolution of the proletariat, the Union of the Soviet of Socialist Republics is still something of an enigma.

The age-old struggle between mankind and the power of the owners of gold began to take definite form when Woodrow Wilson launched the federal banking system in the United States in 1912. It began the development of the system of managed currency based on the use of national currency which Lincoln was advocating when he was assassinated in 1865 and which Franklin Roosevelt was still struggling to perfect when he was called to his great reward.

When War came in 1914 the gold standard was suspended simply because under it the Allied Nations could not provide the volume of money required to wage a winning war. At the close of hostilities, strangely enough, the bill of German reparations was, on the advice of international bankers, made payable in gold, notwithstanding that past experience proved that no such payment could possibly be made. The golden seeds of another war were then sown. The seeds were fruitful and the war came with the most appalling devastation known to all history.

England and all the nations of the British Empire guided by high finance and with high enthusiasm, invited trouble when they returned to the gold standard in the Parliament of Britain in 1925. Well you know what happened. But let the Chancellor of the British Exchequer who re-established the gold standard tell us in his own words that lurid tale of England's greatest catastrophe. Speaking

in the British House of Commons, and I quote from the British Hansard of April 28, 1925, the Chancellor of the Exchequer, Mr. Winston Spencer Churchill said:

A return to an effective gold standard has long been the settled and declared policy of this country. Every expert conference since the war—Brussels, Genoa—every expert committee in this country, has urged the principle of a return to the gold standard. No responsible authority has advocated any other policy.

After stating that all of the overseas dominions were taking similar action, Mr. Churchill went on to say:

During the late administration, the late Chancellor of the Exchequer (Mr. Snowden) appointed a committee of experts and high authorities . . . presided over by my right hon. friend who is now Secretary of State for Foreign Affairs (Mr. A. Chamberlain) . . .

This Committee heard evidence from a great number of witnesses representing every kind of interest; financial and trading interest, manufacturing interest, the Federation of British Industries and others, were heard. It has presented a unanimous report in which it expresses a decided opinion upon the question of the gold standard, and it sets forth its recommendations as to the manner in which a return to that standard should be effected . . . which His Majesty's Government are intending to follow in every respect.

This course was followed and nothing but a miracle saved England and the British Empire from destruction. There was a general strike, a threatened mutiny in the Navy, a curtailment of wages, and unemployment and poverty struck all over England where it was promised that the prosperity of the good old days of gold would bloom again.

The economic structure of England collapsed, and in 1931 the gold standard was jettisoned from the British ship of state as the only means of saving it from crashing on the rocks of utter ruin and despair. Churchill was blamed for his party's defeat and his country's ruin. A National Government was formed. A system of managed currency independent of gold was undertaken to retrieve the Empire's place in world affairs, and as the only means of escape from the disaster which the gold standard had imposed on Britain's patriotic and hard-working masses.

On April 22, 1932, the British Hansard at page 1661 records the apology of the same Mr. Churchill for the debacle he had created. In his own clear and expressive words he told the tale and fixed the blame. Here is what he had to say seven years after he had returned England to gold and nearly to ruination:

Out of all the tangles and clouds of argument we can see quite plainly this knobbly point projecting: the artificial enhancement in the price of gold and the consequent fall in the price of everything that is measured by it . . . but I regret and grieve that gold is a measure which has played the traitor.

When I was moved by many arguments and forces in 1925 to return to the gold standard I was assured by the highest experts—and our experts are men of great ability and of indisputable integrity and sincerity—that we were anchoring ourselves to reality and stability; and I accepted their advice. I take for myself and my colleagues of other days whatever degree of blame and burden there may be for having accepted their advice. But what has happened? We have no reality, and no stability.

With the abandonment of gold in 1931, England started to rebuild all that had been lost and brighter days began to reappear. On April 23, 1936 the British Hansard at pages 327 and 329 records the same irrepressible Mr. Churchill declaring the new order and the better days produced by the abandonment of the gold standard. Here is what he said:

Look at the changes since 1929.

We have shaken ourselves entirely free from the old Gladstonian structure of tradition of finance. Practices hitherto condemned have been adopted by general consent. Vast new sources of revenue have been opened and expedients have been successfully adopted for regulating the exchanges. I was the last orthodox chancellor of the Victorian epoch. I was the last of the Mohicans.

The gold standard is not only dead but it has been relegated for a long period to purgatory. The gold standard of blessed memory is gone—unwept, unhonoured and unsung.

But let us look at the causes which forced these astounding changes. Unemployment doubled; foreign trade halved; the carrying trade, shipping and shipbuilding woefully reduced; Lancashire broken; the cotton trade to India fallen to one-quarter of what it was. A dark cloud of economic privation enveloped the once brilliant North.

Thus were the people of England sacrificed upon the altar of gold. Thus were warnings of men like Kitson, Bryan and a host of others heeded, long after they should have been acted on.

In the same speech Mr. Churchill sounded a brighter note. He said:

We meet now in circumstances in which the problems arising out of the gold standard have been surmounted by its abandonment.

He pointed out that: the Budget was balanced; the Chancellor had realized a surplus; credit was never higher; the rent of money had fallen to levels rivalling the palmy days of Queen Victoria; the cost of living was relatively low to wages and banks were gorged with unprecedented accumulations. Thus did Churchill proclaim England's charter of freedom from the gold standard.

The people of the United States of America suffered from the manipulations of the gold standard no less severely than did their kindred races across the seas. And the great lesson that we in our generation must learn is that the manipulation of money in any of its forms can never be anything but a super-

charge upon the creation, the production and the distribution of real wealth.

The gold standard administration of Andrew Mellon, who was often declared the greatest Secretary of the Treasury since Alexander Hamilton, brought the Republican Party of Herbert Hoover and the economic structure of the United States into a state of complete collapse. Roosevelt with his New Deal programme came into power and took charge of a nation facing ruin and revolution. Legislation was at once passed repudiating all gold obligations. Thus did the prophesy of Arthur Kitson in 1894 come true in the United States by an Act of that great nation's Congress. Yes, the gold obligations in every form were repudiated by law. But Roosevelt on January 31, 1934, raised the price of gold from $20.67 to $35 an ounce, and at this price proceeded to build up the most valuable gold reserves ever accumulated.

The plight of our English-speaking world, weltering in unemployment and pitiable defenselessness, due entirely to our false conviction that we could not create our own money for our own purposes, encouraged the Germans in their smouldering hope for revenge. Under the guidance of Schacht, who had planned and managed the repudiation of German debts in 1923, German trade and finance was rebuilt, while the German army staff feverishly proceeded to prepare for their blitzkreig war of world conquest.

As we look back and take stock of our present position with a view to securing the future, we should keep clearly in mind, particularly when we are dealing with gold, that it was the same high priests of orthodox finance who led us to economic disaster under the gold standard, and who during the workless thirties kept us in such a state of planned poverty that Germany, under Hitler and his financial wizard, Schacht, was emboldened to openly prepare for war against us with a blatancy that was only less conspicuous than her scorn and contempt for her former conquerors, whom she was planning to attack and destroy.

In dealing with war criminals we should not forget the sorry part played in that sickening tragedy by our own same financial rulers who, forced to abandon their worship at the shrine of gold, now offer a no less dangerous devotion before the altar of public debt, taxation, and regimentation by unbridled bureaucracy. In their ritual the threat of inflation as the inevitable result of the use of national currency now takes the place of their no less false but now discredited dogma that gold was the base of our security and the sheet anchor of our credit.

Churchill, when he charged that gold had played the traitor, knew quite well that gold, unlike radium, is by itself the purest and most harmless of metals. The betrayal we all know came not from gold but from the misuse and abuse of gold by those who employed its magic power as the hypnotic influence in the trickery and legerdemain of manipulating debts under the gold standard, to deceive and corrupt a guileless and unsuspecting people, and as the cloaking facade for the kind of treachery which to mankind was forever symbolized in the selfish "kiss of Judas".

After his bitter experience as Chancellor of the Exchequer—a position in which his father had met his Waterloo—Churchill gave this ominous warning to the people of the British Empire:

> Are we really going to accept the position that the whole future development of science, our organization, our increasing co-operation, and the fruitful era of peace and good will among men and nations, are all to be arbitrarily barred by the price of gold?
>
> Is the progress of the human race in this age of almost terrifying expansion to be arbitrarily barred and regulated by fortuitous discoveries of gold mines here and there, or by the extent to which we can persuade the existing cornerers and hoarders of gold to put their hoards again into common stock?
>
> Are we to be told that human civilization and society would have been impossible if gold had not happened to be an element in the composition of the globe?
>
> These are absurdities; but they are becoming dangerous and deadly absurdities.

These are not my words, but those of one of the most experienced statesmen in the British Empire today.

> They have only to be asserted long enough, they have only to be left ungrappled with long enough, to endanger that capitalist and credit system upon which the liberties and enjoyments and prosperity, in my belief, of the vast masses depend.
>
> I, therefore, point to this evil and to the search for the methods of remedying it, as the first, the second and the third of all the problems which should command and rivet our thoughts.

These are issues raised by the resolution of the honourable senator from Vancouver. The "evil" Churchill refers to was not gold, but the monetary system in which gold had been misused and the power of gold terribly abused. Our problem is to correct the abuses in the use of gold, and to place it in its proper position with all its power and might in our economic structure.

If gold is no longer necessary to secure the value of the money now employed under our established system of managed currency, what value has it in the monetary field? Its value today is confined to the realm of

international relations. Unfortunately the volume of international trade and debt, like all internal trade and debt, has swollen to such vast proportions that there is not a sufficient volume of gold in circulation, in the possession of or available to the individual debtor and debtor nations, to effect a balance in the disequilibrium which now exists. Deliberate management of international trade, commerce and exchanges has already superseded the old practices of settling unfavourable balances by shipment of gold. In the future, international trade will more and more depend upon management, designed to keep exchanges of goods, services and investments in balance; and no nation or group of nations can hope in the future to secure favourable balances of trade under the practices of the good old days when the false economy of selling more and buying less was so relentlessly pursued. As an aid to keeping international relations in balance, gold has now found the place given to it in the report of the British MacMillan Committee, published a few months after England was forced off gold in 1931 by French and American gold hoarders. The importance of that report may not be as yet fully appreciated, but we in Canada, as far as gold is concerned, have moved pretty well along the course indicated in the following sections:

I am not going to cite the sections referred to and read them in detail, but I am going to put Sections 323, 324, 325, 327 and 340 on the record.

323. In present day conditions when the active circulation of notes is mainly required for the purpose of meeting wage payments and small transactions usually settled in cash, an expansion in the active note issue is likely to be a result of active trade ensuing with an appreciable interval after an expansion in the bank's deposits. Thus it is the latter which is now the factor of dominating importance, and the somewhat anomalous position arises that while the bank is not regulated by law in respect of its deposits it remains so regulated in respect of the note issue which was a hundred years ago the initiating cause of inflation but today is the factor which is the latest to be affected by the forces of expansion or contraction.

324. The criticism to which the present system is open is rather that the principle of the fixed fiduciary issue is wrong in that it associates the amount of the gold which the Bank of England should hold immobilized and unavailable for export with the amount of the active note circulation.

325. We cannot regard as satisfactory a system under which so high a proportion of the gold stock is locked up in such a way as not to be available for export if the Central Bank should so desire.

327. As regards the right principles for regulating gold reserves in the changed circumstances of today, we may, without entering into a long argument, summarise our views very briefly as follows:—

(i) If it is thought unnecessary to fetter the discretion of the Bank of England in regard to the volume of its deposits, which in a modern system is the significant and operative factor, there can be no good reason for fettering very narrowly its power to issue notes.

(ii) There are great advantages in a high degree of mobility for the gold reserves of Central Banks. For the task of reconciling international exchange stability with domestic credit stability will be made easier if the Central Bank is free on occasion to allow wider fluctuations in the proportion of its total assets which is made up of gold and comparable items. It is also desirable that the public should become accustomed not to attach undue importance to fluctuations which the Bank has deliberately permitted.

(iii) In present circumstances it is highly desirable that throughout the world the disadvantages of the immobility of gold, and of laws whereby a very high proportion of the world's total stock of gold is rendered sterile, should be modified, and we should not maintain any legislation which conflicts with this aim.

(iv) Nevertheless, it is not unreasonable to regard some part of a country's gold reserve as not belonging to the Central Bank's masse de manœuvre for normal daily use, but as an ultimate reserve, not to be brought into consideration in ordinary cases, but kept as a last resort for use only on grave national occasions and after special deliberation between the Government and the Bank. Such a reservation can be justified both by its effect on confidence and in itself.

(v) The proper amount of this ultimate reserve cannot be reached as a fixed proportion of the note circulation (which is the usual principle abroad) or as the excess of the note circulation over a fixed figure (which is the principle of the British fiduciary issue). For it depends on quite different factors from those which determine the note issue. A change, for example, in the habits of the public in paying by note or by cheque respectively cannot affect the appropriate amount of the gold which we hold against emergencies.

(vi) Just as the amount of gold held by the Bank should be settled independently of the volume of the note issue, so any precautionary limits which it may be thought advisable to set to the Bank's power of note issue should be settled independently of the amount of gold which it is required to hold. The best form of limitation on the discretion of the Bank of England in regard to the volume of its note issue, is, we think, the system which prevailed in France for many years before the War, namely, an absolute maximum subject to modification from time to time by law or by Treasury Minute.

340. Not only is this the best system for this country. We also attach great importance to it as a first step towards dissociating in the world at large the question of the right level of a country's gold reserve from the question of regulating the note issue.

Here in Canada we have followed this course. We have completely disassociated gold from our Bank of Canada currency and from the currency and deposits of our chartered banks. We employ any gold we use for monetary purposes exclusively in the realm of international activities. Gold has passed out of use as a circulating medium. It is now employed exclusively in the settlement of international balances, as a common denominator of international money values, and in the stabilization of the value of our own money in foreign exchanges. In the disturbed conditions of international commerce during the years of depression and in the crises of two world wars, we have learned great lessons in the proper place and use of gold. We have also learned even greater lessons with regard to the need and the inestimable value of adequate gold reserves against international emergencies. The experiences which have come to us in depression and war surely prove that today, and in the days to come, whether they be days of peace or war, gold is not and will not be less but more valuable than it has ever been in the past.

We must realize that gold is no ordinary commodity to be shipped out of the country like pulpwood and wheat or potatoes and fish. Gold we know is the only kind of established money value that satisfies all people in all places at all times. It is the only kind of money value that survives in depression and war. No international or internal disruption has ever destroyed its value as buying power. The fixed price of gold has been steadily increasing, and never once in all the history of gold has that price fallen.

The Bank of Canada currency bill is undoubtedly the cheapest money we have ever been able to secure. Each bill costs something less than a cent for paper, ink, engraving and printing. A $50,000 bill costs us the same as a one dollar bill. Owning the Bank of Canada, we are now issuing our own paper for money. It is undoubtedly the best kind of money we have yet used, and its supply in Canada for use in Canada is costless and unlimited. Canada's high position as a producing nation makes the Bank of Canada bill good money today almost everywhere; but in times of emergency gold is the only kind of money we can use successfully to maintain the value of the Canadian dollar in foreign exchanges. Obviously we should maintain a large reserve for that purpose. No other reason than that need be offered to prove conclusively that the restoration of the prosperity of our gold mining industry and the development and expansion of our gold production ranks among the very first of our many immediate Canadian post-war problems.

Canada as one of the leading nations in world trade, as one of the powerful nations of the British Commonwealth, as a full partner of the United States in the administration of the wealth, progress and security of the North American continent, and as one of the United Nations standing against aggression within and without, whether it comes from the left or the right, can use to great advantage all the resources in gold that can possibly be developed from her known mines and deposits yet to be discovered.

The value and the importance of the place that gold will have in the future of the British Empire, and possibly the part it will play in sustaining progress and peace throughout the world, gives it a power in foreign commerce and relations no less potent than the power which the atomic bomb possesses as a weapon of war.

The great President of the United States was not acting blindly when he started to build into the security of his country as a world power, the invaluable reserves of gold which that great nation possesses today. One of the most carefully guarded secrets in the Soviet Union of Russia is its production accumulation and use of gold.

With us and with the whole of the British Empire gold reserves are among the list of our heavy war casualties. Our reserves have been depleted almost to the point of exhaustion; our production has been halved; the ore reserves in our developed mines have been greatly reduced. The post-war period is well under way, yet gold and other mining activities are being seriously retarded by the continuance of war emergency measures no longer either advisable or necessary. And yet with these problems before this nation today, the Senate takes time out for adjournment.

As long ago as February 22, 1944, The Canadian Institute of Mining and Metallurgy, in anticipation of the post-war problems of Canadas mineral industry, submitted a brief to the President and the Council, the Minister of Finance and the Minister of Mines.

(See Appendix A, at end of to-day's report.)

During the course of my investigations I was given by officials of the Department of Mines who I believe are recognized as outstanding in the efficiency of both the technical and practical service they render to the mining industry and the public, a Summary Review of Dominion Tax and Other Legislation Affecting Canadian Mining Enterprises and of Foreign Exchange Control Board Regulations Affecting

Investment of United States Capital in Canadian Mining with Notes Concerning Various Wartime Authorities, Orders and Regulations, May 1945, prepared under the direction of Charles Camsell, C.M.G., LL.D., Deputy Minister of Mines and Resources, Ottawa, Canada. Under the heading Dominion Taxes the taxation statutes summarized are enumerated as follows:

(1) The Income War Tax Act
(2) The Excess Profits Tax Act
(3) The War Exchange Conservation Act
(4) The Special War Revenue Act
(5) The Unemployment Insurance Act
(6) The Companies Act
(7) The Customs Tariff

Now for anyone involved in or interested in the future of Canadian Mines or the Canadian Mineral industry and its future, this summary is a document so well and comprehensively prepared that it cannot but be of inestimable value. I shall not take the time to read it into the record, although I am satisfied that such a course, were it necessary, would be more than justified, but with the leave of the Senate, I ask that it be included as a part of these remarks.

(See Appendix B, at end of today's report.)

This summary exposes to view the amazing confusion of laws, regulations, orders in council, departments, boards, controllers and unknown and discretionary powers through which the mining industry has to prospect, tunnel and burrow as it works to find and produce our mineral wealth. That document in itself shows that the time has come when we need a great deal of work not only in clarification but in the simplifying of the laws in order that they may be of assistance to our mining industries and not restrictive as they are today.

The honourable the mover of this resolution (Hon. Mr. McRae) and the honourable senator from Churchill (Hon. Mr. Crerar), until quite recently Canada's war Minister of Mines have both drawn attention to the drop in our gold production, the depreciation in ore reserves and the need for renewing the incentive for greater activity in our mining industry. In support of all that they have so ably said, may I draw your attention to the relative position of the British Empire and our own country in the known gold reserves of the world. The reserves of the Soviet Union are not made public. That is one of the things that their government holds secret and does not share with its allies.

The statistics I offer are taken from a review published by our Statistics Branch, Department of Trade and Commerce, of the Gold Mining Industry of Canada, 1944. Any changes that have taken place this year have made the situation worse instead of better. They show that out of a total of gold reserves held by governments, banks and others amounting to $29,086,657,000, Canada held $7,251,000 and the total held by all British Empire countries is only $711,522,000.

Here are the figures in detail:

Total monetary gold stocks of the world, other than Russia		$29,086,657,000
United States of America		21,991,102,000
Other countries		8,095,555,000
British Empire countries		
South Africa	$352,713,000	
New Zealand, Australia	23,087,000	
Egypt	52,000,000	
India	274,480,000	
Great Britain	1,991,000	
Canada	7,251,000	
	711,522,000	711,522,000
Others		7,384,033,000

Here are the reserves of some of the countries that Canada will be trading with and also competing with in the trade and exchange markets of the world:

	1945	
France	June	1,777,000,000
Belgium	July	712,000,000
Netherlands	Feb.	500,000,000
Switzerland	July	1,073,000,000
Argentina	July	409,000,000
Sweden	July	478,000,000
Colombia		103,000,000
Mexico		230,000,000
Canada		7,000,000

Now I know that there are some gold reserves held by our Foreign Exchange Control Board. But all these countries, likewise, have gold reserves. The point is that the amount of the gold reserves held today in Canada and in the British Empire is wholly inadequate to meet the innumerable emergencies that loom as probabilities and realities on the horizon of the future. The Federal Reserve Bulletin shows that Britain's reserve for stabilization purposes fell from $1,732,000,000, in 1939, to $151,000,000, in 1941.

These figures disclose the British Empire and Canada to be in a condition of obvious disadvantage in any attack that may be organized against the value of either British Empire or Canadian buying power abroad. We are not in a very healthy position to resist any attack that may be made on the value of our units of exchange. The policy we have been following, of treating gold as a commodity like wheat or pulpwood, is thoroughly unsound.

Our unfortunate situation exists despite the fact that in 1941, the year of the world's greatest gold production, British Empire countries produced $813,645,000, out of a total of $1,288,945,000, or about three-quarters of the world production. Yet England, the head of our great Empire, is begging for financial aid to-day. That ought to give us of the British Empire something to smile about, to see the head of this great Empire begging for financial aid. The plight of the head of the Empire which controls 43 per cent of the world's land and 50 per cent of the known material resources is reflected in no small degree in the sorry position of the Empire's gold resources to-day. These statistics and the present situation do not pay a very high tribute to the capacity of our Empire's leaders to manage successfully the great wealth of our Empire, which we hold in trust not merely for the 500,000,000 people owing allegiance to the British Crown, but for the world of to-day and to-morrow.

Surely the situation demands action without delay. We in Canada should take the hobbles and the fetters off our gold mining industry. And one of the jobs that this Senate can undertake is the making of recommendations that will be acted upon.

Now, honourable senators, there may be some among you who are surprised to hear from me any words extolling the value of gold.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. McGEER: The honourable gentleman probably did not get all I said. He probably read only a few newspaper headlines. The views I have expressed tonight involve no change in the attitude that I have always held as to the place and value of gold in the economy of Canada and of our trading world in times of peace. In January of 1935 I published my views in a book, which I wrote in 1933 and 1934, entitled "The Conquest of Poverty". I, like many others, saw the need for reforms, and the danger of war and revolution if those reforms were not effected. Well, the reforms advocated did not come to pass, but the war arrived, and with it a new lot of wartime millionaires. Some great men, who speak with the authority of vast experience and intimate knowledge, are not certain that our victory and our peace are yet secure. Be that as it may. Let me read to you what I wrote in the midst of the depression. On page 11:

Responsible government must abandon the misguided policies of money power, or banker mismanagement of money, credit and trade will destroy responsible government and the civilization that brought it into being.

Money must be restored to its proper function. It must be issued and circulated primarily as a tool of trade serving as the medium of exchange in the creation and distribution of the wealth essential to the need, convenience and existence of humanity. It must cease to be an instrument of appropriation functioning primarily for the purpose of impounding the wealth of the nation to the service of lovers of wealth and money power.

I wrote that on the 5th day of January, 1935, the day I celebrated my 47th birthday, and now, ten years later, I look back on my bantling with no sense of regret, but rather with a feeling of satisfaction that I saw the need and had the courage to express my views.

At pages 298 and 299 of the same volume, dealing with the place and value of gold and silver, I wrote this imaginary conversation between President Roosevelt and Abraham Lincoln:

Mr. Roosevelt: Would the aim of international trade and credit management be to maintain an exact balance of trade between our nation and all other nations with whom we would trade?

Mr. Lincoln: Yes, that would be the aim, but of course no matter how closely or how efficiently that department performed its duties, overlapping balances would be bound to appear, because in international trade there are conditions that are bound to develop which no one can foretell and no one can foresee. Drought, changes in modes of living, inventions and a host of other factors can bring about changes that are bound to result in the most carefully made calculations being out of line; consequently, adverse balances should be expected from time to time.

Mr. Roosevelt: What then would be used to settle and adjust these balances so that trade would not be unnecessarily interrupted?

Mr. Lincoln: Gold and silver should be used for that purpose. In the new era that is possible, humanity's needs must be served by vast increases of domestic and international buying power. Gold and silver should be used as the means of settling international trade and credit balances. No gold whatever and no appreciable amount of silver should be used as domestic or the basis for domestic currency. Both should be recognized as the means of advancing international trade for it should be recognized that they are established by custom as the effective means of settling overlapping balances between nations.

And I went on to say:

As international trade increases, the need for gold and silver for that purpose will become increasingly expanded. That need will grow more rapidly than will the production of those metals. Gold and silver should be revalued at once; gold should be raised to $50 an ounce and its gradual increase to $100 an ounce should be recognized as a possible necessity. Silver should be raised on a parity with gold, that is to $3.35 an ounce, and its increase to $6.70 an ounce should also be accepted as a possible requirement of the not too distant future.

Now I appreciate that to the conservative mind this proposed revaluation of gold and silver may appear to be extravagant, but they should not forget that the increase in the value of gold from $20 to $40 an ounce has failed lamentably to bring about the increases in international trade and debt settlements that were anticipated, nor should it be forgotten that the increase in the price of silver from 26c to 50c an ounce had little or no effect as a factor in increasing world trade.

It should also be remembered that the New Deal includes an honest and sincere desire to improve the lot of the people of Europe, Russia and the millions that are barely existing in China, Manchuria, Japan, India and Africa. Gold and silver should be treated as the international currency that will permit the trading nations of the world to lend assistance to establish world peace by aiding in the conquest of world poverty.

Viewed in that light the volume of international currency, which gold valued at $100 an ounce and silver valued at $6.70 an ounce would make available, does not seem out of place. The possible requirement for international currency that could be developed once the world opportunities for real trade were under effective exploitation are such that no one can possibly estimate the international money needs of the future.

Yes, that was written in 1935. We did not see what was coming; but if the men who were advocating that programme had been listened to instead of sneered at and jeered at, and if when those men spoke in legislative assemblies responsible legislators had not been sitting there giggling and laughing, that programme might have been carried out and as a result many a boy now dead might have been alive and at home. The reforms that we advocated did not come about. And let me say to this Senate: the tragedy that has already been disclosed in fulfilment of the prophecy of Arthur Kitson in 1924, and the tragedy that has come from our blind indifference to the wisdom of Lincoln as expressed in his message to Congress, are not yet complete. There are other days to be fulfilled.

Let me repeat, I am convinced that the vital importance of gold and silver in the future of the world's peace and progress warrants an increase in the monetary value of both metals, and demands of us in Canada the widest development and production of both gold and silver that we are capable of carrying out.

In the Empire we should organize our vast resources of gold and silver as the basis not merely of a rebirth of the Empire's trade and commerce but as the safe foundation for the continuance of our empire service in the cause of freedom, prosperity and security for "all men in all places and at all times." Whatever the future may disclose, we of the British Empire who know what it is to stand alone against overwhelming odds, with nothing as security but our abiding faith that the cause of freedom never can be destroyed, must face the future guided and strengthened by the mistakes we have made and the lessons we have paid so dearly to learn.

We have been blessed with great resources. We cannot escape the responsibility of administering those resources in the service of mankind. We must not shrink from the consequences of that trust, no matter what the danger may be. We must rebuild our gold reserves. We must develop stock piles of all strategic minerals. We must maintain the enormous strength required to protect our Empire in all its parts. On land, on sea and in the air we must build and work as we never built and worked before. In the cause of freedom, whether the threat comes from left or right, we must continue to give that same leadership which was given when we stood alone but united with England; that fearless leadership offered when London was blazing behind the threatened barricades on England's shores, which were defended by the finest of Canadian manhood of British and French descent, standing shoulder to shoulder with the men of the British Isles, who together were prepared to hazard death, but determined never to surrender the cause of freedom while life remained.

This is not the time, and let us hope the time will never come, when we in the Parliament of Canada will surrender the authority of government to bureaucracy, or permit money-minded tax gatherers to nullify the bravely won victory by impeding or destroying the industries that are essential to the security of our nation's integrity or to the power and strength of our mighty and powerful empire.

That is the issue you are facing today. That is one of the problems I believe this Senate should have been grappling with since the sixth of September. There has been work to do—more than we could have done if we had not adjourned for a single day this session.

Before closing my remarks, I should like to refer to the statement made by the honourable senator from Vancouver. It will be found at page 172 of the Senate Debates of October 30, 1945.

United States reserves of gold were so depleted that last January legislation was passed by Congress reducing the coverage from 40 per cent to 25 per cent in anticipation of that country not having gold enough to maintain the official coverage of 40 per cent.

You may well ask, where has this gold gone? During the war the United States bought much more from South America and other countries than it sold to them, and these countries invariably took payment of their balance of trade in gold. Some of the gold was exported to the respective countries and some of it remained earmarked as their property in the vaults of the United States. For instance, gold valued at one and a half billion dollars now stored in

the United States vaults belongs to France. Other European countries have gold stored there.

I am told by well informed financial men that if we took the balance sheet of the United States today and deducted from it their commitments and other obligations payable in gold, they would have little or no gold left. Of course, that will not occur, because these obligations do not all mature at one time. But certainly the Americans are willing to buy all the gold we can produce at $35 an ounce.

Now I do not know who the "well informed financial men" are, but their information is flatly contradicted by the statistics published in the Federal Reserve Bulletin for September, 1945. That is the official monetary publication of the Government of the United States, and is accepted as such by the Bank of Canada and by the statistical services in our Department of Trade and Commerce. As against those "well informed financial men", this is what the Federal Reserve Bulletin tells us at page 958:

The gold reserves of the United States as at the following dates were:

	millions	millions
December 1939	17,644	
December 1942	22,726	
Total increase		5,082
July 1945	20,152	
Net increase		2,574

A total net gain of gold reserves of 2½ billion dollars during the war does not indicate any shortage of gold reserves in the United States, despite the fact that money in circulation is shown at page 918 to have risen from 7,598,000,000 to 27,392,000,000 at the end of August 1945. That is an increase of slightly more than 400 per cent.

The present United States currency gold reserve requirement is 25 per cent. The total money, not secured by silver, issued at present in the United States would therefore only require $6,250,000,000. The United States gold reserves of $20,152,000,000 are now equal to 300 per cent of the required coverage.

The assumption that a large part of the United States gold reserves have been transferred to South American countries is quite erroneous. This assumption has been peddled around in other places than this Chamber.

In the statement of gold movements at page 959 the only shipments to South American countries recorded since 1939 are as follows:

	Mexico	Other Latin American Countries
1943.....	3,287,000	
1944.....	109,695,000	108,560,000
1945.....	.....	24,500,000
	112,982,000	133,060,000
		112,982,000
Total sent to South America during the War.....		246,042,000

In the same period, our shortage of gold in the British Empire was indicated when $695,093,000 was sent to the United Kingdom.

On page 918 is the statement showing that at August, 1945:

Gold held under earmark at the Federal Reserve banks amounted to $4,267,000,000, all of which was earmarked directly for foreign account, except $102,800,000, which was earmarked in the name of a domestic bank as security for a foreign loan.

While I am not certain, I do not think gold earmarked for foreign account would be reported as included in the gold reserves of the United States Government and United States banks. I have written to find out. That practice, as you know, got the Bank of England into trouble. But even if it is the practice, the United States would still have nearly $16,000,000,000 to provide the required reserve of $6,250,000,000, or much more than 200 per cent coverage which the senator from Vancouver was informed had disappeared.

The plain fact is that the situation is very far indeed from being one of happy security which a certain unlimited market would assure. We have no such security, and the sooner we realize the fact the safer we shall be. We have no guarantee whatever that the United States will continue to heap up the tremendous gold reserves that it is now hoarding. We in Canada should not expect that market to continue indefinitely. We should, however, recognize that our gold securities are so deeply impregnated in our whole credit structure that if anything should happen to close the American market for gold, or if there should be a drop in the price fixed by the United States, we in Canada under our present gold policy would suffer the most disastrous depression we have ever experienced. We have an enormous production of gold in Canada that is moving on the bare edge of production at $35 an ounce.

This policy should be changed. We should be prepared to guarantee the stability of gold values with our own money at the present price plus the American exchange rate, and on that basis our Canadian gold reserves should be rebuilt. We should join forces with the United Kingdom and all other Empire countries in accumulating gold reserves in sufficient volume to guarantee the Empire's ability to sustain a stabilized value of Empire units of exchange, no matter what may happen.

These figures do not disclose any necessity on the part of the United States to continue to purchase "all the gold we can produce in Canada at $35 an ounce."

The policy I have indicated would guarantee a stable and secure market for all Empire gold

production, no matter what may be done or what takes place in the United States. And that is as it should be. We in the British Empire can stand on our own feet if we stand together. Under the Union Jack we have got more wealth and power throughout the world than the Soviet Union or the United States. The time has come for us to marshal our gold reserves for our own services.

Honourable senators may lift their eyebrows when I tell them that under the present system the purchase of gold costs Canada nothing. This is what happens. Gold is purchased with Bank of Canada bills. We use pieces of our own paper to buy gold. These pieces of paper are no longer secured by gold reserves and convertible into gold, as they once were in the bad old days when the Bank of England included other peoples' gold in its gold reserves. Now that we own the Bank of Canada the accumulation of gold reserves costs Canada nothing. Here is what happens. A miner produces $50,000 in gold; he has to deliver it to the Mint, and all he gets for it is a $50,000 bill from the Bank of Canada. Now a $50,000 bill costs less than one Canadian cent, but that is all the miner gets. Under the law he cannot keep his gold, and once he hands it over he cannot exchange his Bank of Canada bill for gold. Once he gives up his gold and takes the Bank's paper money the transaction is closed. He cannot convert a single dime of that paper money into gold again.

But we are told that we must use our gold to pay our foreign debts. Well there is a much better way of paying foreign debts than using gold which we should hold in reserve for emergencies. That way is in the increase of our production and in the effective management of our foreign trade.

If we are going to compete in the world markets successfully, we need more and better ships; our ports and railway terminals must be vastly improved; our cold storage facilities must be vastly increased. Our railways and railway equipment are obsolete. The Peace river country clamors in vain for rail connection with the Pacific coast and for highways to open up its vast areas for settlement. The hard surfacing of the Alaska Highway languishes. What are we doing? Well, just what we did during the days of depression: we are neglecting our tourist trade and throwing our gold away.

What we need in Canada is less taxation and more and more production; less regulation by government and more help from government. We need full co-operation within the Empire. Canada and Australia can feed England and a large part of the population of India. Co-operation within the Empire and with all the United Nations offers the only way to a real peace.

Co-operation is what the mining, and other industries in Canada need. More than a year and a half ago the mining industry of Canada placed before the Government these recommendations:

(1) That depletion allowance of 50 per cent of the net earnings of metal and industrial mineral mines be allowed, and extended to dividends paid by such mines.

(2) That taxes paid annually to Provincial Governments and to municipalities be allowed as a deduction from earnings of all mining companies before assessment for Dominion Income and/or Excess Profits Tax purposes.

(3) That all annual expenditures made by mining companies on outside exploration in any part of Canada, excepting cost of options or purchase of property, be allowed as a deduction from earnings before assessment for Dominion Income and/or Excess Profits Tax.

(4) That, during the first five years of tax-paying life, mining companies be allowed to deduct from earnings, before assessment for taxes, depreciation up to a maximum of 25 per cent in any one year.

(5) That the Dominion bullion handling charge of 35 cents an ounce be reduced to actual marketing costs to the Government.

(6) That as a means of bringing in marginal ores that would otherwise remain unmined, the Dominion Sales Tax be removed from all products sold to or imported by metal mines.

Nothing yet has been done. What we need in Canada is action, immediate action, action that the Budget fails to provide. We are moving into peace-time production far too cautiously and far too slowly. We must get our people to work. They must go to work with the same will and the same grand faith and enthusiasm that they demonstrated in winning the war. The winning of peace and prosperity are not to be accomplished by manipulation of money, debts and victory loans. but only by a policy that will push production onwards and not obstruct it with repressive taxation. The winning of peace and prosperity is just as important as winning the war, and it will take real work to reach that objective. We must free private enterprise in mining from the burdens that restrict expansion. We must free the mine workers' wages from taxes. We must encourage full production and full employment and, if possible, full employment with overtime until we make our losses good. Why does the Senate adjourn when these problems are calling for solution? Is that something to laugh and snicker about? There is no laughing and snickering at Windsor tonight. There are a great many men throughout this country—not here—who are facing realistic problems. These are matters that require full discussion, and after discussion, action.

Hon. Mr. CAMPBELL: Hear, hear.

Hon. Mr. McGEER: It requires recommendations that not only will guide public opinion but will goad the Government into action. Probably my honourable friend will say "hear, hear" to that. The responsibility may be that of a senator who does not live as far from the Senate as I do.

We should offer the mining industry a full and proper hearing. We of the Senate have the right to interest ourselves in matters of this kind and, after proper investigation, to inform the Government of what this House thinks should be done. I will move, therefore, that the resolution of the honourable member from Vancouver (Hon. Mr. McRae) be referred to the Standing Committee on Banking and Commerce for investigation and report, and that that Committee be vested with all the power required to carry on its investigations.

Some Hon. SENATORS: Hear, hear.

The Hon. the SPEAKER: Honourable senators, I think I should call your attention to Order No. 34, under which this debate has taken place. The honourable the senior member from Vancouver (Hon. Mr. McRae) some days ago gave notice—in the form of an inquiry—that he would call attention to gold production in Canada. An inquiry, unlike a motion, is not capable of amendment and cannot proceed beyond the stage of being debated. When the debate is concluded the Order is discharged from the Order Paper. I would suggest, therefore, that if the honourable member from Vancouver-Burrard (Hon. Mr. McGeer) wishes to proceed as indicated by his amendment, it would be better for him to give notice of motion stating what he has in mind, and bring the matter before the House in that form.

Hon. Mr. McGEER: I shall be glad to do that, sir.

On motion of Hon. Mr. Hayden, the debate was adjourned.

INTERNATIONAL LABOUR ORGANIZATION—PROTECTION OF WORKERS

RESOLUTION REFERRED TO COMMITTEE

On the order:

Resuming the debate on the motion of Hon. Mr. Robertson:—Resolved, That this House do approve of the convention concerning the protection against accidents of workers employed in loading or unloading ships (revised), which was adopted by the General Conference of the International Labour Organization of the League of Nations at it sixteenth session in Geneva on the 27th day of April, 1932.—Hon. Mr. Haig.

Hon. Mr. HAIG: Honourable senators, I do not wish to say anything on the order that stands in my name.

Hon. Mr. PATERSON: We have not enough information on this. Could we not have it referred to a committee?

Hon. Mr. BALLANTYNE: Honourable senators, if my memory serves me right, we did approve of this convention some sessions ago. Is this a renewal?

Hon. Mr. ROBERTSON: Honourable senators, I regret I have not the explanatory information that I gave when the matter was before the House last session. I am quite willing to have it referred to a committee for further information, if honourable senators so desire.

I concur in the suggestion of the honourable gentleman from Thunder Bay (Hon. Mr. Paterson), and move that this resolution be referred to the Committee on Immigration and Labour.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

Appendix A

Taxation and the Canadian Mining Industry

A Brief Prepared for Submission to
The Minister of Mines and Resources,
The Honourable Thomas A. Crerar
and to
The Minister of Finance,
The Honourable James L. Ilsley, K.C.
by
The President and Council,
Canadian Institute of Mining and Metallurgy

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906 Drummond Building,
Montreal, Que.
24th February, 1944

Honourable Sir:

For more than a year and a half this Institute has conducted research, the assembly of data, consultation with leaders in industry, and discussion by correspondence and at meetings of Council, pertaining to the present effect of taxation upon the metal mining industry in Canada.

The outcome is the enclosed brief, to which we respectfully beg your most considerate attention.

Hoping that, at your early convenience, you will favour us with your comments, we are, Sir,

Very truly yours,
The Canadian Institute of Mining and Metallurgy
R. A. Bryce,
President
E. J. Carlyle,
Secretary

Introduction

This brief includes a summary of the Brief on Taxation of the Ontario Metal Mining Industry, 1907-1941, prepared by D. A. Mutch

for the Ontario Mining Association, under date of March 1, 1943, and of the Brief on Taxation, Metal and Asbestos Mining Industries, Province of Quebec, prepared by the same writer for the Western Quebec Mining Association and the Quebec Asbestos Producers' Association, under date of July 1, 1943.

Copies of each of the above mentioned presentations, with their attendant schedules, accompany this brief and are to be considered as comprising a part of same. They are frequently referred to in the text.

Sources of taxation and other data used in this and the accompanying briefs are almost wholly Dominion and Provincial Government records and official reports of mining companies. Where estimates have been necessary they are based upon available, authentic information. We believe that the data presented in the schedule of the accompanying briefs are as correct as practical conditions will permit and are not open to question. Conclusions reached and opinions expressed are personal and may not necessarily represent those of all concerned.

Deductions made and conclusions reached, of necessity, have been confined to results of detailed surveys made of conditions in the Provinces of Ontario and Quebec. We believe that they may be accepted, generally, as representing a cross-section of conditions applying to the whole Canadian mining industry.

The contribution of Canadian base-metal mining companies to the war effort is deserving of wider acknowledgment. Products are delivered to the British Ministry of Supply at prices well below those in world markets. At the request of the Government, production has been greatly increased during the four-year period 1939-1942, as shown by the following data released by the Wartime Information Board:

Production of Base-Metals in Canada
(In tons)

	1939	1942	Gain
Copper	232,000	270,600	17 per cent
Nickel	64,500	93,300	45 "
Lead	191,000	243,800	28 "
Zinc	175,600	216,000	23 "

The Dominion is now producing 95 per cent of the total nickel output of the United Nations, 20 per cent of zinc output, 12 per cent of copper, 15 per cent of lead, 75 per cent of asbestos, and 20 per cent of mercury output.

A broad conception of the importance of the mining industry in the national and international economic life of Canada was demonstrated by the Honourable T. A. Crerar, Dominion Minister of Mines and Resources, in a series of radio addresses delivered in 1936, excerpts from which are found in the accompanying Ontario Brief of Taxation (pp. 4-6 inc.).

Importance of Mining in Canada's National and International Economic Life

For the last normal year of mineral production in Canada, i.e., 1939, the Annual Report on the Mineral Production in Canada, issued by the Dominion Bureau of Statistics, records the following:

Total value of Canadian mineral production	$ 474,602,059
Total value of metallic production	$ 343,506,123
Total number of employees in Canadian mineral industry	107,759
Total wages and salaries paid	$ 152,353,208
Total, metal-mine employees	58,043
Wages and salaries paid by metal mines	$ 98,570,473
Capital employed in metal mining	$ 547,099,672
Cost of process supplies, purchased fuel and electricity, also freight and smelter charges	$ 249,452,335

Government request for increased production of minerals and metals for war purposes met with quick response from the Canadian mining industry as demonstrated by the following data compiled by the Dominion Bureau of Statistics for the years 1940 to 1942, inclusive:

	1940	1941	1942
Total value of mineral production	$ 529,825,035	$ 560,241,290	$ 564,190,000 (a)
Value of metallic production	$ 382,503,022	$ 395,346,581	$ 392,762,562 (a)
Total employees in mineral industry	108,886	113,227	Not complete
Total payroll of mineral industry	$ 164,498,686	$ 186,423,186	"
Total employees in metal mines (b)	60,351	64,291	"
Total payroll of metal mines (b)	$ 105,525,343	$ 120,787,221	"
Capital employed in metal mines	$ 615,918,818	$ 708,199,049	"
Total cost, process supplies, fuel and electricity, freight and smelter charges, mineral industry	$ 302,263,316	$ 368,388,700	"
Total cost, process supplies, fuel and electricity, freight and smelter charges, metal mines (b)	$ 276,988,746	$ 339,972,576	"

(a) Preliminary estimate.
(b) Includes non-ferrous smelters and refineries.

The Honourable James L. Ilsley, Dominion Minister of Finance, in the Budget Address, December, 1940, indicated similar comprehension of the importance of the Canadian mining industry, with particular reference to gold mining. (Ref., Ont. Brief, p. 6).

The part which mining in Canada plays in the opening up of new areas and in the establishment of new communities, and the benefits derived by other industries from the mining industry, are set out in the accompanying briefs and need not be enlarged upon here. (Ref., Ont. Brief, pp. 3-4; Que. Brief, pp. 3-4). The national economic benefits derived from the maintained and increased production of the Canadian gold mining industry, during the late depression years, have been publicly and repeatedly acknowledged by governments.

Future of Canadian Mining Industry Jeopardized

Preventable conditions have developed which seriously jeopardize the future of this great basic industry and, in the accompanying briefs, an effort is made to demonstrate that the greatest of these contributory and unfavourable factors is the imposition of a tax burden that is beyond the capacity of the industry to endure and survive.

Cessation of Prospecting

Prospecting for new mineral deposits in Canada has all but ceased and, if the mining industry is to continue on any worthwhile basis, this unfortunate situation must be corrected immediately. Emphasizing the necessity for quick action is the fact that under war-time demands for maximum metal production, coupled with a labour shortage, development work at producing mines has been necessarily and drastically curtailed, and ore reserves are being dissipated at an accelerated pace.

The incentive for continued prospecting, with its inherent physical and financial risks, lies in the prize which rewards success, i.e., a valuable deposit of mineral. No mineral prospect can justify the risks attendant upon development unless the attainable prize, in the form of commensurate profit, is available to one who succeeds. This prize has been so reduced in value by progressive increases in taxation that it no longer holds sufficient attraction for those who would venture. Private enterprise in the exploration and development of mineral deposits laid the foundations for the production success attained by the Canadian mining industry. The decline in prospecting activity is clearly illustrated in the accompanying briefs. (Ref., Ont. Brief, p. 10, and Schedule No. 1; also Comments and Conclusions, p. 1; and Que. Brief, p 10, and Schedule 1).

In the Province of Ontario, the decline in prospecting activity began in 1929, with the downward trend obscured somewhat during the period 1933-1936 following the increase in the price of gold. In the Province of Quebec, experience has been similar. It was plainly evident long before the emergency of the present war.

During 1943 a limited measure of assistance was given by the Dominion Government, following strong representation by the industry, in connection with the encouragement of prospecting for base and strategic minerals, by the enactment of Bill No. 72, 1943, as an Amendment to the Dominion Income War Tax Act. (Ref., Ont. Brief Addenda, p. 5). This Bill, and other similar measures (Ref., Que. Brief, pp. 80-81), recognize the urgency for revival of prospecting but fail to do other than afford temporary relief. Real and lasting relief can only be derived from measures which, in addition, give consideration to the incidence of taxation after a producing mine has been established. There can be no lasting benefit from policies designed to promote prospecting activity only.

There are some who hold the opinion that the cessation of prospecting can be attributed to the lack of unexplored areas favourable to the occurrence of mineral deposits. To those it can be stated that, of the total area of Canada, some 85 per cent is considered to be potentially mineral bearing, and that, of this great area, perhaps less than 10 per cent has been intensively prospected. The partial development of this comparatively small portion of the total area hes resulted in establishing Canada in an enviable position among the mineral producing countries of the world. What of the as yet to be explored, far greater, area? (Ref., Ont. Brief, p. 28).

Rapid Depletion of Known Ore Reserves

The raw material essential to the mining industry is developed or known ore reserves. These are definitely exhaustible and are being depleted at a hitherto unbelievable rate, with little or nothing being done, under normal conditions, to counteract such exhaustion through the discovery and development of new resources. (The prospecting and development activity engendered by war-time necessity for base and strategic minerals is not considered to be a normal condition, nor are the temporary restrictions in respect to labour, etc.). The Canadian mining industry is now in a precarious position in respect to continued supply of developed ore reserves. In reality, operations are on a salvage basis, with this condition directly attributable to the fact that development of new reserves has long since lost its former attraction.

Not only are known ore reserves being rapidly depleted, but, under the stress of war-time conditions and restrictions, potential ore areas are being abandoned and, in many such cases, they will be permanently lost. This constitutes utter and absolute waste and must be reflected, not only in the financial position of the various companies involved but in a serious decrease in employment that could otherwise be made available. (Ref., Que. Brief, pp. 56-58 inc.; also Ont. Brief, pp. 49-50 inc., and Comments and Conclusions, pp. 5-7).

Current Canadian Metal Production Largely From Early Discoveries.

No clearer illustration of the effect of cessation of prospecting and development on the position of the Canadian mining industry can, in our opinion, be presented than that which results from a study of the sources of metal production in 1942, and the time of discovery of such resources. From this, the following conclusions have been reached:

Of Canada's 1942 metal production value,

56 per cent derived from mineral areas discovered prior to 1910; 28 per cent derived from mineral areas discovered between 1910 and 1920; 11 per cent derived from mineral areas discovered between 1920 and 1930.

Only 5 per cent derived from mineral areas discovered since 1930.

In other words, 84 per cent of Canada's 1942 metal production was obtained from mineral areas discovered prior to 1920, or over twenty years ago (Ref., Ont., Brief, Comments and Conclusions, p. 2; also Que. Brief, p. 12).

The risks inherent in the development of metal mines and some of the essential distinctions between mining and other industries are enumerated in the accompanying Ontario Brief on Taxation (pp. 6 to 10, Inc.)

Among the more important conclusions reached from the surveys of metal mine taxation history in the provinces of Ontario and Quebec are:

(a) That less than 1 per cent of companies incorporated for the purpose of metal mine development during the 35-year period 1907-1941, inclusive, can be classified as having attained economic success. The measure of such success is the return of capital investment plus a reasonable rate of interest on that capital. (Ref., Ont. Brief, p. 14, and Sched. No. 5; Que. Brief, p. 15, and Sched. No. 5).

(b) That the average actual tax-paying or profitably productive life of a precious-metal mine, plus the probable tax-paying life, in the provinces of Ontario and Quebec, is indicated to be less than eight years. (Ref., Ont. Brief, p. 15, and Sched, 10 & 11; Que. Brief, p. 17, and Sched. 10).

(c) That during the 35-year period, 1907-1941 inclusive, only one-third of the productive metal mines in the Province of Ontario which reached the stage of taxable profits recorded earnings which enabled them to return invested capital to shareholders. It therefore follows that the remaining two-thirds of these mines were actually taxed on capital. (Ref., Ont. Brief, p. 14, and Sched. 3, 4, 5, and 10).

Risks Inherent in Development of Mines

The Hon. T. A. Crerar, in a radio address in April, 1936, when dealing with the risks of a new mine development, stressed the hazards attendant upon capital investment, as follows:

"I must emphasize this factor of capital. Few laymen are aware of the vast sums of money required to develop mines. The great deposits of the Flin Flon mine, in Manitoba, required an expenditure of $30,000,000 before there was any return on this large investment. The mine at Noranda, in Quebec, required $25,000,000 to enable it to produce the refined metals in the large quantity it now does. The average gold mine takes from $1,000,000 to $5,000,000 to develop and equip to the stage of production. Much money must be risked in the early stages of development for there is no certainty of success. Courageous capital is thus an essential to new mining enterprise".

In the Report of the Ontario Nickel Commission, 1917, Chap. XIII, p. 526, dealing with Taxation on Mines and Mining Industries, the following appears:

"On the other hand, mining is a business by itself. It takes large risks and demands large returns. A yield on capital quite satisfactory in an ordinary trading or manufacturing business is well below the standard applicable to mining. Many mines, especially precious metals, are short lived . . . While a mine lives it must return all capital expended in purchase, development, and equipment, otherwise a loss is sustained. In addition, it should make a return sufficiently attractive to compensate the owners for risking their money and induce them to continue in the business . . ."

It is doubtful whether the Canadian mining industry would ever have materialized had private individuals not taken the initial serious risk. Private enterprise has been the primary means by which new mines are developed. When the incentive for such enterprise is removed—a condition so evident from the decline in prospecting and development activity, which set in before the present war—development of new mines, so essential to continued metal production, ceases.

Unsound Method of Assessing Mine Profits

In any discussion of taxation on the Canadian mining industry, it should be clearly understood that there is no desire on the part of the industry for a tax rate lower than that generally applicable to Canadian industry, but this industry is concerned with the necessity of calculating real profits for the purpose of assessment.

In the accompanying Ontario and Quebec Briefs on Taxation, it has been demonstrated that insufficient provision is made by taxing authorities for return of capital invested in the mining industry in that the present method of assessment has not only discouraged prospecting, but actually results in destruction of ore reserves developed at great cost in previous years; that, as a result of unsound method of assessment for immediate tax revenue, future employment which might otherwise be provided by the industry will be seriously diminished, that formerly prosperous mining communities are verging on near bankruptcy, with a number forced to default payment of interest on debentures issued to cover cost of public services; that during a period of moderate taxation policies, the mining industry flourished and, indeed, the foundations were laid for the unprecedented expansion which took place, with results so highly beneficial to the Canadian people.

What we consider to be some of the more serious defects in the present method of assessing mine profits are herewith presented for consideration:

(a) Taxing authorities do not appreciate sufficiently the fundamental difference between mining and other industries.

(b) Insufficient provision is made in the allowance for depletion to ensure return of invested capital. Anyone investing in mines recognizes that he has no profit until his capital is returned. The Government should likewise recognize this fact. Taxes on real profits can begin only after provision has been made for return of invested capital. (Ref., Ont. Brief, pp. 26-28 inc.).

Prior to 1934, depletion allowance for gold mines was 50 per cent of calculated net earnings, with this rate applicable to dividends paid by such mines. The depletion allowance for base-metal mines prior to 1929 was 25 per cent, which also applied to dividends. In 1929, the base-metal depletion allowance on earnings and dividends was increased to 33⅓ per cent.

(Note: In 1933, a special tax of 5 per cent was levied on dividends paid by all mining companies to non-residents in Canada. In 1941, this tax was increased to 15 per cent. No allowance for depletion is permitted on such dividends). (Ref., Ont. Brief, pp. 45-47).

In 1934, the depletion allowance for all mining companies was made uniform at 33⅓ per cent. The depletion allowance on dividends paid to residents of Canada was reduced to a uniform rate of 20 per cent. These rates are still in effect.

This unexplainable reduction in depletion allowance has been one of the most serious factors contributing to the decline in prospecting and new mine development.

The Federal tax is applicable to income and not to capital return. The present 33⅓ per cent depletion allowance is presumed to be the proportion of annual earnings earmarked for this return. But, when actual distribution of this capital is made in the form of dividends, the Federal taxing authorities rule that only 20 per cent of such capital return shall be tax free. Surely this is at least illogical. It should be noted that the increased revenue derived by the Government, through this reduction in depletion allowance, was not for war purposes. The change became effective five years prior to the outbreak of the present war.

Analysis of the application of the present depletion allowance of 33⅓ per cent of company earnings, and 20 per cent for dividend, clearly demonstrates that, while the intention may have been to make provision for 33⅓ per cent of earnings as tax free capital return, the actual return to shareholders falls far short of that proportion.

Assume operating profits of a gold mine are		$300
Deduct depletion at 33⅓ per cent		100
Taxable profit is, therefore		$200
Dominion tax at 40 per cent		80
Total income remaining		$120
Add depletion allowance		100
Total available to shareholders		$220
Depletion allowed shareholders, at 20 per cent		44
Actual per cent of earnings allowed shareholders as depletion	44 / 300 =	14·6%

Were the former depletion allowance of 50 per cent restored and extended to dividends, the shareholders would derive a net allowance of 40 per cent of earnings as tax free return of capital, or only 6⅔ per cent above the intent of the present allowance of 33⅓ per cent.

(c) No deduction is allowed from earnings, before assessment for Dominion Tax purposes, for expenditures incurred in outside exploration, excepting for that on ground contiguous to a company's main property. The incentive for outside exploration by mining companies across Canada has been partially destroyed. Such exploration is a vital part of mining operations, and ordinary expenditures incurred in this manner should be deductible from earnings as an operating cost.

(d) No provision is made under the Dominion Income War Tax Act, or the Excess Profits Tax Act, for the inclusion in operating costs of taxes paid to Provincial and Municipal authorities.

(e) Present maximum depreciation allowance, of 15 per cent per annum, is not sufficient to ensure the setting up of full depreciation reserve during the average tax-paying life of the average precious-metal mine. (Ref., Ont. Brief, p. 15, Sched. 11 and 12). Maximum capital expenditures for plant and equipment are generally made in the third, fourth, or fifth year after production has started. Many mines have a tax-paying life considerably less than the average for all and, with these, the present depreciation allowance falls far short of meeting minimum requirements.

(f) While the mining industry endorses a war-time excess profits tax as applied to real profits, it is held that such a tax should not be applied under the existing method, which gives no consideration to normal profit per unit of production. In the determination of profits, no provision is made for reduced costs to necessary war-time curtailment of normal development, with the result that fictitious profits are recorded.

In this connection, it has been suggested by the British Columbia and Manitoba mine operators that the Dominion Income War Tax Act and the Excess Profits Tax Act be amended to permit mining companies to set up reserves during the war period for necessarily deferred development, and that the sums so reserved should be treated as a current deductible expense.

Results of Increasing Tax Levies on Unit Costs of the Mining Industry

In the accompanying Ontario and Quebec Briefs on Taxation, a series of schedules are presented, setting out the aggregate annual tax revenue derived from the mining industry in those Provinces. (Ref., Ont. Brief, Sched. 12-19 inc.; Que. Brief, Sched. 12-24 inc. and Sched. 31-34 inc.).

The acompanying briefs also present estimates of taxes paid to the Dominion Government on dividends distributed by all Canadian metal and asbestos mining companies. (Ref., Ont. Brief, Sched. 20-20(f) inc.; Que. Brief, Sched. 16(a) 19, 34).

The schedules referred to above also show annual aggregate tax cost per unit of production for the gold, base-metal, and asbestos mining industries, with further classification to illustrate the effect of exemption, under Section 89 of the Dominion Income War Tax Act, for gold and base-metal mines which started production on or subsequent to May 1, 1936. (Ref., Ont. Brief, p. 34, and Sched. 15-19 inc.; Que. Brief, pp. 41-42, and Sched. 15-23 inc.).

Some of the more important features to be noted in these schedules are as follows:

1.—Ontario Brief on Taxation

(a) In the period 1915 to 1941, inclusive, total Dominion taxes levied directly on earnings of the gold mining industry in Ontario increased from $130,692 in 1915 to $11,324,057 in 1941.

Total tax cost per ton of ore milled increased from 24 cents in 1915 to $1.15 in 1941. The cost per ounce of gold produced increased from $0.56 to $4.51. Total taxes increased from 2·71 per cent of annual production value in 1915 to 11·66 per cent in 1941. Portion of total taxes

accruing to the Dominion Government increased from 57·02 per cent to 89·8 per cent. (Ref. Ont. Brief, Sched. 18).

(b) Records of taxes paid by a representative group of eleven gold mining companies, whose earnings were subject to both Dominion and Provincial tax in the 10-year period 1932-1941 inclusive, show that total Dominion taxes levied increased from $1,674,824 in 1932 to $7,583,726 in 1941.

Total tax cost per ton of ore milled increased from $0.58 to $1.60. Total tax cost per ounce of gold produced increased from $1.36 to $5.72. Total taxes shown as percentage of annual production value increased from 6·06 per cent to 14·84 per cent. Portion of total taxes accruing to the Dominion Government increased from 63·5 per cent in 1932 to 91 per cent in 1941. (Note: Total taxes include Ontario Tax on Mine Profits, Ontario Corporation Taxes, Dominion Income and Excess Profits Tax, estimated Dominion Sales Tax, and excess charge for handling bullion). (Ref., Ont. Brief, Sched. 15).

(c) Total taxes on operations of the Ontario gold mining industry, plus estimated Dominion Income Tax on dividends, increased from the equivalent of 9·4 per cent of dividends paid in 1917 to 48·5 per cent in 1941. In other words, the people of Canada, without having assumed any part of the risk involved, took by way of taxes in 1941, 48½ cents for every $1 repaid to shareholders to cover return of capital invested and their proportion of company earnings. (Ref., Ont. Brief, Sched. 19).

(d) It is estimated that, in 1941, taxing authorities took 52·02 per cent of assessable profits of gold mining companies in Ontario which were not exempt under Sec. 89 of the Dominion War Tax Act. This compares with 18·5 per cent in 1928, a year of intensive mining activity. (Ref., Ont. Brief, pp. 47-49 inc.). Preliminary estimates for 1942 indicate that this proportion increased to approximately 58 per cent.

(e) Dominion taxes on base-metal mines increased from $1,477,863 in the year 1933 to $14,990,057 in 1941. Total taxes increased from $1,722,907 to $16,363,032. (Ref., Ont. Brief, Sched. 16).

Total tax cost per ton of ore milled in the same period increased from $1.09 to $1.64. Total taxes shown as a percentage of annual sales value increased from 3·81 per cent to 9·27 per cent. Portion of total taxes accruing to the Dominion Government in 1941 was 85·5 per cent. (Ref., Ont. Brief, Sched. 16).

2.—Quebec Brief on Mine Taxation

(a) In the 10-year period 1932 to 1941, inclusive, total Dominion taxes levied directly on earnings of the gold mining industry in the Province of Quebec increased from $61,215 in 1932 to $2,199,579 in 1941. Dominion taxes levied on earnings of base-metal mines in the same period increased from $405,184 to $4,219,116. (Ref., Que. Brief, Sched. 24). Dominion taxes on earnings of Quebec asbestos mines increased from $8,373 in 1932 to $2,771,656 in 1941. (Ref., Que. Brief, Sched. 32).

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(b) Total tax cost per ounce of gold produced by all Quebec gold mines increased from $1.43 in 1932 to $3.87 in 1941. Total taxes shown as an equivalent of annual production value increased from 5·8 per cent to 9·9 per cent. Portion of total taxes accruing to the Dominion Government increased from 70·6 per cent to 82·2 per cent. (Note: This includes gold mines exempt from Dominion Income Tax under Sec. 89 of the Dominion Income War Tax Act). (Ref., Que. Brief, Sched. 18).

(c) In the Province of Quebec during 1936-1941, inclusive, 14 producing gold mining companies, out of a total of 21, or 66·6 per cent were at some time exempt from Dominion Income Tax under Sec. 89. A comparison of total tax cost per unit of production between these two classifications, i.e., those exempt and those not exempt under Section 89, for the year 1938, indicates the effect of the exemption, as follows. (Ref., Que. Brief, Sched. 14, 16).

	Companies exempt under Section 89	Companies not exempt under Section 89
Tax cost per ton	$0.20	$0.57
Tax cost per oz. gold..	$0.96	$2.51
Tax % of production value	2·2%	7·1%
% Total taxes accruing to Dominion Gov't..	41·7%	69·3%

Commencing January 1, 1943, the exemption from Dominion Income Tax for new producing gold mines for three years following start of production was removed: earnings of gold mines which started production subsequent to December 31, 1942, were made subject to Dominion Income War Tax and Excess Profits Tax. With the removal of this exemption, the incentive to private enterprise which may have remained for the development of new gold mines was further impoverished. (Ref., Ont. Brief, p. 34; Que. Brief, pp. 41, 42).

(d) Total taxes on operation of the Quebec gold mining industry, shown as an equivalent of dividends paid, increased from 18·7 per cent in 1932 to 62·8 per cent in 1941. Portion of total taxes accruing to the Dominion Government increased from 76·9 per cent to 84·5 per cent. (Ref., Que. Brief, Sched. 17).

(e) In the Province of Quebec, Noranda Mines was the only base-metal producer whose earnings were subject to both Dominion and Provincial taxes on profits during the full 10-year period, 1932 to 1941, inclusive. The following briefly summarizes the effect of increasing taxation on this company's operations:

	1932	1941
Total tax cost per ton of ore hoisted.....	$0.60	$2.29
Total tax cost % of annual sales value.....	6·1%	25·3%
Total tax cost % of estimated assessable profits..	24%	60%
% of total taxes accruing to Dominion.....	63·2%	82·9%

(Ref., Que. Brief, Sched. 20, 22)

(f) Taxation of asbestos mines in the Province of Quebec shows similar main effects on operations as those for gold and base-metal mines, as follows:

	1932	1941
Total tax cost per ton milled	$0.14	$0.54
Total tax cost per ton fibre shipped	$1.17	$7.21
Total tax cost per cent of dividends	46·4% (1937)	64·6%
Total tax cost per cent production value	4·9%	16·4%
Total tax cost per cent assessable profits	29·7% (1936)	53·6%
% total taxes accruing to Dominion	52·6% (1936)	82·6%

(Ref., Que. Brief, pp. 33-34)

Unfair Distribution of Mining Tax Revenue Between Taxing Bodies

Taxes on the mining industry are levied by three main taxing authorities which, in order of importance of revenue collected, are:

(1) The Dominion Government
(2) Provincial Governments
(3) Municipal Authorities.

This order in no way represents the relative contributions of these authorities to the mining industry.

The Dominion Government does little to promote, encourage, or maintain the mining industry, in comparison with the contributions made by Provincial Government; but, as demonstrated above, it collects the lion's share of mine taxation revenue. (Ref., Ont. Brief, p. 51). Municipal authorities and the facilities which they provide are essential to the maintenance of many of the more important mining operations and, for this reason, a more adequate proportion of total mine tax revenue should be earmarked for municipalities to ensure their proper and continued functioning.

In the following paragraphs the proportion of total tax revenue collected by each of the three taxing authorities is discussed.

(a) Dominion Government Tax Revenue

The Dominion Income War Tax Act was enacted in 1917 as an emergency measure during the war of 1914-1918. It succeeded the Business Profits War Tax Act of 1916, under which the Dominion first entered the field of taxation on corporation income. It was intimated that, following the conclusion of the first world war, the necessity for such taxation would disappear and that the Act would be modified in its application and eventually repealed.

Contrary to early expectations, the Act has continued in force, and rates of taxation under the Act have greatly increased. (Ref., Ont. Brief, pp. 23, 24). Other attendant Dominion Government taxation measures have progressively increased the burden of Dominion tax levies until the corporation and other tax revenue accruing annually to the Dominion authorities now accounts for over 90 per cent of total taxes levied on the Ontario metal mining industry.

In the Province of Quebec, where Provincial and Municipal tax levies differ somewhat from those in Ontario, the proportion of total taxes accruing to the Dominion Government from the mining industry is in excess of 80 per cent. Conditions similar to those in Ontario and Quebec, in respect to Dominion Government proportion of total taxes, are indicated in the other Canadian mining provinces.

The Dominion Income War Tax Act was first applicable to mine earnings in 1916. In that year, taxes levied on the Ontario metal mining industry which accrued to the Dominion Government were $1,047,515, or 36·7 per cent of total direct taxes. By 1941, this had increased to $27,648,476, or 90·77 per cent of the total. (Ref. Ont. Brief. pp. 51, 52, and Sched. 17).

In the Province of Quebec, taxable earnings of metal mines were first recorded in 1928. In that year, $121,360, or 38·4 per cent of total direct taxes levied on the metal mining industry, was collected under Dominion Government levies. In 1941, this had increased to $6,945,864, or 80·7 per cent. With Dominion tax on dividends added, the proportion of total taxes taken by the Dominion increased to nearly 85 per cent. (Ref., Que. Brief, p. 58, and Sched. 24).

(b) Provincial Government Tax Revenue

In the Province of Ontario, taxes were first levied on mine earnings under the Ontario Mining Tax Act, 1907. (Ref., Ont. Brief, p. 17). In 1931, first levies were made under the Ontario Corporation Tax Act. (Ref., Ont. Brief, p. 37). In 1941, Ontario, along with all other provinces, withdrew from the field of taxation on Corporation income in favour of the Dominion Government.

Under the provisions of the Ontario Mining Tax Act, a portion of the provincial tax on mine profits is payable to municipalities in which such mines are located, in lieu of municipal tax on mine earnings. (Ref., Ont. Brief, p. 18).

In 1916, the first year of the application of the Dominion Income War Tax Act, the Ontario Government levied taxes on metal mine profits totalling $1,755,151, or 61·6 per cent of all direct taxes levied on the Ontario metal mining industry. Of this amount, $124,453 was paid to Ontario municipalities, leaving $1,630,698, or 57·2 per cent of total taxes ($2,848,957), accruing to the Ontario Government. (Ref., Ont. Brief, Sched. 12, 17).

In 1940, prior to the withdrawal by the Provinces from the Corporation Income Tax, the Ontario Government tax levy on metal mines totalled $6,601,978, or 22·6 per cent of total taxes levied on the industry. Of this, $611,705 was paid to municipalities, leaving $5,990,273, or 20·5 per cent of total taxes ($29,241,187), to the Government. (Ref., Ont. Brief, Sched. 12, 17).

In 1941, following the Ontario withdrawal of Corporation tax on income, the Province collected $2,669,258, or 8·76 per cent of total taxes ($30,459,198) levied on the Ontario metal mining industry. Of this, $412,748 was paid to municipalities, leaving $2,256,510, or 7·4 per cent of total taxes accruing to the Ontario Government. (Ref., Ont. Brief, Sched. 12, 17).

Summarization of the distribution of mining tax revenue in the Province of Ontario for the years 1916, 1940, 1941, is tabulated as follows:

Year	Taxes Total	Accruing to Dominion %	Accruing to Province %	Accruing to Municipalities* %
1916..	$ 2,848,597	36·77	57·2	6·0
1940..	29,241,187	76·97	20·5	2·53
1941..	30,459,198	90·77	7·4	1·83

*By difference

In the Province of Quebec, no provision is made, under the Quebec Mining Act, for payment to municipalities of any portion of provincial taxes levied on mine profits. (Ref., Que. Brief, p. 64). Municipalities make their own levies on mining companies.

In 1928, the first year of taxable metal mine profits, the Quebec Government collected $153,894, or 48·7 per cent of total direct taxes ($315,950) on earnings.

In 1941, the Quebec Government collected $1,412,763, or 16·4 per cent of total direct taxes ($8,601,809). (Ref., Que. Brief. Sched. 24).

Summarization of the distribution of mining tax revenue in the Province of Quebec for the years 1928 and 1941 follows:

Year	Taxes Total	Accruing to Dominion %	Accruing to Province %	Accruing to Municipalities* %
1928...	$ 315,950	38·4	48·7	12·9
1941...	8,601,809	80·7	16·4	2·9

*By difference

(c) Municipalities Proportion, Tax Revenue from Ontario Gold Mines

During 1938, municipalities in Ontario gold mining areas had an estimated tax revenue, including the portion accruing under provisions of the Ontario Mining Tax Act, of $770,386, or 10·4 per cent of total principal taxes paid by Ontario gold mining companies. In 1939, the tax revenue was estimated at $823,446, or 8·06 per cent of total direct taxes. In 1940, the tax revenue had decreased to $807,241, or 5·49 per cent of total taxes, and in 1941 there was a further sharp decrease to $621,040, or 4·41 per cent of total taxes. (Ref., Ont. Brief, pp. 57, 58, and Sched. 12 and 17).

From the above data on distribution of mining tax revenue, the following conclusions are obvious:

(1) That proportion of tax revenue accruing to the three main taxing authorities is markedly disproportionate to the contributions made to the mining industry by the individual tax authority.

(2) With such a large proportion of the total mining tax revenue accruing to the Dominion Government, it would seem logical that relief from the present unsupportable burden of taxation should be derived from that source.

Dominion Government Bullion Handling Charge

In the Ontario Brief on Taxation (pp. 38 to 40, inc.), the Dominion Bullion Handling Charge of 35 cents an ounce on all gold delivered to the Mint is discussed. Reference is made to the ruling that all gold produced in Canada must be sold to the Dominion Government, which pays for same in Canadian funds, with the prevailing U.S. exchange premium added, after deduction of refining and marketing or handling charges.

It has been calculated that the cost to Canadian gold producers of marketing bullion in the United States should not exceed 15 cents an ounce. There is, therefore, an indicated Dominion excess charge of 20 cents an ounce on all gold produced in Canada and delivered to the Mint. This is, in our opinion, an unreasonable levy and, indeed, a royalty on the value of gross production. During the period of the imposition of this Tax, i.e., from June 1, 1935, to December 31, 1941, it is estimated that Dominion Government revenue from this source was $3,651,182.

Benefit to Dominion Government from Exchange Premium on Gold

In addition to the above described unreasonable charge for marketing gold bullion, the Dominion Government benefits materially from the monopoly of sales of Canadian gold production in the United States.

As of September 16, 1939, exchange rates were pegged by the Dominion Government at 10 per cent on sales of U.S. funds, and 11 per cent on purchases. It is assumed that the Government sells all Canadian gold production in the U.S., and that the U.S. funds received are employed for Government purposes. It follows, therefore, that the Government has an advantage of approximately 1 per cent over the Canadian gold producers in respect of value received in Canadian funds. This, on an annual gold production of $205,789,392, as in 1941, means an added annual Dominion income of over $2,000,000, deriving from the Canadian gold mining industry, over and above that accruing from direct and indirect taxation. This was not included in the total Dominion revenue from the gold mining industry as shown in the accompanying tax schedules. (Ref., Ont. Brief, Addenda pp. 4-5.)

Application of Dominion Sales Tax Act to Mining Industry

The product of Canadian gold mines is sold at a fixed price which bears no direct relationship to the actual cost of production. To a lesser degree this is generally true of the product of base-metal mines. In other industries, under normal conditions, tax costs are added to production cost to determine selling price, and, in this manner, profits of such industries are not disturbed by the impost of such tax.

With mining companies, the Sales Tax cannot be passed along to the consumer. It must be absorbed in cost of operations, with profit margin reduced by such added cost. Here, again, is a further tax factor in the determination of grade of ore which can be profitably mined, and in the destruction of developed ore resources. This phase of taxation is discussed at greater length in the accompanying Briefs on Taxation. (Ref., Ont. Brief, pp. 8 and 36; Que. Brief, p. 44.)

It is estimated that during the period 1920 to 1941, inclusive, gold and base-metal mines in the Provinces of Ontario and Quebec paid Dominion Sales Tax aggregating over $12,000,000. (Ref., Ont. Brief, Sched. 15, 16, 17; Que. Brief, Sched. 18, 21, 22, 23.) This total can, in our opinion, be considered as a tax cost directly applicable to operations, and indirectly as a tax on earnings.

Summary of Deductions from Surveys of Taxation on Mining Industry

In the preparation of this Brief, and those which accompany it, an effort has been made to present, not only an authentic and reasonably accurate history of taxation on the metal and asbestos mining industries of the Provinces of Ontario and Quebec, but to direct attention to the destructive effect of present taxation policies on the immediate and future outlook for the mining industry in Canada.

Among the deductions that may be drawn from the evidence presented, are:

(1) That prospecting for and development of new mineral deposits has practically ceased, due to the increasing burden of taxation.

(2) That mining in Canada is on a salvage basis, with some 84 per cent of present production being obtained from mineral areas discovered prior to 1920.

(3) That presently known ore resources are being rapidly depleted, with little or nothing being done to develop new resources.

(4) That a robust, growing industry has been rapidly reduced to an anaemic condition. Temporary relief may retard the downward progress, but, to effect a cure, the cause must be removed. This will take time, and it must further be kept in mind that between discovery and the period of production there is a time lag of from four to six years.

(5) That taxing authorities do not appear to have a proper appreciation of the hazards of mining, nor of the critical present position of the industry with respect to continued production. In order that the mining industry may do its full share in overcoming the difficulties of post-war reconstruction, it is clear that incentive should be given by the Government through tax adjustments.

Mining Taxation in the Commonwealth of Australia

A few years ago, excessive taxation on the Australian gold mining industry resulted in conditions similar to those which have been experienced in Canada. A crisis developed, as it has in this country, which was temporarily relieved by bonusing prospectors and the production of gold. Further temporary relief was had through the increased world price for gold. As in Canada, however, taxation overtook these temporary benefits and largely nullified them.

The Commonwealth Government then adopted a policy of encouragement for the mining industry and, in 1942, inaugurated a method of uniform taxation in which it became the sole tax authority in the field of income taxation in Australia. Details of the Australian policy are presented in the accompanying Ontario and Quebec Briefs on Taxation. (Ref.. Ont. Brief, pp. 53 to 57 inc.; Que. Brief, pp. 60 to 64 inc.). The main features of the Australian mine taxation policy are as follows:

(1) Exemption of all gold mining income, including dividends, for the duration of the war and one year thereafter.

(2) Ample provision for return of invested capital.

(3) Allowance as a deduction from earnings of base-metal mines for expenditure made on outside exploration.

(4) Only one Commonwealth tax on production of gold mines, *i.e.*, a tax of one-half the price of gold in excess of £9 per ounce. (This approximates $2.50 in Canadian funds).

(5) Encouragement of base-metal mines through provision for return of capital expended in plant and development during the estimated life of the mine as at date of expenditure. Exemption from 20 per cent of taxable income, with this exemption extended to dividends paid wholly and exclusively out of profits represented by the special allowance. Power is given to a Board of Referees to increase this allowance if considered by the mine owner to be inadequate to cover depreciation in mine value through abnormal war-time production.

(6) The tax levied by the Commonwealth under the Gold Tax Act, 1939, is recoverable under the Gold Mining Encouragement Act of 1940, to the extent that mining costs exceed a specified base figure.

(7) That tax exemption on income from gold mines (including dividends disbursed) applies also to mines producing gold and copper, provided the value of gold is not less than 40 per cent of total value of mine output.

The above is presented solely for the purpose of demonstrating what one other country has deemed necessary in correcting a condition so clearly evident in our own country.

Recommendations

(1) That depletion allowance of 50 per cent of the net earnings of metal and industrial mineral mines be allowed, and extended to dividends paid by such mines.

(2) That taxes paid annually to Provincial Governments and to municipalities be allowed as a deduction from earnings of all mining companies before assessment for Dominion Income and/or Excess Profits Tax purposes.

(3) That all annual expenditures made by mining companies on outside exploration in any part of Canada, excepting cost of options or purchase of property, be allowed as a deduction from earnings before assessment for Dominion Income and/or Excess Profits Tax.

(4) That, during the first five years of tax-paying life, mining companies be allowed to deduct from earnings, before assessment for taxes, depreciation up to a maximum of 25 per cent in any one year.

(5) That the Dominion Bullion Handling Charge of 35 cents an ounce be reduced to actual marketing costs to the Government.

(6) That as a means of bringing in marginal ores that would otherwise remain unmined, the Dominion Sales Tax be removed from all products sold to or imported by metal mines.

Conclusion

During the emergency of the present war, any discussion of mining taxation in Canada may be considered as purely academic. There can, however, be no logical justification for the sacrificing of a great national industry when preventive measures can be taken without constricting or in any way obstructing this country's contribution to the struggle, which must take precedence over all other national effort.

Unless relief from destructive taxation is forthcoming at an early date, the Canadian mining industry will continue, at an accelerated pace, on the road to exhaustion.

Development of mines in the Provinces of Ontario and Quebec, during the past thirty-five years, has resulted from the exploration of comparatively accessible areas and of what many consider to be the most favourable and productive portion of the great mineral-bearing Precambrian Shield. Whether or not the latter opinion is substantiated by future developments, it is strongly indicated that the effort and risks involved in the development of new mines will, of necessity, be substantially greater than those of past years, and that new valuable mineral deposits will not be so readily discoverable. This generally recognized condition intensifies the need for the fullest encouragement of private enterprise.

The immediate future of the Canadian mining industry and its ability to assist in the alleviation of unemployment and rehabilitation of other industries in the post-war years of reconstruction rests largely in the hands of the Dominion Government. The duty and respon-

sibility of that Government cannot be evaded and should not be delayed.

Respectfully submitted by
The Canadian Institute of Mining and Metallurgy

R. A. Bryce,
President

E. J. Carlyle,
Secretary

Dated at Montreal,
22nd February, 1944.

Under separate cover and forming part of this Brief, are:

(1) Brief on Taxation, The Ontario Metal Mining Industry, 1907-1941.

(2) Schedules to Accompany Brief on Taxation, The Ontario Metal Mining Industry, 1907-1941.

(3) Brief on Taxation, Metal and Asbestos Mining Industries, Province of Quebec, 1916-1941.

(4) Schedules to Accompany Brief on Taxation, Metal and Asbestos Mining Industries, Province of Quebec, 1916-1941.

Appendix B

Summary Review
of
Dominion Tax and Other Legislation Affecting Canadian Mining Enterprises
and of
Foreign Exchange Control Board Regulations Affecting Investment of United States Capital in Canadian Mining
with
Notes Concerning Various Wartime Authorities, Orders and Regulations
May, 1945

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A. Dominion Taxes and other Legislation Affecting Canadian Mining Enterprises

Canadian mining companies are liable only for those federal taxes that are paid by other Canadian companies, but they are differentiated from other companies under the Income War Tax Act and Excess Profits Tax Act in that producing mining companies, including companies operating oil and gas wells, are granted special deductions from income or profits for depletion, This allowance is given in recognition of the fact that mine production involves exhaustion of the natural resource.

In addition to the taxes applicable to companies throughout the Dominion, the Dominion Government, by virtue of having territorial jurisdiction over the Yukon and Northwest Territories, levies taxes on mining companies operating in those areas. These taxes correspond to provincial taxes in other parts of the Dominion. Because of their limited territorial applicability they do not form part of the broad outline of federal taxation as applicable throughout the Dominion and they are omitted from this review.

Dominion Taxes

The following summary deals with the more important Dominion taxing statutes that affect mining enterprises, as follows:

(1) The Income War Tax Act
(2) The Excess Profits Tax Act
(3) The War Exchange Conservation Act
(4) The Special War Revenue Act
(5) The Unemployment Insurance Act
(6) The Companies Act
(7) The Customs Tariff

1. The Income War Tax Act

Income or Corporation Tax

Under the Income War Tax Act taxes on personal incomes are levied at rates varying with the income and the same act governs the tax to be paid on corporate incomes. The income tax and the excess profits tax are the most important federal imposts affecting corporations.

The tax is levied on "income", which may be defined roughly as the net profit realized from production plus net income from other sources including dividends, interest, rentals, etc.

In the determination of net profit, depreciation is allowed on buildings, plant and equipment up to 15 per cent of cost per annum. An amendment in 1944 provides that the Minister, in his discretion, may allow depreciation at not more than double the rates normally allowed in respect of plant or equipment built or acquired in a period to be fixed by the Governor in Council if in the opinion of the Minister the taxpayer is thereby making a new investment. The Governor in Council has fixed this period as commencing on November 10, 1944, and ending either on December 31, 1946, or on the date two years following cessation of hostilities with Germany, whichever is earlier.

Depletion is allowed for metalliferous mines on the basis of 33-1/3 per cent of net profits from the production determined after allowance of depreciation and all operating expenses including allowance to cover the taxpayer's pre-production development expenses. The depletion allowance continues as long as the property is in production but no depletion is allowed on income from sources such as dividends, interest, etc.

The depletion allowance for oil wells is 33-1/3 of the net profits from production and for coal mines 10 cents per ton of coal mined. For other non-metallic mines depletion is allowed at rates varying with the character of the enterprise and the capital expended in acquiring the mining property being depleted.

The pre-production development expenses eligible for deduction are those of the taxpayer and not the amounts which may have been expended upon development by previous owners of the mining property.

Although deductions for the pre-production development expenses of a metalliferous mine may be allowed in taxation periods following the commencement of production, the current development work after production has started must be charged as an expense in the year in which the work was done.

Discount on shares sold or issued in paymen of assets is not allowable as an expense in any manner—directly or indirectly.

Cost incurred by any company in exploring properties substantially removed from the property which is being operated and being obviously in the nature of new exploratory effort is not allowable as an expense to the exploring company.

Deduction from income allowed to all companies in determining the taxable income include:

(a) Charitable donations to bona fide charitable institutions in Canada not to exceed 5 per cent of the net taxable income of the taxation period. Provision is however made that the excess of a corporation's charitable donations in the taxation year over its average annual donations in its last two fiscal periods prior to July 1, 1942, shall be allowed as a deduction only to the extent that the sum total of the income and excess profits taxes payable by the corporation are thereby diminished by 40 per cent of such excess.

(b) Municipal taxes paid by a mining company under subsections 6, 9, and 11 of Section 39, of the Assessment Act (Ontario), R.S.O. 1937, Chapter 272, and in force on March 2, 1943, are now allowed as deductions, if the Minister is satisfied that in assessing for such municipal taxes the Dominion income and excess profits taxes paid by the mining company are not allowed as deductions.

(c) Amounts in respect of losses sustained in the 1943 and subsequent taxation years by a taxpayer carrying on a business such as mining may be deducted from profits derived therefrom either in the year immediately preceding or in the three years following the taxation year, if in ascertaining the losses no account is taken of an outlay, loss, or replacement of capital, any depreciation, depletion or obsolescence or disbursements or expenses not wholly and necessarily laid out or expended for the purpose of earning the profit, except such amount for depreciation and depletion as the Minister may allow:

Provided that nothing is deductible in respect of a loss unless the taxpayer carried on the same business in the taxation year as in the year in which the loss was sustained; that no more is deductible in respect of a loss than the amount by which such loss exceeds the sum total of the amounts of the loss which have been deducted in previous years under the Act; and that an amount is only deductible in respect of the loss in any year after deduction of amounts in respect of the losses of previous years.

The following items of expenditure are not allowed as costs to be deducted from production revenue in computing operating profits of a company:

Expenditures not paid out for the purpose of earning the income;

Capital outlays;

Annual value of property, real or personal, except rent actually paid for use of property used in earning the income;

Amounts transferred or credited to a reserve, contingent account or sinking fund, except for bad debts (as allowed by the Minister) or as otherwise provided for in the Act;

Carrying charges or expenses of unproductive property or assets not acquired for carrying on the company's business;

Salary or other costs determined by the Minister to be in excess of what is reasonable for the business, also salary, bonus, director's fee, or other remuneration in excess of $14,000 paid to a non-resident, unless such non-resident pays tax thereon under the Act.

The rates of Income Tax payable by corporations and joint stock companies on the income or net taxable profits after allowance of depletion and all expenses, as referred to above, are:

(a) For all companies other than those that consolidate their profit or loss with that of subsidiary companies, on the income of the company—18 per cent.

(b) For companies that consolidate their profit or loss with that of subsidiary companies, on the consolidated income; (such consolidation being permitted only on election and under certain conditions)—20 per cent.

Special exemption of new metalliferous mines: Section 89 provides for a three year exemption from the foregoing corporation income tax for new metalliferous mines coming into production between 1st May, 1936, and 1st January, 1943. Because of an allowance of six months as an adjustment or tuning-up period, the exemption period is in reality three and one-half years, and the mine must have actually started shipping or milling operations on or before June 30th, 1942, in order to qualify for the exemption.

Shareholders' capital return allowance: Shareholders resident in Canada receiving dividends from producing Canadian base and precious metal mining companies are allowed a capital return deduction of 20 per cent of all dividends received from such companies for the purpose of determining taxable income.

Tax on dividends paid to non residents of Canada: A tax of 15 per cent is imposed and collected at the source on all dividends paid to non resident individuals or corporations, with no allowance for depletion or capital return, as this tax is not a net income tax.

Tax on royalties and rentals paid to non-residents of Canada: A tax of 15 per cent is imposed and collected at the source on all royalties, or similar payments, paid to non-resident individuals or corporations in respect to the use of property (other than real estate) in Canada, with no allowance for depletion or other deductions. A similar withholding of 15 per cent is imposed in respect of rentals from real estate but certain expenses will be allowed upon a return being filed by the recipient when the appropriate tax is levied.

Prospector's gain not liable for income tax: The gains to bona fide prospectors through disposal of claims, and likewise the gains to syndicates or companies resulting from the backing of prospecting and development, constitute capital and as such are not liable to income tax or excess profits tax. The following ruling is in effect:

"A bona fide prospector who sells, transfers or assigns his rights to a mining prospect is not liable to income tax or excess profits tax on the consideration received as such consideration constitutes capital.

"For the purpose of the preceding paragraph 'bona fide prospector' includes a person who has personally carried out the whole or major part of the field work of prospecting and exploring for mineral, and includes any person, association of persons, or corporation which has contributed to the expenditure incurred in the work of prospecting, exploration and development of mining properties for the purpose of establishing a producing mine.

"Where any person, association of persons, or corporation individually or collectively with others directly contributes work, money or other assets to assist in prospecting, exploration or development, and in such prospecting or exploration he, or they acquire by staking, purchase or otherwise, mining claims, shares

of stock or any other assets which represent the result of prospecting, exploration or development effort conducted by him or them, and sell, transfer or dispose of such claims, shares or assets, then the proceeds of the sale, transfer or disposal of such claims, shares or assets constitute capital and are not subject to income or excess profits tax. Such proceeds will likewise not be subject to tax in the hands of members of associations of persons or shareholders of corporations upon the winding up of, or upon a reduction of capital of, the association or corporation.

"The above is subject to the following exceptions, namely:

"If any association of persons or a corporation acquire a mining property or an interest therein by staking or purchase, or by purchase of units or shares, and instead of bona fide prospecting or developing they are in fact conducting a business of trading therein or are conducting a campaign to sell shares or units to the public at large by advertising or otherwise under the cloak of engaging in prospecting and development, then they shall not be eligible for relief under the foregoing. Nothing in this paragraph, however, shall be taken to mean that legitimate advertising may not be used to raise funds for bona fide prospecting and development.

"Where a syndicate or company is deemed to be trading in claims, they have the right to value shares at time of receipt thereof and pay tax on such basis, or they may pay only on proceeds of the shares, when sold. If distributed without sale, a valuation is placed on the shares, and the amount over cost is taxed."

Employers' responsibilities re "tax deduction at the source": Every Canadian employer is obliged to withhold from the salary or wages of each employee such amount of the income tax payable by such employee as may be prescribed by regulations made by the Governor in Council; and to remit the same to the Receiver General of Canada within one week of the day when he becomes liable to pay such salary or wages, or at such other time as the Minister of National Revenue may by regulation prescribe.

Special tax deductions designed to encourage the search for base metals, strategic minerals, petroleum and natural gas: Recent amendments to Section 8, Income War Tax Act, and extended in application to the end of 1945 by Order in Council P.C. 1748 of March 13, 1945, encourage prospecting for base metals, strategic minerals, petroleum and natural gas by authorizing taxpayers contributing to organizations carrying on such work or carrying on such work themselves to deduct from the sum total of their Dominion income and excess profits taxes certain percentages of their contributions or expenditures in that connection, as follows:

(a) Any taxpayer contributing in 1945 to an association, syndicate or mining partnership recognized under provincial law in Canada and organized for the purpose of prospecting for base metals and strategic minerals is authorized to deduct from his total income and excess profits tax 40 per cent of such contribution up to $500 in any one such association, etc., and up to a total of $5,000. Provided however that if the contributor is a corporation whose income for tax purposes is depleted on a percentage-of-net-profits basis the deduction shall be reduced by the same percentage (the deduction allowed on the contribution of a gold mining company whose income is subject to a depletion allowance of 33⅓ per cent would thus be 26⅔ per cent). Provided also that if an association, etc., expends only a portion of its contributed funds upon such prospecting in 1945, the deduction for each of its contributors shall be proportionately reduced.

(b) A metalliferous or strategic mineral mining or mineral exploration company is authorized to deduct from the total of its Dominion income and excess profits taxes 26-⅔ per cent of all prospecting, exploration and development expenses incurred in searching for base metals and strategic minerals from January 1, 1943, to December 31, 1945, the deductions to apply to the taxes in respect of the year or fiscal period in which the expenses were actually incurred.

(c) A corporation whose principal business is the production, refining, or marketing of petroleum or petroleum products is similarly authorized to deduct from the sum total of its Dominion income and excess profits taxes, (i), 40 per cent of all of its drilling costs on oil wells spudded-in from January 1, 1943, to December 31, 1945, and abandoned within six months after completion of such drilling; and (ii), all exploration costs, including all general geological and geophysical expenses incurred by it.

Provided that if such sum total is not sfficient to provide for these deductions, the corporation may deduct the balance from the taxes of subsequent years; also that in the case of a corporation whose income is subject to depletion for income tax purposes the foregoing deduction shall be 26-⅔ per cent instead of 40 per cent.

(d) Any corporation, association, syndicate, or exploration partnership formed for the purpose of exploring and drilling for oil is similarly authorized to deduct from the sum total of its Dominion income and excess profits taxes 26-⅔ per cent of exploration and drilling expenses incurred during the period from Janaury 1, 1943, to December 31, 1945; provided that if this sum total in the year of expenditure is not sufficient to permit the full amount of the authorized deduction, the balance may be deducted in any subsequent year.

(e) Any corporation, association, syndicate or exploration partnership formed for the purpose of exploring and drilling for natural gas is authorized to deduct from its sum total of Dominion income and excess profits taxes 30 per cent of exploration and drilling expenses incurred by it during the period from January 1, 1943, to December 31, 1945.

(f) Any oil company, association, syndicate, or exploration partnership may, with the consent of the Governor in Council upon the recommendation of the Minister of Mines and Resources, deduct from the sum total of its income and excess profits taxes 50 per cent of its expenditures, not including geological and geophysical expense, made on a deep test oil well spudded-in between June 26, 1944 and December 31, 1945, and that proves to be unproductive, if, in the opinion of the Governor in Council, drilling the well is desirable in order to extend the petroleum resources of Canada, and the taxpayer could not reasonably be expected to drill the well unless permitted such 50 per cent tax deduction.

Provision is also made that an oil company, association, etc., who is a shareholder or a member of, or a partner in, a principal such oil company or other association which drills such

an approved deep test well which proves unproductive, and has contributed to the payment of expenditures made thereof, the Minister of National Revenue may direct that in respect of its contribution such contributing shareholder, member or partner shall be permitted the 50 per cent tax deduction, in which case no tax deduction in respect of such contribution shall be permitted to be made by the principal oil company, association, etc.

2. Excess Profits Tax Act

Excess Profits Tax

The Excess Profits tax levied under this Act in respect of profits derived from mining operations is a tax upon net taxable profits for the taxation period as determined under the provisions of the Income War Tax Act.

The "excess profits" of a mine operator is the amount by which net taxable profits of the taxation period exceeds "standard profits."

The standard profit of a mine operator (in respect of revenues derived from mining operations) is his average annual profit over the "standard period" comprising the calendar years 1936 to 1939 inclusive, or such years or parts thereof as he was in business, provision being made to exclude any one year of the period in which profits were less than 50 per cent of the average annual profits of the remaining three years, in which case the average annual profits for the three remaining years would be the standard profit. Provision is also made for adjusting the standard profit to take care of changes in capital employed, expansion of business, businesses commencing during the standard period, etc.; also for a Board of Referees which shall, subject to the approval of the Minister of National Revenue, ascertain the standard profits of new businesses, and, under certain conditions, of businesses which were depressed during the standard period. In no case is a taxpayer's standard profit deemed to be less than $5,000, except in the case of a company which incorporates subsidiaries without increasing the aggregate of capital employed when an aggregate standard profit not exceeding $5,000 is to be allocated to the subsidiaries as the Minister may direct. The profits of taxpayers other than corporations and joint stock companies are not taxable for excess profits tax if such profits do not exceed $5,000 in the taxation period before payment therefrom to proprietors or partners by way of salary, interest, or otherwise.

Amount of Excess Profits Tax: The Excess Profits Tax Schedule (Second Schedule) comprises three parts as follows:

First Part—10 per cent of the net taxable profits of corporations and joint stock companies, and 15 per cent of the net taxable profits of all other taxpayers, before deduction therefrom of corporation or income tax paid thereon under the Income War Tax Act.

Second Part—100 per cent of Excess Profits, after deduction therefrom of the tax levied thereon under the Income War Tax Act and under the Third Part of the tax schedule of the Excess Profits Tax Act.

Third Part—12 per cent of the net taxable profits of corporations and joint stock companies, before deduction therefrom of corporation or income tax levied under the Income War Tax Act.

The Excess Profits tax amounts

(a) In the case of corporations and joint stock companies to the tax levied under the Third Part of the Schedule plus either the tax levied under the First Part or that levied under the Second Part of the Schedule, whichever is the greater. Provision is however made in Section 7A of the Act that in the case of small corporations where profits in the taxation year do not exceed $5,000, such profits shall not be liable for the tax levied either under the First Part or the Second Part of the Schedule.

(b) In the case of all other taxpayers to either the tax levied under the First Part or that levied under the Second Part of the Schedule, whichever is the greater.

Provided that the tax levied under the First Part of the Schedule shall in no case operate to reduce the profits of a taxpayer below the amount of $5,000 before providing for any payments to proprietors, partners or shareholders by way of salary, interest or otherwise.

Refundable portion of the excess profits tax: Section 18 of the Excess Profits Tax Act (an amendment of 1942) provides that "there shall be refunded to the taxpayer an amount equal to 20 per centum of the profits above the point at which the tax calculated under the First Part of the Second Schedule is equal to the tax calculated under the Second Part of the Second Schedule if such profits have been paid by way of taxes under the Income War Tax Act and this Act to the Receiver General of Canada."

Provision is made that the refundable portion referable to the profits of the fiscal years ending in 1942 shall be repaid to the taxpayer during the second fiscal year of the Government of Canada commencing after cessation of hostilities between Canada and Germany, Italy and Japan, and so on for successive fiscal periods; the date of cessation of hostilities to be the date proclaimed by the Governor in Council that a state of war no longer exists.

The tax calculated under the First Part of the Schedule will be equal to that calculated under the Second Part when the net taxable income amounts to 116·667 per cent of the standard profits in the case of corporations and joint stock companies and to 117·647 per cent of the standard profits in the case of other taxpayers.

The refundable amount in the case of a corporation thus amounts to 20 per cent of the amount by which the net taxable profits exceeds 116·667 per cent of its standard profits. In the case of other taxpayers, such as a partnership, the refundable portion would amount to 20 per cent of the amount by which net taxable profits after deduction for salaries to the partners exceeds 117·647 per cent of the standard profits also after similar deduction for salaries.

New gold mines and oil wells: Section 5A of the Act provides that in the case of taxpayers operating gold mines or oil wells which came into production after January 1, 1938, the amount of the standard profits is ascertained on the basis of a presumed volume of production during the standard period equal to the volume of production in the taxation year and a presumed selling price during the standard period equal to the average selling price of the said product during the standard period.

In the case of a new gold mine, the standard profit is now computed by deducting from the presumed revenue as ascertained under Section 5A a presumed cost during the standard period computed by employing the Dominion Adjusted Cost of Living Index to adjust the operating costs of the taxation year to conditions in August, 1939, for which month the Cost of Living Index was virtually the average monthly

Cost of Living Index over the standard period. The standard profit is thus computed as follows:

Standard Profit = Presumed Revenue (a),
Less presumed Operating Cost (b),
Less write-offs in the taxation year in respect of depreciation and pre-production expense (c),
Less allowance for depletion (amounting for gold mines to 33⅓ per cent of (a)−(b)−(c).)

Presumed revenue (a) = ounces of gold produced in taxation year x $35.38, which was the average price of gold in Canada during the standard period.

Presumed operating cost (b) = $\frac{100}{x}$ x operating costs in the taxation year, 100 being the Dominion Adjusted Cost of Living Index for August, 1939, and x the average monthly Dominion Adjusted Cost of Living Index over the 12 months of the taxpayers' fiscal or taxation year. The Dominion Adjusted Cost of Living Index is published each month and has increased variably from 100·0 in August, 1939, to 103·0, 107·1, 114·9, 117·9 and 118·4 for the month of December, respectively of 1939, 1940, 1941, 1942, and 1943; and to 117·7 in October, 1944. Revenues derived from silver and other mine products are deducted from operating costs, such products being considered as by-products of gold mining.

Example:

A new gold mining company's tax returns for its taxation year ending December 31, 1942, showed revenue derived from production and sale of 10,000 oz. of gold at $38.50 per oz. Its operating costs amounted to $200,000, and its write-offs for depreciation (D), and pre-production expense (P.P.E.) totalled $25,000.

(a) For taxation year:			
Revenue—10,000 oz. @ $38.50			$385,000
Less operating costs		$200,000	
Less write-offs for D and P.P.E.		25,000	225,000
Profits before depletion			160,000
Less depletion @ 33⅓ per cent of $160,000			53,333
Net taxable profits			$106,667
(b) For Standard Period:			
Presumed Revenue—10,000 oz. @ $35.38			$353,800
(x = average monthly Dominion Adjusted Cost of Living Index for calendar year 1942 = 116·1)			
Less Presumed Operating Cost @ $\frac{100}{116·1}$ x $200,000 =		$172,265	
Less write-offs for D and P.P.E.		25,000	$197,265
Standard Profit before depletion			156,535
Less Depletion @ 33⅓ per cent of $156,535			52,178
Standard Profits			$104,357
Excess Profits			2,310
Excess Profits after deduction of Income Tax and Excess Profits Tax 3rd Part thereon @ 30 per cent =			$1,617
(c) Computation of Taxes:			
(i) Under Income War Tax Act			
Corporation tax at 18 per cent of $106,667 =			$ 19,200
(ii) Under Excess Profits Tax Act.			
1. Under Third Part of Schedule = 12 per cent of $106.667 =		$ 12,800	
2. Under First Part of Schedule = 10 per cent of $106,667	$ 10,667		
3. Under Second Part of Schedule = 100 per cent of $1,617 =	$ 1,617		
Item 2, being the larger, applies =		$ 10,667	
4. Total Excess Profits Tax			$ 23,467
(d) Refundable Portion of Excess Profits Tax:			
The point in net taxable profits above which the provision for refund applies = 116·667 per cent of the standard profit of $104,357 =			$121,750
This amount being greater than the net taxable profits, there is no refundable amount.			

Old Gold Mining Enterprises: In the case of an old gold mining operation whose volume of production in the taxation year is 10 per cent or more greater than its average annual volume of production of the standard period, provision is made for adjusting the standard profit by multiplying the average profit per ounce in the standard period by the number of ounces produced in the taxation year. If the fiscal year of the enterprise does not coincide with the calendar year, the profits and volumes of production of its fiscal years covering the standard period must be apportioned to the calendar years on a pro-rata daily basis in order to ascertain standard profits on a true calendar year basis.

Base Metal Mines: Base metal mines are dealt with on a capital-standard basis under Section 4 (1) (b) of the Act in ascertaining standard profits for a new or a depressed enterprise, and for adjusting standard profits in cases where operations have been expanded since the standard period.

Mixed Metal Mines: Generally speaking, the standard profit of a mining enterprise which produces gold and other metals is, in effect ascertained in two parts, one relating to the profits derived from gold production, in respect of which profits the method applicable to gold mines is employed; and the other relating to the profits derived from the production of the other metals, in respect of which profits the method applicable to base metal mines is employed. For this purpose, the taxable profits (before adjustments for alteration in capital) of each calendar year of the standard period are apportioned to gold and "other metals" in the ratio which the sales of each bear to total sales. Adjustments to standard profits as required to take care of expanded production in the taxation year are made on a similar basis.

Exemption of New Base Metal and Strategic Mineral Mines: An amendment, Section 7 (g), to the Act in 1942 provides that the profits of any corporation or joint stock company derived from the operation of any base metal or strategic mineral mine which comes into production for the first time in the three years commencing January 1, 1943, shall be exempt from excess profits tax for the first three fiscal years of twelve months each following such date of commencement of production.

EXAMPLES OF ASSESSMENT FOR INCOME TAX AND EXCESS PROFITS TAX:

Abbreviations: Income Tax—Inc. T. Excess Profits Tax—E.P.T.; 1st Pt., 2nd Pt., and 3rd Pt.

(1) Mining Companies.

(a) Net taxable profits, after depletion	$ 4,000	
Standard Profits deemed to be $5,000, therefore Excess Profits	nil	
Income Tax—18 per cent of $4,000		$ 720
E. P. Tax—3rd Pt. 12 per cent of $4,000		480
1st Pt. } not applicable, the profits being		
2nd Pt. } less than $5,000		
Total Income and Excess Profits Taxes		$ 1,200
Refundable amount		nil
(b) Net taxable profits, after depletion	$ 11,500	
Standard profit	10,000	
Excess Profit	$ 1,500	
Excess Profit less Inc. T. (18 per cent) and E.P.T. 3rd Pt. (12 per cent) thereon	$ 1,050	
Income Tax, at 18 per cent of $11,500		$ 2,070
E. P. Tax—3rd Pt. at 12 per cent of $11,500		1,380
E. P. Tax—1st Pt. at 10 per cent of $11,500	$ 1,150	
E. P. Tax—2nd Pt. at 100 per cent of $1,050	1,050	
E. P. Tax, under 1st Pt., being greater than under 2nd Pt., applies		1,150
Total Income and Excess Profits Taxes		$ 4,600
Refundable Portion 116·667 per cent of Standard Profit of $10,000=$11,667, which is greater than net taxable profit. Refundable portion is therefore		nil
(c) Net Taxable Profit after depletion	$ 17,000	
Standard Profit	10,000	
Excess Profits	$ 7,000	
Excess Profits after deduction of 18 per cent Inc. T., and 12 per cent 3rd Pt. E. P. T.	$ 4,900	
Income Tax, at 18 per cent of $17,000		$ 3,060
E. P. Tax—3rd Pt. at 12 per cent of $17,000		2,040
E. P. Tax—1st Pt. at 10 per cent of $17,000	$ 1,700	
E. P. Tax—2nd Pt. at 100 per cent of $4,900	4,900	
E. P. Tax under 2nd Pt., being greater than under 1st Pt., is payable		4,900
Total Income and Excess Profits Taxes		$ 10,000

Refundable Portion		
Net Taxable Profit	$ 17,000 00	
Less 116·667 per cent of Standard Profit of $10,000	11,666 67	
Amount to which refund applies	5,333 33	
Refundable amount at 20 per cent	$ 1,066 66	

(ii) Individual Mine Operator

(a) Taxable Income, after depletion, but before deduction for proprietor's salary	$ 4,000	
No Excess Profits Taxes are payable.		
(b) Profits, after depletion, but before deduction of proprietor's salary		$ 20,000
Net Taxable Profits, after deduction of $4,000 for proprietor's salary		16,000
Standard Profit less $4,000 for proprietor's salary		15,000
Excess Profits		$ 1,000
Excess Profits Tax		
Not taxable under 3rd Pt.		
Under 1st Pt. at 15 per cent of $16,000	$ 2,400	
Under 2nd Pt. at 100 per cent of $1,000	1,000	
Tax payable would be that under 1st Pt		$ 2,400
No amount is refundable since 117·647 per cent of standard profits is greater than the net taxable profits.		
(c) Net taxable profit after depletion and deduction of $4,000 for proprietor's salary		$ 20,000
Standard Profits, after same salary deduction		15,000
Excess Profits		$ 5,000
Excess Profits Tax		
Under 1st Pt. at 15 per cent of $20,000	$ 3,000	
Under 2nd Pt. at 100 per cent of $5,000	5,000	
The greater of the two amounts is the tax		$ 5,000
Refundable Portion		
Net Taxable Profit	$ 20,000 00	
Less 117·647 per cent of $15,000	17,647 05	
	$ 2,352 95	
Refundable amount = 20 per cent of $2,352.95 =	$ 470 59	

3. The War Exchange Conservation Act

Under Section 8 of the War Exchange Conservation Act, 1940, the Government has authority to make special arrangements with regard to taxation where the taxpayer can show that the tax situation prevents him from increasing or maintaining exports. An amendment in 1941 extended the legislation to cover oil producers with a view to removing tax obstacles which might retard new drilling operations. As amended, the legislation reads as follows:

"8. (1) The Governor in Council in order to increase or conserve Canada's supply of foreign exchange may, on the recommendation of the Minister of Finance, enter into agreements with individuals, partnerships or corporations to grant assistance by way of special tax credits and/or special allowances for depreciation or depletion under the Income War Tax and/or The Excess Profits Tax Act, if, in the opinion of the Governor in Council, such assistance is necessary in order that an expansion of the exports of any individual, partnership or corporation receiving such assistance may take place or that the exports of any such individual, partnership or corporation may be maintained at levels higher than would otherwise obtain, or, in the case of any individual, partnership or corporation operating an oil well or oil wells, if, in the opinion of the Governor in Council, such assistance is necessary in order that sufficient drilling of new wells may take place to maintain or extend the production of oil in Canada and if the Minister of Mines and Resources certifies that such drilling is in oil-bearing areas which give reasonable prospect of yielding

producing wells. The provisions of any such agreements granting special tax credits and/or special allowances for depreciation or depletion shall be effective notwithstanding anything contained in the Income War Tax Act or the Excess Profits Tax Act."

"(2) Whenever an agreement has been entered into under the authority of this section a copy thereof shall be laid before Parliament by the Minister of Finance within fifteen days, if Parliament is then sitting, or, if Parliament is not sitting, within fifteen days after the opening of the next session of Parliament."

This legislation is merely an enabling measure and calls for the negotiation of special agreements. Certain tax concessions can be made in exchange for an undertaking on the part of a taxpayer to proceed with a project which will provide additional foreign exchange of some amount. The benefits would be conditional upon the undertaking having been fulfilled.

Although the legislation was in general terms and did not specify the directions in which it was desired to expand exports, it had been decided as a matter of policy to offer concessions only in cases where additional United States dollar exchange rather than sterling will be realized.

It is emphasized that this legislation cannot be used in ex post facto fashion to give relief from taxation. It is forward-looking in its operation. Any applicant must, of course, be able to show conclusively that an adjustment of taxes in his case is necessary in order to enable him to expand his export business, to maintain existing exports or to drill new oil wells.

Any person who has a specific proposal to place before the Government and can fulfil the conditions outlined above may apply direct to the Minister of Finance, East Block, Ottawa, for an agreement, outlining the main details of his plan. The Hyde Park Agreement made other provision for the Canadian acquisition of ample United States exchange, obviating the need for granting tax concessions simply to increase production for export.

4. The Special War Revenue Act

A number of taxes are levied under the Special War Revenue Act that apply to all persons and companies in Canada. The most important are the Sales Tax, Excise Taxes and the War Exchange Tax.

The Consumption or Sales Tax applies to all goods, with certain specified exemptions, produced or manufactured in Canada or imported into Canada. The tax amounts in the case of Canadian-made goods to 8 per cent of the producer's or manufacturer's sale price (except that upon the dressing and/or dyeing of furs in Canada there is a consumption or sales tax of 12 per cent of the current market value of the furs); and in the case of imported goods to 8 per cent of the duty-paid value. Among goods exempted from sales tax are cars and similar appliances for mining and quarrying; blasting and mining powder; machinery and apparatus for washing or dry-cleaning coal at coal mines or coke plants; diamond dust or bort and black diamonds, for borers; pit props and packwood for use exclusively in mines.

A special excise tax of 3 per cent is imposed on the duty-paid value of all goods (with certain specified exceptions) imported into Canada subject to entry under the General Tariff.

The War Exchange Tax of 10 per cent on the value for duty is imposed on all imports (with certain specified exceptions), whether free or dutiable, except that the tax does not apply to goods entitled to entry under the British Preferential Tariff or under trade agreements with British countries.

Excise taxes at varying specified rates are imposed on certain specified goods whether manufactured or produced in Canada or imported into Canada. The list of items includes matches, automobiles, rubber tires, cameras, phonographs, radios, electric or gas light fixtures and lamps, certain household electrical or gas appliances, various other electrical appliances, sugar, gasoline, etc.

The Transportation Tax is imposed on tickets or rights of transportation by railway, bus, or aircraft, or by vessel between places in Canada or from a place in Canada and return thereto, also on seats, berths or other sleeping accommodation, on railway trains. The tax is 15 per cent on charges for transportation (exemption where regular one-way charge is $0.75 or less), fifteen cents on pullman or parlour car seats, and 15 per cent on berths (minimum of 35 cents).

The Stamp Tax applying on cheques, bills of exchange, promissory notes, bank receipts, money orders and travellers cheques, requires payment of three cents where the amount of such instrument is under $100 and 6 cents where the amount exceeds $100. On postal notes there is a tax of one cent where the amount is under $1 and of three cents on larger amounts.

The Communications Tax applies on cable, telegraph and telephone messages, payable at 7 cents for each telegraphic or cable despatch; and at 15 per cent of the charges for long distance telephone calls costing more than 15 cents, with a maximum tax of 75 cents per call.

The Stock Transfer Tax is imposed, with certain exemption, on each change of ownership of stocks and bonds, as follows:

(a) Three cents for every one hundred dollars, or fraction thereof of the par value of a bond.

(b) On shares sold or valued per share at

Over $150 - 4 cents plus 1/10 of 1 per cent of value in excess of $150 per share.

From over $75 to $150—4 cents per share
From over 50 to 75—3 cents per share
From over 25 to 50—2 cents per share
From over 5 to 25—1 cent per share
From $1 to 5 —½ cent per share

Less than $1 - 1/10 of 1 per cent of value.

A tax of 10 per cent on insurance premiums is imposed on premiums for insurance of property situated in Canada against risks other than marine risks where the insurance is with a British or foreign company or exchange not authorized under laws of Canada to transact insurance business.

5. The Unemployment Insurance Act, 1940.

A plan of unemployment insurance extending throughout Canada has been brought into operation as from July 1, 1941, by the Dominion Government pursuant to provisions of the Unemployment Insurance Act, 1940. As mining is not one of the excepted classes of employment the operators in the mining industry will contribute to the insurance fund in respect to each employee earning less than $38.50 per week or under $2,000 per year. For employees earning less than $0.90 per day or under 16 years of age there is no assessment against the employed person but the employer contributes 27 cents per week. Over that minimum class a part of the total contribution is paid by a deduction from the worker's wages or salary, the employer being responsible for the payments made by purchasing and affixing unemployment insurance stamps in the employee's insurance book or alternatively by stamped impressions in the book by means of a licensed metering device obtained through the Post Office. In respect to the several wage-groups of employees earning from $5.40 to $38.49 per week the employer's contribution is at rates varying from 21 cents to 27 cents for each full week's work while the employee contributes from 12 cents to 36 cents, the employee contribution being less than that of the employer in the lower brackets but higher than the employer contribution when the employee has weekly earnings of $20.00 or more. The payments are made into the Unemployment Insurance Fund created under the Act, and in addition to the contribution by employers and employees the Dominion Government makes a grant of one-fifth of the aggregate contributions made by employers and employees and as well defrays the entire costs of administration. From the fund an insured workman who becomes unemployed is paid a weekly benefit amounting for a person without dependents to 34 times the employee's average weekly contribution made within the previous two years and for a person with certain classes of dependents to 40 times such contribution. Provided statutory conditions relating to his eligibility for benefit are fulfilled the unemployed workman may draw one benefit payment for every five contributions made in the previous five years, less one payment for every three benefit payments received in the previous three years.

First of the statutory conditions is that the worker must have had contributions paid in respect of him while employed in insurable employment for not less than 180 days during the two years immediately preceding the date on which a claim for benefit is made. The Unemployment Insurance Act is under the administration of the Unemployment Insurance Commission with headquarters at Ottawa and in addition to providing unemployment insurance the Act provides that the Commission shall maintain a National Employment Service with regional divisions and local offices. National, regional and local committees, representative of workers and employees, are to assist the Commission on employment problems and a free employment service will extend to uninsured as well as insured industries.

6. The Companies Act

The incorporation of a mining company in Canada may be by Provincial or Dominion charter, under procedure relating to the formation of companies generally. As distinct from a Provincial charter, which authorizes the carrying on of business in only one province, though the company may obtain licences from other provinces to carry on business therein, a Dominion charter allows the transaction of business throughout Canada. In some instances the Dominion charter is a special Act of Parliament granting special powers. The Companies Act, however, provides for the incorporation of Dominion companies generally, exception being made of railway, telephone, telegraph, banking, trust, loan, and insurance companies. Incorporation under the Act is by Letters Patent issued by the Secretary of State and the Act at present in force is the Companies Act, 1934, to which there were certain amendments in 1935. This Dominion statute made radical changes in the existing law, mainly imposing obligations on directors and others responsible for administering the affairs of Dominion companies, such changes being designed to prevent fraud and other objectionable practices and to ensure publicity and full disclosure of material and relevant facts in financial statements of companies and in company prospectuses, which would be available to shareholders, investors and creditors. The Act is comprised of over 200 sections and is in seven parts, Part I being the part that deals with the incorporation of limited liability companies with share capital. The shares of capital stock may have a par value or they may be without nominal or par value, or shares of both classes may be issued, and there may be preferred, deferred or other special rights, restrictions, conditions or limitations attaching to any class of shares in accordance with the Letters Patent or Supplementary Letters Patent. The incorporated company may be a public company or a private company with shareholders limited to fifty and restrictions on the right to transfer shares. The Act provides that if a company carries on any business not within the scope of the purposes or objects set forth in the Letters Patent or Supplementary Letters Patent or truly ancillary thereto, or exercises powers expressly excluded, the company shall be liable to be wound up on action initiated by the Attorney General of Canada. A company which does not go into bona fide operation within three years of incorporation or does not use its corporate powers for three consecutive years shall have its charter forfeited. Shares of capital stock having a nominal or par value shall not be issued as fully paid except for cash to the total nominal amount or for a consideration in property or services determined to be the fair equivalent of cash to the total nominal amount. The issue of prospectuses is controlled, the Act providing that prospectuses must be filed with the Secretary of State, also setting out specific requirements as to information to be contained in prospectuses and that certain specified information must be published under the heading "Statutory Information". The Act prevents door-to-door or telephone canvassing for subscriptions to shares and sets out that no application for securities offered to the public may be accepted unless the applicant has been furnished with a prospectus. It provides for an annual return of specified information to the Secretary of State that there shall be a properly audited financial statement presented at annual meetings and sent to shareholders and to the Secretary of State; that any mortgage or charge shall be registered with the Secretary of State; that commissions shall not be paid on sales of shares except as authorized by the Letters Patent or Supplementary Letters Patent and disclosed in the prospectus in the case of an offering of shares to the public; that directors must not speculate in shares or other securities of companies of which they are directors; that directors are to be held responsible for untrue statements in prospectuses; and that the Secretary of State may appoint one or more competent inspectors to investigate the affairs of a company. A particular exception for mining companies whose principal objects are exploration, development or operation of mining properties, is made in regard to the requirement that directors of a public company shall not authorize the issue of fully paid shares having a nominal or par value except for cash to the total nominal amount or its fair equivalent.

Part IV of the Act relates to British and Foreign mining companies. It states that any joint stock company or corporation duly incorporated under the laws of the United Kingdom of Great Britain and Northern Ireland, or under the laws of any foreign country for the purpose of carrying on mining operations may, on receiving a licence from the Secretary of State, carry on mining operations in the Northwest Territories and the Yukon Territory (territories where the mining operations are under Dominion control), and shall be entitled to the privileges of a free miner, subject to the laws and regulations governing and affecting free miners.

The fees payable for incorporation under the Companies Act, 1934, vary with the proposed capital. Upon Letters Patent and Supplementary Letters Patent the following are the charges:

Proposed Capital	Fee
$50,000 or less	$100.
More than $50,000 and up to $200,000	$100 plus $1 for each $1,000 (and fraction) in excess of $50,000.
More than $200,000 and up to $500,000	$250 plus 50 cents for each $1,000 (and fraction) in excess of $200,000.
More than $500,000	$400 plus 20 cents for each $1,000 (and fraction) in excess of $500,000.

When shares are sold at an amount fixed by the Letters Patent the fee is calculated at the above tariff on the aggregate of capital at the amount so fixed. Supplementary Letters Patent increasing the capital are charged at the above tariff on the increase only, that is the fee to be the same as for incorporation of a company with a capital equal to the increase. The annual filing fee is $5.00 for a company of $200,000 capitalization or less; $10.00 over $200,000 to $500,000 capital; $25.00 over $500,000 to $1,000,000 capital; and $25.00 plus $1 on each $1,000,000 above the first $1,000,000 capital, the total fee not to exceed $50.00.

7. The Customs Tariff

All persons and corporations, including mining companies, are required to pay customs duties as imposed on goods imported into Canada under the items of a lengthy tariff schedule. The Act setting the duties of customs is known as the Customs Tariff Act and the rates of duties collected are in general according to (1) British Preferential Tariff, applying to goods the produce or manufacture of specified British countries entering Canada without transhipment from a country enjoying the benefits of the British Preferential Tariff. (2) Intermediate Tariff, applying to direct imports of goods the produce or manufacture of any British or foreign country to which the benefits of the Intermediate Tariff are extended. (3) General Tariff, applying to all goods not entitled to admission under the Intermediate Tariff or British Preferential Tariff. There are also special rates under Trade Agreements with certain countries.

Many articles of mining machinery and equipment enter Canada free from customs duty under each of the tariffs, the free entry in some cases, however, being only for articles of a class or kind not made in Canada. In other cases free entry is restricted to the British Preferential Tariff. A large number of articles having to do with metallic mining and metallurgical operations, coal mining, oil-well and gas-well drilling, and other mining operations are included in the various parts of Tariff Item No. 410, an item which singles out many articles of mining machinery and equipment for either free entry or the imposition of moderate tariff rates. Under this item admittance free from duty under all tariffs includes such articles as: car loading machines for loading coal into box cars; machinery and apparatus for producing unrefined oil from shales, not including motive power, of a class or kind not made in Canada; machinery and apparatus for operating oil sands by mining operations and for extracting oil from the sands so mined; well-drilling machinery and apparatus for drilling for water, natural gas or oil, or in prospecting for minerals, not including motive power; machinery and appliances of iron or steel, of a class or kind not made in Canada, and elevators, and machinery of floating dredges, for use exclusively in alluvial gold mining; machinery and apparatus, of a class or kind not made in Canada, for handling ore and other materials charged to the blast furnace at a smelting works; diamond drills and core drills, not including motive power, and electrically operated rotary coal drills, of a class or kind not made in Canada for use exclusively in mining operations; coal heading machines and electric or magnetic machines for concentrating or separating iron ores and automatic scales for use with conveyors, all for mining or metallurgical operations; furnaces for the smelting of ores, converting apparatus for metallurgical processes in metals, machinery for the extraction of precious metals by chlorination or cyanide processes, not including pumps, vacuum pumps or compressors, and blast furnace blowing engines for production of pig iron, all for use in mining and metallurgical operations; amalgam safes, automatic ore samplers, automatic feeders, retorts, mercury pumps, non-metallic heating elements, pyrometers, bullion furnaces and amalgam eleaners, all for use in mining and metallurgical operations; blowers of iron or steel, of a class or kind not made in Canada, for smelting ores or reduction, separation or refining or metals, ores or minerals, also rotary kilns, revolving roasters and furnaces of metal, of a class or kind not made in Canada, designed for roasting ore, mineral rock or clay, and furnace slag trucks and slag pots of a class or kind not made in Canada; buddles, vanners, slime or concentrating tables for mining and metallurgical operations; machinery, furnaces and appliances, of a class or kind not made in Canada, for refining of metals and for the production of anodes, cathodes, blocks, slabs, pigs or ingots, in such refining processes; also certain miner's rescue appliances, combustible and other gas indicators, detectors, inhalators and respirators, miners' acetylene and safety lamps, etc.

In addition to the above mining machinery and equipment given free entry into Canada under Tariff Item No. 410 there are other items in the tariff schedule providing free entry under each tariff of articles or materials used in mining, including diamond dust or bort and black diamonds, for borers; coke of a kind not produced in Canada or coke which, owing to transportation costs, is not available commercially at point of use, when imported for manufacturing calcium carbide or rock wool or for metallurgical operations; safety helmets, xanthates and sulphothio-phosphoric (dithiophosphoric) compounds for processes of concentrating ores, metal or minerals; machinery and apparatus, including machinery and apparatus for carbonizing lignite coal, but not including motive power, when imported for manufacture of fuel briquettes; oil for concentration of ores of metal; platinum crucibles; platinum retorts, pans, condensers, tubing and pipe, and preparations of platinum used for the manufacture or concentration of sulphuric acid.

Free entry under the British Preferential Tariff and low rates of duty (up to 12½ per cent) under other tariffs are accorded to such mining machinery items as heavy duty mine hoists of size and capacity not made in Canada; certain face loading machines and trough conveyor equipment for mining, of a class or kind not made in Canada; machinery and apparatus for washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for sintering iron ore and machinery and apparatus for construction, equipment and repair of blast furnaces for smelting iron ore.

The Customs Tariff also allows a drawback of 99 per cent of the customs duty on bituminous coal imported and used by proprietors of coke ovens for conversion into coke for use in the smelting of metals from ores and in the melting of metals, also on charcoal when used for the smelting of metals from ores, and on bituminous coal when used in melting, evaporating and preparing salt produced in Canada. A 50 per cent drawback applies to lapwelded

tubing of iron or steel not less than four inches in diameter used in casing water, oil and natural gas wells or for transmitting natural gas under high pressure.

Other Dominion Legislation

Although control over natural resources is ordinarily in Canada a matter of Provincial jurisdiction and the mining acts in force in the various provinces are enactments of Provincial legislatures, nevertheless several Dominion statutes have a direct connection with mining enterprise. Also for those of other countries desirous of entering Canada in connection with mining enterprises the Immigration Act is of interest. Hereunder are included brief summaries of:

(1) The Gold Export Act

(2) The Electricity and Fluid Exportation Act

(3) An Act respecting Bounty on Canadian Coal used in the manufacture of Iron or Steel

(4) The Immigration Act

(1) The Gold Export Act

There has been no change recently in the control over the exportation of gold from Canada. The control is exercised by the Minister of Finance under regulations pursuant to the Gold Export Act, enacted in 1932, a brief Act which provided that the Governor in Council might prohibit from time to time the export of gold from Canada. The regulations set out that the export of gold, whether in the form of coin or bullion, from the Dominion of Canada is prohibited except under licences issued by the Minister of Finance, which licences may be issued only to a Canadian chartered bank or the Bank of Canada. (Bank of Canada added in a 1935 amendment to the Act.)

By Order in Council the term "Bullion" is deemed to include all gold in the form of ore, concentrates or base bullion. The Department of Finance issues gold export licences to chartered banks on behalf of mining companies whose concentrates or ore cannot be economically treated in Canada. The procedure, therefore, for the mining operator desiring to export ore or concentrates is to make application through a branch of a Canadian chartered bank to the Minister of Finance for an export licence, stating full particulars of the shipment or shipments intended.

(Note: The disposal of the gold bullion production of Canadian mines is by shipment to the Royal Canadian Mint where settlement is made at the market price. Placer gold shipments are received at the Dominion of Canada Assay Office, Vancouver, operated in conjunction with the Royal Canadian Mint.)

(2) Electricity and Fluid Exportation Act

The Electricity and Fluid Exportation Act has a connection with the mining industry in its control over the exportation by means of pipe lines or like contrivances of petroleum and natural gas produced in Canada. The Act, enacted in 1907, in addition to regulating the exportation of electrical power also provides for regulation of "fluid" exports. The term "fluid" is defined as meaning "petroleum, natural gas, water or other fluid, whether liquid or gaseous, capable of being exported by means of pipe lines or other like contrivances, and produced in Canada." The Act requires that there shall not be export of any power or fluid without a licence nor to an amount in excess of the quantity permitted by licence nor otherwise than as permitted by licence, and the construction of transmission lines for export of power and of pipe lines or like contrivances for the export of fluid is prohibited except under licence. The Act is administered by the Electricity and Gas Inspection Service of the Department of Trade and Commerce, and under the Act licences either for exportation of power or of fluid or for construction of transmission or pipe lines may be granted by the Governor in Council subject to any regulations approved by the same authority. Any licence for exportation may provide that the quantity of power or fluid to be exported shall be limited to the surplus, after the licencee has supplied for distribution to customers for use in Canada power or fluid to the extent defined by such licence, at prices and in accordance with conditions, rules and regulations prescribed. The Act provides that export duties may be imposed on the power or fluid exported from Canada. These duties are not to exceed $10 per horse power per annum in respect to power exported or ten cents per thousand cubic feet on fluid exported, and exemption from the payment of such duties may be made when there is compliance with directions of the Governor in Council with regard to the quantity of power or fluid to be supplied for distribution to customers for use in Canada.

In virtue of provisions of the Act various regulations have been passed by Order in Council for the governance of the exportation of electrical power and of petroleum, natural gas, water or other fluid capable of being exported through pipe lines or other like contrivances. Annual licence fees are prescribed as follows:

(a) In the case of an electrical plant generating not more than 10,000 H.P.—$25.00.
(b) In the case of an electrical plant generating over 10,000 H.P.—$50.00.
(c) In the case of a natural gas plant—$50.00.

Licences may be revoked for refusal to comply with conditions imposed and upon reasonable notice if the electrical energy, gas or fluid is required for the use of purchasers in Canada. In the case of a supply of electrical energy, gas or fluid provided for export and home consumption, the price charged to any person or company in Canada shall not exceed the price at which the product is sold for export in like quantities under similar circumstances.

(3) Bounty on Canadian coal used in manufacture of iron or steel

An Act to place Canadian coal used in the manufacture of iron or steel on a basis of equality with imported coal was assented to in May, 1930. The Act authorizes payment by the Government of Canada to manufacturers of iron or steel of 49½ cents per ton of bituminous coal mined in Canada and converted into coke by proprietors of coke ovens at their coke ovens in Canada and used by such manufacturers in the smelting in Canada of iron from ore or in the manufacture in Canada of steel ingots or steel castings. The Act provides that the bounty shall only be payable so long as the provisions of tariff item No. 1019 in Schedule B to the Customs Tariff remain in full effect. (This tariff item is one which provides for a drawback of 99 per cent of customs duty on imported bituminous coal when imported by proprietors of coke ovens and con-

verted at their coke ovens into coke for use in the smelting of metals from ores and in the melting of metals). The Act provides also that no person or corporation shall receive payment of the bounty if there is not compliance with such laws enacted by the Province, in which the industry concerned operates, for the purpose of maintaining in the operation of such industry hours of labour and rates of wages consistent with the provisions of any international convention adopted by a labour conference held under the Treaty of Versailles.

(4) The Immigration Act

Canada does not impose restrictions, except for the purpose of excluding undesirables, upon persons seeking to enter the Dominion for a temporary stay in connection with business enterprises. Unless entering with the intention of acquiring Canadian domicile, the person coming to Canada in connection with the ownership in or acquiring interests in the mining industry, or in other industries, is not considered as an "immigrant" under the provisions of the Immigration Act. No passport is required in regard to British subjects entering Canada directly or indirectly from Great Britain or Northern Ireland, the Irish Free State, Newfoundland, New Zealand, Australia, the Union of South Africa or the United States of America (British subject here meaning born or naturalized in Canada or in one of the British countries mentioned) nor are passports required from United States citizens. Persons seeking to enter from other countries must be in possession of an unexpired passport issued by the country of which the person is a subject and carrying the visé of an appropriate officer representing Canada in that country. A restriction in force under the War Measures Act excludes the entry into Canada of enemy aliens. In general "immigrants", or those seeking domicile in Canada, must be possessed of sufficient means to maintain themselves until employment is secured and the current Immigration Regulations prohibit, except in regard to British subjects from the countries above specified and citizens of the United States, the landing in Canada of immigrants of all classes and occupations other than of agriculturists with means to farm and of certain persons entering as dependants of persons already in Canada. The entry into Canada of any immigrant with an advance agreement or contract, express or implied, in regard to his employment in Canada is also prohibited except that the Minister of Mines and Resources, who is responsible for administration of the Immigration Act, may admit any contract labourer if satisfied that his labour or service is required in Canada. Under the Act and notwithstanding any other provisions or regulations, the Minister of Mines and Resources may issue a special 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.

B. Foreign Exchange Control Board regulations affecting investment of United States capital in Canadian mining

Since the outbreak of war there has been control in Canada over foreign exchange transactions. While there is no hindrance imposed to the sending of United States dollars into Canada for investment in Canadian mining enterprises, the American investor naturally desires to know about the withdrawal of his capital and concerning the payment to him of interest, dividends and current profits. Hereunder is the policy (*) being administered by the control organization which is known as the Foreign Exchange Control Board (for a statement on the establishment, functions and regulations of the Board see under Section C):

1. New Investments

When an American investor, who has sent United States dollars to Canada for an investment subsequent to the outbreak of war in a new capital development, disposes of his interest in the development. United States funds are provided by the Board at the official rate of exchange up to the amount of the original sum brought to Canada. The "new capital development" may be the establishment or extension of an industrial plant or the development of mining or oil properties (including prospecting and exploratory work); the sale of United States dollars to a Canadian bank and details of the investment must be recorded at the time with the Board. If upon liquidation of the investment a larger sum is realized than that originally invested, the resulting capital gain accrues to the investor in Canadian dollars.

If the investment were made with Canadian dollars obtained otherwise than through the sale of United States dollars to a Canadian bank, the proceeds of the investment will likewise be received in Canadian dollars.

2. Interest, dividends and current profits

American investors continue to receive dividends, interest and profits, and may obtain United States funds at the official rate of exchange for such payments. Dividends, etc. are freely transferred in this manner for all current earnings on the enterprise, whether the investment was made before the outbreak of war or since.

3. Repayment of debts

A Canadian debtor who owes United States dollars to an American creditor under a debt created before the outbreak of war, or created with the approval of the Foreign Exchange Control Board subsequent to the outbreak of war, may obtain United States dollars from a Canadian bank to pay principal and interest as they become due.

Similarly, if such a debt is expressed in Canadian dollars, the Canadian debtor may make payment in Canadian dollars in accordance with the terms of the obligation. (Interest, however, received by the American creditor, may be converted into United States dollars at the official rate of exchange).

4. Trading in Canadian securities

An American holder of Canadian securities can freely sell them to another American, whether in Canada or outside Canada. He may also sell them to a Canadian provided he reinvests the proceeds of sale in other Canadian securities purchased in Canada. Canadian securities cannot be sold to a Canadian for cash, however, except in the case of new investments in Canadian securities made through a Canadian investment dealer since the outbreak of war. In such a case the investor who has registered his purchase of securities with the Board may resell the securities for cash at any time.

(*) From a statement provided by the Foreign Exchange Control Board under date of February 11, 1941.

5. Disposal of Canadian dollars

An American who holds Canadian dollars in a Canadian bank or receives Canadian dollars in circumstances in which the Board is not prepared to provide United States dollars at the official rate of exchange may, nevertheless, dispose of his Canadian dollars to another American (e.g. a United States bank) at whatever rate of exchange may prevail outside Canada.

C. Notes Concerning Various Wartime Authorities, Orders And Regulations

Under the emergencies of war the Dominion Government has established controllers, boards and branches clothed with powers to exercise control over development of natural resources, industry, commerce, etc. Inasmuch as some of these organizations exercise or may exercise powers having a more or less direct connection with the Canadian mining industry there is included hereunder notes or summaries concerning:

1. Metals Controller
2. Oil Controller
3. Construction Control
4. Export Permit Branch
5. Foreign Exchange Control Board

(1) Metals Controller

Under the authority of the Department of Munitions and Supply Act, an Order in Council, No. 3187 of July 15, 1940, appointed a Metals Controller with wide powers "to conserve, coordinate and regulate the metal resources and industry of Canada in order to fulfil the present and potential needs of Canada and her allies", metals being defined as all minerals, ores, metallic products, metals and alloys thereof, save and excepting coal and other solid fuels, oil, steel and iron. The Metals Controller has power among other things to buy or take possession of mines and to mine, process, refine and dispose of metals and deal in metals generally; to take possession of any land, plant, factory, mill, refinery, etc., for the purpose of mining, refining, storing and transporting metals, and to take possession of means of transportation; to take possession of metals wherever found; to fix prices and limit quantities of metals distributed to any person or firm, subject in these powers to the approval of the Minister of Munitions and Supply; to issue permits and licences in connection with buying, selling, drilling for, mining, processing, refining, storing, transporting, importing, exporting, or in any way dealing in metals and to prohibit any person or firm from engaging in such businesses or from constructing or changing any plant, factory or refinery, etc.; to construct or make any structural changes in plants, factories, mills, or refineries used in connection with drilling for, mining, processing, refining or storing of metals; to regulate the types or grades of metals to be produced or processed, exported or imported, etc.; and to require any person, firm or corporation having ownership or possession of properties to drill for, mine, process, refine, store, transport, sell or otherwise deal as directed with the metals controlled, subject to compensation being paid to the owners. The Metals Controller, with the approval of the Governor in Council, may also advance moneys for drilling for, mining, processing, refining, storing, or transporting metals for the purpose of assisting such businesses.

Before undertaking the development of a mineral property a permit must be obtained from the Metals Controller.

(2) Oil Controller

Under the authority of the Department of Munitions and Supply Act, an Order in Council, No. 2818 of June 28, 1940, appointed an Oil Controller and in regulations gave him wide powers not only in regard to price regulation and control of distribution of oil but powers to deal in, acquire possession of, and control oil and oil lands and to take over, as he might deem necessary, operations such as drilling, refining, transportation, and distribution. The original regulations have been superseded by new regulations approved by Order in Council No. 1195 of February 19, 1941. These new regulations do not lessen but rather extend the powers of the Oil Controller. He is given wide latitude to acquire or control any or all operations in any branch or division of the petroleum industry from drilling to refining and distribution of products as related to Canadian oil resources or to imported oil and chemical, mineral or other materials or substances required for production, manufacture, processing or refining of oil. Also benzol, and any substitute product for developing power in internal combustion engines, and anti-freeze solutions, are within the scope of his operations. As affecting oil wells or oil-bearing lands, the Oil Controller, among other things, may take over any land, plant, refinery, etc., for the purpose of operating the same and may issue or reissue licences to any person or class of persons dealing in or with oil. He may prohibit or regulate any construction of buildings or plant connected with the oil industry, prohibit the acquiring by purchase, lease, option or other agreement of any property, may construct or change any plant or require any person to provide any plant or equipment or require a person having oil property to mine, drill or otherwise develop the same. He may take over drilling or other development operations or with the approval of the Governor in Council may advance moneys for mining, drilling, producing, manufacturing, processing or transporting oil.

(3) Construction control

Under the authority of the Department of Munitions and Supply Act, an Order in Council, No. 660, of January 30, 1942 (replacing Order in Council No. 3481, of May 16, 1941, and amendments thereto), gives wide powers to the Controller of Construction in regard to controlling new construction, repairs to buildings, expansion of existing facilities, and replacement of equipment. The new regulations in regard to the licensing of construction remove the previous exemption relating to the mining industry and require that no person except the holder of an uncancelled licence from the Controller shall (a) install in any plant any equipment at a total cost exceeding $5,000 for all equipment so installed in each project; (b) construct any plant or make repairs, additions or alterations to any plant at a total cost exceeding $5,000 for each project; (c) construct, or make repairs or alterations or additions to, any building other than a plant and/or install therein any equipment, at a total cost exceeding $5,000 for all of such construction, repairs, alterations, additions and installations included in one project.

(4) Export permit branch

Under wartime restrictions, the export of numerous commodities and products of Canadian industry is prohibited except under permit. Replacing previous control through the Department of National Revenue and by certain specified boards, administrators or controllers, the Canadian Government in April, 1941, moved

to place the control over the issuance of export permits in the hands of one centralized agency. An Order in Council, No. 2448, of April 8, provided for the establishment of the Export Permit Branch, Department of Trade and Commerce, Ottawa, which now functions as the centralized agency in the issuance of export permits for all products for which such permits are required. Provision is made that before permits are issued on behalf of the Minister of Trade and Commerce there shall be consultation with responsible officials of such administrators as the Steel Controller, Metals Controller, Oil Controller, etc., where an administrator or controller has been established to deal with a product for which an export permit is required. Included in the scheduled items for which export permits must be obtained before the products can be shipped out of the Dominion are many of Canada's mineral products, such as nickel, copper, lead and zinc, other non-ferrous metals and alloys, iron ore, asbestos, etc. The Minister of Trade and Commerce may, however, waive the requirements for export permits respecting any specified article or articles exported to any part of the British Empire or such other country or countries as he may designate. The Order in Council also sets out that no person shall export any goods to any country outside the Western Hemisphere, other than to parts of the British Empire, nor to colonies or possessions of France within the Western Hemisphere, without first having obtained a permit. The Export Permit Branch issues from time to time "Export Permit Regulations", as approved by the Minister of Trade and Commerce, together with a schedule of the commodities for which an export permit is required. Permit fees are $2.00 each except that no fee is required in respect to a permit covering the export of goods valued at $100 or less and no permit is necessary for shipments valued at less than $5.00.

(Note: Notwithstanding that the issuance of export permits generally is in the control of the Export Permit Branch, Department of Trade and Commerce, the exportation of all gold including ore and concentrates is permitted only by license secured from the Minister of Finance pursuant to the Gold Export Act.)

(5) Foreign Exchange Control Board.

The Foreign Exchange Control Board was established by an Order in Council dated September 15, 1939, under the War Measures Act, for the purpose of regulating and controlling transactions in foreign exchange and foreign trade, both imports and exports. The authority under which the Board operates is known as the Foreign Exchange Control Order, which has been amended from time to time by Order in Council. By minutes of the Board, extensive regulations have come into effect for the purpose of carrying out the functions of the Board in licensing imports and exports of goods, currency, securities or other capital or properties. The regulation of foreign exchange dealings, under orders of the Board, is largely performed by Authorized Dealers, a term which includes all branches of every Canadian chartered bank. The Authorized Dealers may engage in any transactions in or affecting Canadian currency, foreign exchange or other property which the Board may from time to time permit. The Foreign Exchange Control Order sets out among other things that no person in Canada shall buy or sell, or otherwise acquire or dispose of, foreign exchange or any right, title or interest in foreign exchange, except as may be permitted by the Order or by a permit granted by the Board; that every resident who acquires ownership, control or right in or to foreign exchange shall, unless the Board otherwise provides, declare the same to the Board and irrevocably offer the same for sale or assignment to an Authorized Dealer at rates prescribed by the Board; that unless the Board otherwise provides every person, other than an Authorized Dealer, desiring or being required to buy or sell foreign exchange shall make application to an Authorized Dealer; that no resident shall, without a permit from the Board, assign, transfer or deliver any foreign securities, or any right, title, or interest in such, to a non-resident except pursuant to a sale yielding immediate payment of United States dollars to the fair value of such securities; that no resident, without a permit, shall assign, transfer or deliver Canadian domestic securities, or right, title or interest in such, to a non-resident except pursuant to a sale yielding immediate payment of United States dollars or Canadian dollars to the fair value of such securities; that no resident, without a permit, shall purchase securities from a non-resident or purchase securities owned by a non-resident or sell securities for a non-resident or sell securities owned by a non-resident, except that where a non-resident has a permit for sale of securities in Canada or for sale of securities for delivery in Canada a resident purchaser of such securities or a resident agent selling such securities is not required to have a permit; that no resident, without a permit, shall pay or transfer Canadian dollars or right, title or interest in Canadian dollars to a non-resident; that no person, without a licence from the Board, shall export any property from Canada or import any property into Canada (property being defined as including every kind of property, real and personal, movable and immovable); that no person, without a licence, shall accept payment in Canadian dollars for any property exported or to be exported; and that no person shall make an export of capital from Canada (subject to certain exceptions), except under permit granted by the Board. The Board may by regulation and by public notice require residents of Canada holding any described foreign securities to sell the same to His Majesty in the right of Canada at such price as the Board decides is not less than the value. The Order also provides that every Collector of Customs and Excise and every Postmaster, if so required, shall act as agent for the Board with regard to issuing export and import licences and controlling exports and imports.

(The policy being administered by the Foreign Exchange Control Board with respect to the American investor making an investment in Canada, with regard to the payment to American investors of interest, dividends and current profits, and with regard to sale of Canadian securities by American holders of same, etc., is separately dealt with herein.)

Division of Economics,
Bureau of Mines,
Mines and Geology Branch,
Department of Mines and Resources.
Ottawa, May, 1945.

Notes re Items in Budget of October 12, 1945, relating to the mining industry and the probable effect of those thereon

1. Resolutions to amend the Income War Tax Act

"16. That the right of a corporation whose principal business is the production, refining,

or marketing of petroleum or petroleum products to deduct 40 per centum of the exploration costs and drilling costs of oil wells which prove to be unproductive be extended to wells spudded in before the thirty-first day of December, 1946;

17. That the right of a corporation, association, syndicate or exploration partnership, formed for the purpose of exploring and drilling for oil, to deduct 26⅔ per centum of exploration and drilling expenses be extended to expenses incurred in 1946;

18. That the right of a corporation, associations, syndicates or exploration partnerships formed for the purpose of exploring and drilling for natural gas, to deduct 30 per centum of exploration and drilling expenses be extended to expenses incurred in 1946;

19. That a corporation whose chief business is that of mining or exploring for minerals be allowed to deduct 26⅔ per centum of prospecting, exploration and development expenses incurred in 1946 in searching for minerals;

20. That the right of corporations, associations, syndicates or exploration partnership whose principal business is production, refining or marketing of petroleum or exploration or drilling for petroleum to deduct 50 per centum of expenditures made directly or indirectly in connection with deep test oil wells which prove to be unproductive be extended to wells spudded in before the thirty-first day of December, 1946."

Comments:

In none of resolutions Nos. 16, 17, 18 and 20 is any further consideration or benefit provided than now exists. The object of the resolutions is to extend these benefits through the calendar year 1946.

The benefits in the previously existing item were restricted to metalliferous or strategic mineral mining and exploration companies. Resolution No. 19 broadens the scope to include all mining and exploration companies.

The benefits in the previously existing item were confined to prospecting, exploration and development expenses incurred in searching for base metals and strategic minerals. Resolution No. 19 extends this benefit to the search for all minerals.

2. Resolution to amend the Excess Profits Tax Act

"6. That the exemption of the profits of corporations derived from the operation of any base metal or strategic mineral mines be extended to the profits of corporations derived from the operation of gold mines and industrial mineral mines, and that such exemption be extended to the profits of such mines which come into production after January 1, 1946."

Comments:

The effect of this resolution is to extend beyond December 31, 1945, to corporations operating base metal or strategic mineral mines the benefits they presently enjoy. It also provides for the same benefits to be applied to corporations also operating gold mines and industrial mineral mines.

3. Resolutions to amend the Special War Revenue Act

"1. That the consumption or sales tax shall not apply to machinery and apparatus and complete parts thereof which, in the opinion of the Minister of National Revenue, are to be used directly in the process of manufacture or production of goods; provided that this exemption shall not apply to office equipment or motor vehicles;

3. That the 10 per cent war exchange tax be rescinded."

Comments:

It would appear that the dropping of the consumption or sales tax on machinery, apparatus and tools used in the process of manufacture or production of goods would be of benefit to many mining and metallurgical companies.

The rescinding of the 10 per cent War Exchange Tax will undoubtedly be of benefit to the mining and metallurgical industries because of the amount of equipment they ordinarily import.

General Comment

The entire benefit of the resolutions listed above and, possibly, of some others will not be apparent until border-line cases have been considered and practice established upon which decisions may be made.

Mines and Geology Branch,
Ottawa, October 18, 1945.

THE SENATE

Tuesday, November 13, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

WAR CHARITIES BILL

FIRST READING

A message was received from the House of Commons with Bill 13, an Act to amend the War Charities Act, 1939.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Tomorrow.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills, on Bill Q3, an Act to amend an Act to incorporate The Royal College of Physicians and Surgeons of Canada.

He said: Honourable senators, the committee have in obedience to the order of reference of the 30th of October examined the said bill and beg leave to report the same with the following amendment:

Page 2, line 3, leave out the words "his/her". These words are unnecessary.

The motion was agreed to.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill W2, an Act to incorporate the Catholic Episcopal Corporation of Whitehorse.

He said: There are eight amendments to the bill, all of a drafting character. One clause that we considered unnecessary has been struck out. The other amendments are for the purpose of tightening up the wording of the bill without in any way affecting its general purport.

Hon. ANTOINE J. LEGER: Honourable senators, in the committee this morning some observations were made with reference to section 13, now section 12, of the draft bill. No definite action was taken. I have since had occasion to consult some of the members of the committee, and I have also conferred with the Law Clerk. They all agree that it would be desirable to have the bill sent back for further consideration. I therefore move that the bill be not now placed on the Order Paper for third reading, but that it be referred back to the committee for further consideration.

Hon. S. A. HAYDEN: I second the motion. I may say by way of explanation that there is no desire to impede the passage of the bill. It was felt this morning that there was a much better way of dealing with a certain provision in the bill in accordance with Senate practice, but the information required was not then available.

Hon. Mr. HUGESSEN: I think there is a good deal in what honourable senators have said. A point has been raised on which we did not have complete information this morning; I, therefore, have no objection to the motion of my honourable friend.

The motion was agreed to, and the bill was referred to the Committee for further consideration.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HOWARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill A4, an Act to consolidate and amend the Acts relating to Alliance Nationale.

The motion was agreed to.

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. BENCH: Next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HOWARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill V2, an Act to incorporate Compagnie de Fiducie du Canada (Trust Company of Canada).

The motion was agreed to.

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. HOWARD: Next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. EULER presented Bill F6, an Act to incorporate Canada Health and Accident Assurance Corporation, which was read the first time.

Hon. Mr. HOWDEN presented Bill G6, an Act to incorporate Canadian Conference of te Mennontie Brethren Church of North America, which was read the first time.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are called I desire to suggest to honourable senators that the volume of legislation which we may reasonably expect to come to us in the next few days would seem to make it probable that we shall be sitting every week for some time to come. For the convenience of honourable senators who have to arrange reservations for travel, I would add that so far as I can tell at present there will be no business requiring our attention on Friday of this week, so that on Thursday we could adjourn until next Monday evening.

Hon. Mr. HAIG: I understand the Prime Minister of Great Britain is expected to address the members of both Houses on Monday afternoon. We certainly want to hear him, and I would suggest that in order to have as large a number of senators as possible present for his address we should resume here on Monday afternoon.

Hon. Mr. ROBERTSON: That is an excellent suggestion. I was simply making an announcement for the convenience of honourable senators who have to secure reservations.

Hon. Mr. BALLANTYNE: Can the honourable leader give any indication of what measures are likely to reach us within the next few days? So far as I can observe, there are none.

Hon. Mr. ROBERTSON: On our Order Paper today there are two public bills for second reading. One of these is to be proceeded with this afternoon and the other tomorrow afternoon. I am advised that the bill to incorporate the Central Mortgage and Housing Corporation will probably be passed by the other House this afternoon, and may reach us today or tomorrow. It is probable that other measures will be coming over for our consideration from time to time.

INTERNATIONAL LABOUR ORGANIZATION—PROTECTION OF WORKERS

INQUIRY AS TO COMMITTEE SITTINGS

On the Orders of the Day:

Hon. Mr. HAIG: May I enquire from the honourable chairman of the Standing Committee on Immigration and Labour (Hon. Mr. Murdock) when the committee is likely to sit to consider the matter referred to it last night. I want to be present.

Hon. Mr. MURDOCK: I am sorry that I was not present at the latter part of last night's sitting. Was a bill referred to the committee?

Hon. Mr. HAIG: A resolution.

Hon. Mr. MURDOCK: The resolution approving the convention adopted by the International Labour Organization in 1932?

Hon. Mr. HAIG: Yes.

Hon. Mr. MURDOCK: I spoke to my leader and understood that a reference to the committee on this matter would be superfluous and would not be made.

Hon. Mr. ROBERTSON: That is quite so. When the honourable gentlemen spoke to me I said I was under the impression that there would not be a reference to the committee; but last evening, after the honourable gentleman had left the Chamber, the honourable senator from Thunder Bay (Hon. Mr. Paterson) suggested that the resolution be referred to a committee in order that further information might be obtained. That suggestion was adopted, and it is to be hoped that appropriate officials will be asked to come, at the convenience of the Committee, and give whatever information is necessary.

Hon. Mr. MURDOCK: Considering that the resolution has been delayed this long, I presume a little further delay will not matter. I have to be out of town the rest of this week. A meeting of the committee can probably be arranged for some time next week.

Hon. Mr. HAIG: I thank the honourable gentleman. I simply wanted to make sure to be present at the committee's meeting.

TRANS-CANADA AIR LINES BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 21, an Act to amend the Trans-Canada Air Lines Act, 1937.

He said: Honourable senators, I would ask the honourable gentleman from Toronto (Hon. Mr. Campbell) to explain this bill.

Hon. G. P. CAMPBELL: Honourable senators, this bill passed the other House after some discussion by honourable members on both sides. The chief purpose of the bill is to increase the authorized capital of Trans-Canada Air Lines to enable it to proceed with its programme of development in the post-war period, and also to empower the Governor-in-Council to create new companies to engage in the air transport business as subsidiaries of Trans-Canada Air Lines.

The present law pertaining to transportation by air is fairly clearly defined in one or two statutes. The Government has established a policy by which air transportation on main lines in the Dominion of Canada and on all international lines shall be under the control of a Government-owned corporation. That policy was laid down under the provisions of the Aeronautics Act. The Trans-Canada Air Lines Act does not establish any such policy, but simply authorizes the formation of a company to engage in air transportation services. The Aeronautics Act, which was amended last session, clearly establishes as a matter of Government policy that the main lines of air transportation shall be carried on by a Government-owned company. It therefore becomes necessary in the post-war period to increase the capital of the company charged with this responsibility, so as to provide the citizens of this country with adequate means of air transportation.

The main purpose of the bill is to place the Trans-Canada Air Lines in a position to carry out the objects for which the corporation was formed. The first of these is the extension and development of its domestic services. Since the formation of the corporation in 1937 there has been established one main line serving Canada from coast to coast. Subsequent to 1937 the Canadian Pacific Railway Company acquired a number of branch lines with a view to establishing a competitive service over some air routes. When war broke out the Government-owned corporation, although it had been in operation only two years, had established a record for air-line development.

Nothing in this bill in any way relates to the policy of the Government as laid down last session, when amendments were made to the Aeronautics Act, although in the other place there was considerable discussion on the point. I mention this simply because I intend to confine my remarks to the subject-matter of this amending bill.

The establishment of new air lines is now necessary as new equipment becomes available. It is the policy of the corporation to acquire faster and better planes so as to provide more frequent service. New four-motor aircraft will be in operation as soon as they become available.

Formerly the corporation's operations were confined to the northern route, but as a result of the convention which was agreed to at the Chicago conference, Trans-Canada planes are now able to use a shorter route over the United States, with liberty to land for purposes of refuelling and servicing. This reduces the flying time by several hours and provides facilities for an alternative route. Another service has been established from Winnipeg to Saskatoon and Edmonton. Agreements have also been entered into with the Government of the United States to provide additional services from Halifax to Boston, from Toronto to Cleveland, from Toronto to Chicago, from the lakehead to Duluth, from Victoria to Seattle, and from Whitehorse to Fairbanks.

I am sure honourable senators will realize that if transportation by air is to be developed in Canada to provide a service comparable with that provided by other countries, the corporation responsible for the service must be adequately capitalized. For the immediate purposes of furnishing these added facilities, and some other international facilities which I will deal with later, the Government asks that the capital of the company be increased from $5,000,000 to $25,000,000.

The international air services which are to be established have already been announced by the Minister of Transport. The first will be via the North Atlantic route to the United Kingdom, and it is hoped that within a short time a regular service will be in operation. The second air service will be from Eastern Canada to the West Indies, the Caribbean area and Latin America. The third will be to the Pacific, in co-operation with other Commonwealth air services. It is hoped that these other services will be operating within two or three years, when machines and facilities are available.

It may interest honourable senators to know that at the Chicago conference our representatives, who took a leading part, succeeded in establishing what is known as the "two freedoms of the air." These freedoms or privileges are extremely important in connection with the development of international airways, for they enable countries engaging in international air transportation to route their aircraft over other countries. In addition, aircraft flying between points in Canada have the privilege of flying across another country. The second freedom is for aircraft to land in a foreign country for repairs or refuelling. It was hoped that a third freedom might have been arranged —the freedom to carry traffic from the plane's country of origin to another country; but the representatives of the various governments were unable to agree on a multilateral agreement respecting those rights. It was agreed, however, that countries could make bilateral agreements. For instance, Canada and the United States might agree that Canada could fly passengers to the United States and bring back passengers from the United States. But, as I have said, no agreement was reached that such an arrangement should apply generally. Further attempts will be made to agree upon the freedoms to be granted companies establishing flying services to other countries.

In connection with our international air developments, particularly from Canada to the United Kingdom, we are going to be subject to competition from the United States. Already it has been announced that three private companies now operating in that country will have the right to fly to Great Britain or the continent. So if we are to retain the position we occupy today, it is important that we have facilities under the provisions of the Trans-Canada Air Lines Act to finance our companies which will engage in international transportation.

Hon. Mr. HAIG: May I ask my honourable friend if those are not publicly owned companies?

Hon. Mr. CAMPBELL: In the United States?

Hon. Mr. HAIG: No, in Canada.

Hon. Mr. CAMPBELL: The honourable member for Winnipeg (Hon. Mr. Haig) may have misunderstood me. The competition would be with the lines of private companies operating between the United States and Europe or Great Britain. For instance, there are, if I am not mistaken, the Pan-American, TWA and American Export Lines.

The point I wish to make is that since the Government has adopted a policy whereby government-owned corporations will provide international transportation services by air, it is important that those services be estab-

lished at the earliest possible date, so that we may compete with the American lines from New York, Boston and other places in the United States to the continent and the United Kingdom. Therefore it was thought necessary that operating companies should be set up; that is to say, that the Governor in Council should have power to form companies to operate these international air lines. It has not yet been decided whether one company or more will be formed to operate these lines. It was agreed at the conference in Chicago, and also, I think, at the conference recently held in Montreal, that all companies engaging in international air transport should file with the international organization records showing full particulars and details of the services provided, the cost of those services, and other information which may be required to prevent cut-throat competition and instability in the industry, both from a financial and an operating point of view. Therefore it was again considered essential that new companies be set up to carry on operations.

Hon. Mr. BALLANTYNE: I suppose these new companies will be Crown companies.

Hon. Mr. CAMPBELL: It is intended that they should be wholly-owned subsidiaries of Trans-Canada, and the amendment to the bill provides for that.

Hon. Mr. Haig: It is provided in the bill?

Hon. Mr. CAMPBELL: Under clause 10 of the bill a new section 20 is added to the act. This section makes full provision for the setting up of these new corporations.

It should be pointed out that under section 10 there is no obligation imposed upon Trans-Canada Air Lines to retain all the stock in the companies that may be formed, though that is the acknowledged intention. It is provided that Trans-Canada Air Lines cannot divest themselves of more than 49 per cent of the stock; in that way they will always be in control; but section 3 of the bill authorizes the corporation to deal with shares in the new companies, with power—

to purchase, hold and, subject to the provisions of this Act, sell and dispose of shares in any company incorporated under section 20.

The main purpose of that section is to enable Trans-Canada Air Lines to make agreements with feeder lines in other countries, and it was thought necessary to authorize the acquisition of shares in those companies, if it would help in developing business.

The other provisions of the bill deal with mail contracts to be entered into between the Postmaster General and the corporation. Formerly the procedure was to make a ten-year contract for the carrying of mail, and rates were fixed from time to time depending upon the frequency of service and so forth. When the original Act was passed the company was largely dependent for its operation upon revenue received from the carriage of mail. There was not then the volume of passenger traffic available that there is today, and the payments made by the Postmaster General were more or less regarded as a subsidy. But many changes have taken place, and now the services to be rendered by these air transport lines will be for the convenience of passengers. The air lines will also carry mail at rates to be agreed upon from time to time, under contracts to be settled between the Postmaster General and the company, and approved by the Governor in Council.

Hon. Mr. HAIG: May I ask what provision there is under the existing law to enable Parliament to go over the operations of this company or these new companies to be formed? What control has Parliament?

Hon. Mr. CAMPBELL: Parliament has no more control over them than it has over any corporation that is engaged in any field of operation. For instance, when the bill was originally passed Trans-Canada Air Lines were set up as a company with authority to engage in transportation by air. The amendments do not enlarge that authority at all, except to facilitate the formation of companies, controlled or wholly owned by Trans-Canada, which also engage in air service. It would appear that the protection of the public in a matter of this kind is that nothing can be done without the approval of the Governor in Council. The reports of Trans-Canada are placed before this House and the other House, where questions can be asked and the whole story made the subject of discussion and review in Parliament at any time.

Hon. Mr. VIEN: Is not the honourable senator of the opinion that it is not a question of control, as suggested by the honourable senator from Winnipeg (Hon. Mr. Haig), but a question of expediency? Parliament's control over Government-owned corporations cannot, I believe, be questioned. Parliament can always bring Government-owned corporations to order; it can compel them to appear before committees and can always enact such legislation as will put the ultimate control of Government-owned corporations in the hands of Parliament.

Hon. Mr. CAMPBELL: I think the best comparison I can give is to say that the new corporations which are engaged in the busi-

ness of transportation by air are in the same position as the Canadian National Railways.

Hon. Mr. VIEN: Even in that case would not the honourable senator agree that Parliament has a direct control? In the wisdom of Parliament it is exercised with care, and it is expedient that there should be no political interference with the management of the Canadian National Railways? If Parliament felt that there was something wrong in the management of the Canadian National Railways it could summon the officials of the railway to appear before Parliament and could remedy the situation by legislation.

Hon. Mr. BALLANTYNE: I am sorry to interrupt. No doubt my honourable friend has read the bill and knows that it is a most extraordinary one. Everything is in the hands of the Governor in Council and the Minister. The Minister and Governor in Council can do this and that. How is Parliament going to know in detail what the Governor in Council is doing, and how is it going to know what the Minister is doing? I can summarize my remarks by saying that the trend in Canada, unlike that in the United States, is towards putting the whole air service into the hands of the Government and eliminating all private competition.

Hon. Mr. CAMPBELL: With great respect, I cannot quite agree with that statement. Very little power is given to the Minister by this bill. The Governor-in-Council has power to form the corporations, which power will be exercised upon the advice of the Minister.

Hon. Mr. HAIG: Was the Government not given the power in last year's bill, which placed the authority mostly in the hands of the Minister?

Hon. Mr. CAMPBELL: Yes.

Hon. Mr. HAIG: It is the combination of the two that is bad.

Hon. Mr. CAMPBELL: With great respect, I would point out that there are many differences between the Aeronautics Bill and the present one. I can find only one power vested by this bill in the Minister, and that, provided by Section 3(f), is:

to lend money to any corporation incorporated under section twenty of this Act on such security as the Minister may determine.

Hon. Mr. HAIG: That is quite important.

Hon. THOMAS VIEN: Did I understand the honourable senator to suggest that because Trans-Canada Air Lines is incorporated as a company the Minister responsible for the administration of the Act is deprived of proper ministerial direction over the company's activities and would have no control even if those activities were contrary to Government policy? If that were so, I should be against this bill.

Hon. Mr. CAMPBELL: No, that is not so at all. Trans-Canada Air Lines is a Government-owned corporation formed for the purpose of engaging in the business of air transportation. Like the Canadian National Railways, it is operated by a board of directors and its power to create subsidiary corporations is subject to the approval of the Governor in Council, a safeguard that is necessary.

Hon. Mr. EULER: Is this bill merely to enable the company to extend its operations into the international field, whereas so far they have been only in the home field?

Hon. Mr. CAMPBELL: The company is in exactly the same position as the Canadian National Railways or any government-owned corporation that finds it necessary to extend its operations either domestically or internationally, and it has been decided that the best way to make extensions is through wholly-owned subsidiary corporations.

Hon. Mr. BALLANTYNE: Why is that policy not followed by the United States, then?

Hon. Mr. CAMPBELL: I cannot answer that. But in this country that policy has been laid down and approved by Parliament in the Aeronautics Act, and the bill makes no change whatever in it. The bill simply places Trans-Canada Air Lines in a position to continue its operations in accordance with that established policy of the Government and to provide essential air transportation services, through its own operations or those of wholly-owned or controlled subsidiaries.

I do not know that there is any further explanation I can give. I would suggest that after second reading the bill be referred to the Committee on Railways, Telegraphs and Harbours.

Hon. Mr. EULER: Under the Aeronautics Act would it be possible for the company, if it had the necessary means, to engage in international air traffic?

Hon. Mr. CAMPBELL: Oh, yes. The Trans-Canada Air Lines, under the Act of incorporation which was passed in 1937, may engage in international operations or extend their domestic operations, but unless this bill were passed they could not do so through subsidiary companies, nor could they obtain the necessary capital. The main purpose of the bill is to provide capital and other facilities by which the corporation may extend its operations through subsidiary companies.

Hon. Mr. QUINN: Does this bill not provide exclusive rights to air transportation in Canada and prevent all competition?

Hon. Mr. CAMPBELL: No, it does not. There is nothing whatever in the bill that provides exclusive rights. If competition is prohibited over the main routes of Trans-Canada Air Lines, that is done under the Aeronautics Act.

Hon. Mr. VIEN: Did I understand the honourable gentleman to suggest that the establishment of monopolies was condemned under the international conventions agreed to at Chicago?

Hon. Mr. CAMPBELL: I made no such reference. What I did say was that the conferences agreed that the companies which engage in international air operations should file a detailed statement as to their operations, and Trans-Canada Air Lines therefore considered it advisable to have their international operations carried on through a subsidiary company.

Hon. Mr. VIEN: Honourable senators, I think there is abroad a wrong impression concerning the powers of ministers of the Crown over government-owned corporations. The honourable senator from Toronto (Hon. Mr. Campbell) has compared the Trans-Canada Air Lines to the Canadian National Railways. It is well that there should be as little interference as possible with the management of such corporations. Their directors are men of experience who possess the confidence of the public; they should be left free to exercise their managerial discretion in the best interests of their respective companies. It is an error, however, to suggest that the Government is or should be completely divorced from these corporations, which, after all, are the property of Canada. Their directors and managers are servants of the Canadian people. Their policies should be determined by responsible ministers of the Crown, the ministers to whom these companies must respectively report.

I repeat that it is desirable and expedient to protect these corporations against political interference. That is a fundamental principle of government ownership. But Parliament cannot and should not delegate its supreme control to anyone, either to a government-owned corporation or to a board or commission, as has been done so frequently in recent years. Reference was made to the Board of Transport Commissioners, formerly the Board of Railway Commissioners, which is an administrative and judicial body completely remote from political influence. I was a member of that Board for five years. During my tenure of office it never came to my knowledge that the Government, directly or indirectly, attempted at any time to exercise its influence over the Board in any way. But section 52 of the Railway Act provides for an appeal to the Governor in Council from decisions of the Board on questions of jurisdiction, of law and, indeed, of fact. That is in keeping with sound principles of responsible government. The Government, responsible to Parliament, cannot and should not relinquish its final control over the conduct of public affairs.

I shall study this bill carefully. If it is in keeping with the principles embodied in the Canadian National Railway Act, I am all for it. But I want to go on record as objecting to the suggestion that once a corporation of this kind is created and its management appointed, the minister to whom it must report is no longer responsible for the administration of its affairs. No minister should exercise any political influence in the administration of a government-owned company, but he cannot divest himself of his responsibility to the elected representatives of the people. I am in favour of government ownership of certain public utilities, but I am opposed to Parliament or the Government delegating its responsibility to an irresponsible party.

Hon. JOHN T. HAIG: Honourable senators, I do not think I need reply to my honourable friend who has just taken his seat. In dealing with this bill we are not concerned with the Railway Act or the Board of Transport Commissioners. Last session we passed an Act giving power to the Minister to take over all air lines in Canada, and that is what this bill is intended to do by providing the necessary capital.

There are one or two things that we should recognize we are doing if we pass this bill. First of all, we are forming a government-owned air-line system. That is apparently the policy of the Government, and there should be no misunderstanding about it. This bill is simply for the purpose of giving the Government money to carry out that policy. If we do not pass the bill the Government will not be able to give effect to that policy, simply because there will be no money to finance it.

I do not think you will find much difference of opinion among the people of Canda over the question of international arrangements for air services being made by the Government. What, in my judgment, our people are perturbed about is the fact that this bill is not only for the purpose of starting new lines, but

will also enable the Government to take over lines now operated by private corporations. There is a feeling throughout the country that that is not a proper policy.

Let me ask honourable members to recall what happened some years ago when people began transporting goods by motor trucks. The owners of those trucks organized automotive transportation companies, and after those companies got going it was said that the railway companies should have been first in the field and made highway transportation part of their business. There was bitter criticism of both the Canadian Pacific and the Canadian National because they had not foreseen that development. When air transportation became feasible the Government established Trans-Canada Air Lines and put the corporation under the Canadian National Railways for operating purposes. The Canadian Pacific Railway Company bought out branch air lines as feeders to their main lines of railway. With that policy I agree entirely. It has met the condition in air transportation that the railway companies should have met in highway transportation. But now the Government comes along with legislation for the purpose of providing the necessary capital to take over all private air-line companies. I object to that policy. I do not think it is fair. It is catering positively to socialism; it is socialistic legislation of the rankest kind. Socialists could do no better in that kind of legislation if they were in control of Parliament tomorrow. They would not have a "t" to cross or an "i" to dot in copying this socialistic legislation for the purpose of controlling all air transportation in this country. Last June the electorate did not vote for socialism; they voted for anything but that.

As to government ownership, it did not make much difference in the operation of the post office, it did not make much difference to street railway transportation in some of our cities and towns; but now government ownership is a big question. Take the Hydro-Electric Power Commission of Ontario, what taxes does it pay? Take the Hydro-Electric Commission of Manitoba, what taxes does it pay?

Hon. Mr. HOWARD: It is all wrong.

Hon. Mr. HAIG: What taxes does the Montreal Light, Heat and Power Company pay? I do not know the exact figure, but I understand it is about $9,000,000. We are right on the same line here again. My honourable friend a few minutes ago said that the directors of the Canadian National Railways were not subject to political control. I am not suggesting they are, but I am suggesting that every time the Government of Canada steps in and makes a corporation a government institution, it thereby cuts off taxes from that source and leaves that much greater load on other people.

Hon. Mr. HARDY: Is there not the same chance of their making profits to compensate for that? As a matter of fact they do make profits.

Hon. Mr. HAIG: Our experience has not been encouraging along that line. I have a good memory, and I can recall those unhappy years when the Canadian National Railways showed terrific operating losses. I remember when in 1936, under legislation passed that session, the present Prime Minister changed the management of the Canadian National Railways and put in directors, all of whom were supporters of his Government: not a single member of any opposition party was allowed on the board, and I do not think there has been one since.

I fear the loss of taxation and the unfair competition which this bill involves. Take my own city of Winnipeg. The Winnipeg Street Railway Company owns power sites on the Winnipeg river. The city of Winnipeg also owns power sites on the Winnipeg river. The street railway company has to pay taxes on its sites, but the Winnipeg Hydro-Electric does not pay a cent. True, the commission this year made a net profit of about $750,000, and the commissioners paid part of those profits over to the city to help relieve taxation. In that way the hydro-electric undertaking paid taxes. But the C.C.F. in our city are objecting most strenuously to that policy. They say the Hydro-Electric Commission is a government institution, so why should it pay taxes. You have the thin edge of the wedge in this bill.

A similar discrimination prevails against private companies engaged in the operation of the grain trade in our western country. We have co-operatives handling grain, and they pay no taxes; but the elevator alongside of them owned by a private company pays taxes. That is the situation. It may be politically wise not to tax co-operatives and government institutions, but economically it is unwise and unfair. The city of Winnipeg cannot tax any Dominion Government building. The Dominion Government has increased its holdings in Winnipeg, and everyone of them is non-taxable. That is what confronts us in this country, and I believe this House should face up to that situation. Our political opinions should not prevent us from doing what is best for the general interest of Canada. If government institutions paid the same taxes as do private institutions, my argument would fail, but unfortunately they do not.

Hon. Mr. ROBERTSON: Do not taxes come from the people anyway, either in the cost of goods and services or directly? A company does not pay its own money, it only pays the money it gets from the cost of its goods and services.

Hon. Mr. HAIG: That is a good question. Suppose I put my money in so many shares of stock of the C.P.R., and you put your money in Dominion bonds. I pay taxes on my stock, and then I pay income tax on my dividends. You pay income tax on your interest. I am taxed twice; you only once.

Hon. Mr. VIEN: Is the honourable senator in favour of the public ownership of public utilities?

Hon. Mr. HAIG: I will answer the question. If you will tax public utilities owned by the Government the same as you tax private utilities, then I do not care who owns them.

Hon. Mr. HUGESSEN: If there is competition, so as to make it fair between the two.

Hon. Mr. HAIG: Yes. Where the Crown corporation operates an air line, a railway or a motor transport company, you are subsidizing competition at our expense. If I owned stock in the C.P.R. I would resent most bitterly the fact that the people of Canada as a whole were subsidizing competition by the Canadian National Railways. If we tax the Crown corporation the same as the C.P.R., I have nothing to say on that branch of the case.

Hon. Mr. CAMPBELL: Assuming the C.P.R. Air Lines and the Trans-Canada Air Lines both operate at a profit, we get 100 per cent of the profits from the Trans-Canada Air Lines and only a percentage of the profits from the C.P.R. Air Lines. Are not the people of Canada better off than if both companies were privately owned and operated?

Hon. Mr. HAIG: The only trouble is that that has not been our experience. Experience is a good teacher.

Hon. Mr. CAMPBELL: The Trans-Canada Air Lines showed a profit last year.

Hon. Mr. HAIG: Yes, during the war. But take the years from 1930 to 1939 and see how much we paid out to the C.N.R. and how much the C.P.R. paid in. That is how to get at it.

Hon. Mr. VIEN: If the privately-owned competitor does not make any profit it does not pay any taxes. It pays taxes only on its profits. If the government-owned corporation makes profits it turns them into the treasury or expands its services.

Hon. Mr. EULER: It has its municipal taxes to pay.

Hon. Mr. HAIG: No, they do not pay any. The only trouble is this: when the C.P.R. or any private company makes a loss the shareholders take the rap; but when the C.N.R. or the Trans-Canada Air Lines make a loss we take the rap. If you recall the history of the road for the last twenty-five years you will be surprised at the extent to which the people of Canada have taken the rap.

Hon. Mr. VIEN: The people of Canada are the shareholders, and they take the rap as shareholders in privately owned corporations do.

Hon. Mr. HAIG: No. That false argument has been used right along. Because the people of Canada put in so much money, that is not a fair criterion. The people of Canada as a whole do not put in so much money, it is only the taxpayers; the other people do not put in a nickel; and unfortunately many of the taxpayers are in competition with their own money. You are taking money from the taxpayer to put up competition against him, and if there is a loss he takes the whole rap as owner and the whole rap as taxpayer; he takes it both coming and going. The theory is all right if we have profits for transportation services such as we have had for the past five years. Under such conditions the Canadian National Railways can make a profit.

I do not wish to be a pessimist, but the war is over and I want my honourable friends on the other side of the House who believe in this policy—I do not think all do—to watch their dividends, even those they get from the C.P.R., for the next five years. My judgment is there will be no dividends, and we shall be back to the old loss system again, because our railways have to face motor transport competition, which they cannot meet. Then we are going to spend millions on the St. Lawrence waterway, which will provide more competition for our railways; and so with air lines. I do not believe the railway transportation companies will be able to show any operating profits at all. We are building up one of the very things that competes with them. That is what I object to.

Hon. Mr. CAMPBELL: Would my honourable friend be prepared to see another Trans-Canada Air Line operating in competition with Trans-Canada Air Lines in view of established Government policy?

Hon. Mr. HAIG: If they want to risk their money, yes, let them go to it. I have no objection. That is good competition. If the Government line is run better it will get the business; if the private line is run better it will get the business. Let them hop to it.

Hon. Mr. VIEN: Is it your contention that government-owned corporations should pay taxes, as privately-owned corporations do?

Hon. Mr. HAIG: Absolutely, municipal, provincial and Dominion taxes.

Hon. Mr. ROBERTSON: Income tax?

Hon. Mr. HAIG: Regular corporation taxes.

Hon. Mr. ROBERTSON: That is on income. Would there be any profit?

Hon. Mr. HAIG: If I was sure these Government institutions would show a profit I would say, "Fine." But the trouble is that the records for the last twenty-five years are not so rosy as that. I should like my honourable friend to tell me how much we have paid out for the C.N.R. since 1921. It is such an immense sum that the Government had to pass legislation to write it off.

Hon. Mr. EULER: Could you not say that the Hydro-owned property in Ontario has been of great benefit to the people of Ontario?

Hon. Mr. HAIG: The Hydro-owned property in Manitoba pays no taxes.

Hon. Mr. EULER: Even in spite of that has it not been of great benefit to the people?

Hon. Mr. HAIG: That is not shown. I do know about the Montreal Light, Heat and Power Company. Why should the people of Canada subsidize the province of Quebec to the extent of $9,000,000 through the provincial Hydro taking over the Montreal Light, Heat and Power Company? I am persuaded that the people of Quebec have for years been subsidizing the province of Ontario because its Hydro system paid no taxes.

Hon. Mr. VIEN: That question was never raised outside of Quebec, when the Quebec Hydro was in private hands and paid taxes. The shoe is now on the other foot.

Hon. Mr. HAIG: That question has been raised by a good many of us. I am one who is always raising it. I have no objection to government-operated businesses, provided they are subject to the same taxation as private enterprises.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: How can you take taxes out of a corporation that is going behind $50,000,000 a year? There may be some system by which it can be done, but I do not know of it.

Hon. Mr. MacLENNAN: It would mean amending the British North America Act.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: No, you would have to show—

Hon. Mr. FOSTER: I do not wish to interrupt the honourable gentleman, but on the question of taxation I would like to ask him if he is in favour of the same principle of taxing the co-operatives?

Hon. Mr. HAIG: I will answer that question, because, if I do say so myself, we have some very large ones in two or three of our prairie provinces and I know a good deal about them. The situation is this, the spread is so many cents a bushel between what is paid and what the farmer gets by law. For instance, if I am a farmer and bring my wheat in at such and such a price the Government allows me to take so much off for putting it through the elevator, and so much for other things. However, the operator does not have to charge any set amount; he may even put it through for nothing, and make no profit. In that case there is nothing to tax. That is the answer. But I say that argument has no application. In England corporations of all kinds are taxed, co-operative and otherwise. To illustrate the difficulty in taxing co-operatives, if a person brings a load of wheat to the elevator at Marquette the company can charge, we will say, two cents a bushel; at the same time the pool elevator alongside of it does not need to charge anything at all, because the pool already has taken enough out of the farmer to pay for the elevator. However, that does not enter into the subject at all.

I am objecting to the establishment of government institutions that do not pay municipal, provincial or Dominion taxes. That is a wrong principle. If that practice persists we will drift into a socialism, the effect of which would be to do away with competition.

Hon. Mr. VIEN: That is not only true from a co-operative point of view. If a government-owned corporation is taxable, and has a deficit, the result is an increased burden on the taxpayer of the country.

Hon. Mr. HAIG: I know that. Let us get to my friend's own city, and deal with the Montreal Light, Heat and Power Company, which has $9,000,000 of taxes.

Hon. Mr. VIEN: About that.

Hon. Mr. HAIG: We will say $9,000,000. The people of Montreal would have to pay more for their light, heat and power, and the people of Canada generally would get $9,000,000 that they do not now get. The same thing applies to Ontario, and the people of Quebec have always complained about it. It is a criticism with which I agree.

Hon. Mr. BENCH: Would the honourable senator please answer a question?

Hon. Mr. HAIG: I seem to be getting a lot of questions from the other side; I must be touching somebody's heart.

Hon. Mr. BENCH: I should like the honourable senator to clear up some doubts in my mind. I have always been under the impression that the Canadian National Railway did pay taxes at the municipal level.

Hon. Mr. HOWARD: That is correct.

Hon. Mr. BENCH: My assumption would be that the Trans-Canada Air Lines would do the same thing.

Hon. Mr. HAIG: I do not think the Canadian National pays taxes.

Hon. Mr. EULER: Municipal taxes.

Hon. Mr. HAIG: Very, very little.

Hon. Mr. LEGER: Not in Halifax.

Hon. Mr. EULER: Did my honourable friend say that taxes should be paid on all municipal property?

Hon. Mr. HAIG: Certainly.

Hon. Mr. EULER: Then the church should be included.

Hon. Mr. HAIG: I did not say the church. I would say that that is not a criterion.

Hon. Mr. LEGER: They pay on the ground.

Hon. Mr. CAMPBELL: Everything of a commercial nature.

Hon. Mr. HAIG: Government buildings and railways do not pay taxes.

Hon. Mr. BENCH: As I was trying to say, my impression was that Crown-owned companies, such as the Canadian National and, I assume, T.C.A., do pay taxes in the province of Ontario at the municipal level. Property in municipalities in the province of Ontario, which is owned directly in the right of the Crown, is not assessed and consequently does not pay taxes at municipal or any other level.

Hon. Mr. HAIG: That is all governed by provincial legislation. I do not think in the province of Manitoba the Crown pays any taxes at all.

Hon. Mr. BENCH: I think it is fundamental under the British North America Act.

Hon. Mr. HAIG: No municipal taxes are levied by provincial government legislation by reason of—

Hon. Mr. VIEN: Federal taxation is covered in Section 125 of the B.N.A. Act, which reads as follows:

No lands or property belonging to Canada or any province shall be liable to taxation.

That is the B.N.A. Act.

Hon. Mr. HAIG: They are not liable to taxation. As a matter of fact, that is only a red herring in this issue.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. HAIG: The issue is that Government institutions do not pay taxes. If I were a socialist I would holler my head off for this bill. But I am not a socialist, and I do not believe in socialism. I believe in free enterprise and fair competition. That is why I ask that Government institutions pay the same taxes, municipal, provincial and federal as do private corporations.

Now I have something else to say, but I am not sure whether I should bring it up now.

Hon. Mr. HOWARD: You might as well. This is committee of the whole.

Hon. Mr. HAIG: I read in a newspaper report the other day that Mr. Symington had made the remark that R.C.A.F. personnel who flew the big bombers overseas were not qualified to fly T.C.A. planes. That is the bunk! He knows it is the bunk! Those flyers went through an ordeal that no other men have ever gone through.

Hon. Mr. CAMPBELL: Is my honourable friend aware of the fact that there are many R.C.A.F. pilots flying Trans-Canada planes today?

Hon. Mr. HAIG: Yes, but I am referring to what this gentleman said—a pal of your friend Mr. Howe; they are like two peas in a pod. Mr. Symington cannot get away with that statement. He has plenty of friends in this House who can answer for him. He had no right to say any such thing about R.C.A.F. men, especially the men who flew big bombers and made twenty, thirty and forty trips over Berlin, Dresden and Cologne, dropping six tons of bombs. Are we to be told that those men do not know what they are doing and cannot handle their machines? Make no mistake about it, that is the bunk! This is a much more serious matter than anything else I have said today.

Hon. Mr. VIEN: My honourable friend—

Hon. Mr. HAIG: I am going to finish this now, so please don't interrupt me. I do not want any official like Symington making such a statement. If Mr. Howe wants to make a statement like that, he can do so, but a man drawing a salary from the people of Canada has no right to make such an attack on our young men who went through a veritable hell. I know what I am talking about, because I am acquainted with a lot of these young men, some of them very close to home. This man Symington thinks he is all-powerful, thinks he controls this country. He may for a while, but the worm will surely turn. There will come a day when Mr. Howe and Mr. Symington will not be running this country, and they will find that somebody else has other ideas about who should be T.C.A. pilots.

Hon. Mr. ROBERTSON: What was the quotation?

Hon. Mr. HAIG: It was something Mr. Symington said that appeared in the press.

Hon. Mr. BUCHANAN: Would my honourable friend say that a man who piloted a bomber should operate a passenger plane without being tested?

Hon. Mr. HAIG: I will answer that question too. First let us take a typical young man: he joins up at eighteen, is trained to be a pilot, and then a navigator; then he flies off the Irish coast for five or six months hunting for submarines; from there he goes to North Africa and flies a torpedo bomber chasing Italian ships.

An Hon. SENATOR: At an expense of $30,000.

Hon. Mr. HAIG: Then from that he goes back to Bomber Command and makes forty trips over Germany, flying four-engine bombers and carrying six and a half tons of cookies, as he calls them. Does anyone dare suggest that that man is not trained to fly any kind of plane? That boy has ridden in a one-engine bomber, a two-engine and a four-engine bomber. Of course he can fly anything!

Hon. Mr. BUCHANAN: Do you think he should be accepted by T.C.A. without test as to efficiency?

Hon. Mr. HAIG: I did not say that. He may be nervous, or have lost his sight, but I am saying that the boys who had those experiences are better qualified than a new man that can be picked up today.

Hon. Mr. VIEN: Fliers have come back and told me that flying a passenger plane is quite different from flying a bomber or any other plane on operational duty.

Hon. Mr. HAIG: They are far better trained than a man who starts at the bottom.

Hon. Mr. VIEN: They are not immediately qualified.

Hon. Mr. HAIG: I do not say that they are immediately qualified, but I do say that the boys who come back should be given the first opportunity for consideration as T.C.A. fliers.

Hon. Mr. CAMPBELL: Is my honourable friend not aware of the fact that that is the case?

Hon. Mr. HAIG: That is not what Mr. Symington said.

Hon. Mr. CAMPBELL: What is the quotation? I suggest that Mr. Symington did not say they were not taking R.C.A.F. pilots. The fact is that they are.

Hon. Mr. HAIG: He did not say that, and that is what I am objecting to.

Hon. Mr. LAMBERT: May I make an interjection that I think will lead to something more conclusive than this hypothetical discussion on the qualification of pilots. Officers of Trans-Canada Air Lines could appear before the Committee on Railways, Telegraphs and Harbours, where I should hope that the honourable gentleman would have an opportunity to get a full explanation as to what was or was not said.

Hon. Mr. HAIG: But I am not satisfied to sit here and say nothing while that man gets the benefit of a publicity stunt across Canada. If he did not say what he is reported to have said, why has he not denied it point blank?

Hon. Mr. HARDY: What has that to do with this bill?

Hon. Mr. HAIG: It has a good deal to do with this bill. He is the president of this corporation, in control of the whole thing.

Now, let me go on. My honourable friend from De Lorimier (Hon. Mr. Vien) said, as I understood him, that he was opposed to Government interference in the management of any company such as Trans-Canada Air Lines, but he wanted the Government to be responsible. Well, this bill gives point-blank authority to the Governor in Council, on the advice of the Minister, to spend up to twenty-five million dollars without any further reference to Parliament at all. My view is that these ventures on which the people's money is

spent should be subject to our approval. The procedure that is proposed here was not followed prior to the war. I agree with the charge that was made in the other House, that the Government believes it should continue to govern by Order in Council. This bill is another instance of that bad practice of depriving Parliament of control and placing it in the hands of a minister or the Governor in Council.

Hon. Mr. LEGER: And Parliament is evading its obligations.

Hon. Mr. HAIG: Correct. I know that officers of the company can be called before a committee and asked questions, and I also know that if another party came into power this whole legislation might be changed. But that is no answer to my point that these expenditures should be laid before Parliament for our approval. It was not possible for Parliament to examine the gigantic expenditures that had to be made during the war, but the war is now over.

Hon. Mr. CAMPBELL: Would my honourable friend suggest that Parliament ought to decide how many planes should be built and put into operation? Would he suggest that Parliament manage this government-owned corporation?

Hon. Mr. HAIG: I think we should have estimates covering the company's proposed operations.

I wonder what is making honourable members opposite so uneasy today. Is it an uneasy conscience?

Hon. Mr. BENCH: I should like to ask the honourable gentleman a question.

Hon. Mr. HAIG: Go ahead and ask it.

Hon. Mr. CAMPBELL: The honourable gentleman has not answered me yet.

Hon. Mr. BENCH: Would he suggest that if the Government is to stay in the air transportation business the operations should be carried on through a department of Government—just as the Post Office, for instance, is carried on through a department of Government—in order that Parliament might review the estimates and thereby exercise a more direct control than is possible when the operations are carried on by a Crown company?

Hon. Mr. HAIG: No. The Post Office Department estimates are laid before Parliament, and through them we are informed what the department intends to do during the year. The Department of National Defence brings down its estimates—and it has had a difficult time getting some of them through. All other departments likewise submit their estimates for approval. I want the estimates of this corporation, so that we may have some control over it. The company may spend $5,000,000 on a certain project and suffer a loss of $100,000. Perhaps it could make good the loss by charging high fees for postal transportation. We ought to know how it is being run and what progress, if any, was made in the past year. That is the kind of information given in the business world. If I am the managing director of a company I give the directors a report on what the company did during the preceding year and what it proposes to do next year.

Hon. Mr. EULER: The Canadian National Railways, for instance, make a report to Parliament every year.

Hon. Mr. HAIG: Yes, they make a report, but Parliament has no control over their expenditures. They put up a beautiful building in the city of Winnipeg, at a cost of how much I do not know. Our money was being spent, but we had no control over it. Of course, the Canadian National is now an established institution, and there may be some justification for continuing the practice that has grown up with respect to it. But these air lines are a new venture, and their estimates should be laid before us every year for approval.

Hon. Mr. CAMPBELL: My honourable friend has the privilege of questioning the officers as to how the $25,000,000 will be spent. I have no doubt they will be able to explain why that sum is required.

Hon. Mr. HAIG: Yes, we have a right to question the officers, but I want more than that. Suppose that after they have told us of their plans for next year I think a certain thing should not be done, what control have I got over that?

Hon. Mr. EULER: You can vote against it.

Hon. Mr. HAIG: It will not come before us.

Hon. Mr. EULER: It is before us now.

Hon. Mr. HAIG: Once we pass the bill we have no control over the expenditure of $25,000,000, and the company will not make a further application to Parliament until that money runs out. Then they will be back asking for more, saying that they lost half a million on British traffic, half a million on United States traffic, that a million was lost on a route to some other country, and so on. It will be too late then to do anything about it. I object to this kind of legislation, which deprives Parliament of control over the expenditure of public money.

I seem to have aroused more interest on the Government side than on this side of the House. Honourable members over here must have been satisfied with what I said. I do not recall a question having been asked even from the left-hand corner over here.

Hon. Mr. HOWDEN: I understood the honourable gentleman to say that the Government had no control over the expenditure of money by the Canadian National Railways. My recollection is that every year the Government brings in a money bill to meet requirements of those lines.

Hon. Mr. HAIG: Not in the last two years.

Hon. Mr. HOWDEN: I do not know about that, but I was chairman of a committee in another place when appropriation bills for the Canadian National Railways were passed annually.

Hon. Mr. HAIG: That was when the company was losing $50,000,000 a year, but lately it has been making a profit and has not needed financial assistance. The honourable gentleman is a young man yet and will live long enough to see such bills before Parliament again. If I am here at the time I shall call his attention to them.

The bill before us is a radical piece of legislation, and I am sorry the Government has pressed it. I admit it is in line with Government policy, but I think the policy is wrong. The Government is giving way to an urge that is not justified under present conditions in our country. We have been on a spending spree for five or six years. I am not objecting to what we did during the war. If we faced the same conditions again I should probably keep my criticism to myself, just as I did in recent sessions. But, believe me, this will not be such a happy House two years from now, or three years at the latest. There will be no voting of $25,000,000 in one bill then. I may not be here at that time, but if I am I certainly shall call the attention of my honourable friends to the fact that we are no longer approving of the expenditure of $25,000,000 in a single vote. There will be troubles ahead to keep us occupied, and we shall not be going into a venture of this kind.

We cannot do everything that can be done by the great United States, the wealthiest country in the world. Great Britain is there now looking for money, and Russia will be there for a similar purpose in a few weeks. In making expenditures on the same scale as the United States we are simply riding towards disaster. We ought to think about that before we go too far. We members of the Senate do not have to go to the people for election, so we can say what we think is in the best interests of our country. I have no objection to the general policy of having Trans-Canada Air Lines operate over the main routes, but I do object to these speculative routes which are at best only feeders. If private enterprise wants to run lines into northern territories, let it do so.

Hon. Mr. CAMPBELL: There is nothing in this bill to force any line to sell to Trans-Canada.

Hon. Mr. HAIG: But my honourable friend knows the Government can take over any line.

Hon. Mr. CAMPBELL: No, except any that is under railway operation.

Hon. Mr. HAIG: Those are the only ones now worth anything. No man could start a new air line today, for he could not finance it. If two or three young airmen back from overseas wanted to operate an air line into the northern parts of Quebec or Alberta or British Columbia they could not get the necessary capital. Under present conditions nobody in his senses would lend them a nickel, so in fact there is an end to all competition.

Hon. Mr. BUCHANAN: I would inform the honourable gentleman that the board now has applications from small companies that wish to operate from British Columbia into Alberta.

Hon. Mr. HAIG: Have they got their money?

Hon. Mr. BUCHANAN: Yes.

Hon. Mr. LEGER: Have they got a permit?

Hon. Mr. BALLANTYNE: May I ask a question of the sponsor of this bill (Hon. Mr. Campbell)? The Canadian Pacific Railway always operates everything under its management with great efficiency. Supposing it desired to go into the air transportation business on a much larger scale than at present, could it get a licence?

Hon. Mr. CAMPBELL: The Aeronautics Act requires any company controlled by a railway to divest itself of its airways interests within six months after the cessation of hostilities, but the shareholders could take over those interests by acquiring the shares.

Hon. Mr. BALLANTYNE: But the C.P.R. could not.

Hon. Mr. CAMPBELL: Any company engaged in railway transportation cannot control or own the shares of a company engaged in transportation by air.

Hon. Mr. BALLANTYNE: That sounds like Stalin.

Hon. T. A. CRERAR: Honourable senators, I am under the impression that a good deal of the discussion of my honourable friend who has the honour of leading on the other side (Hon. Mr. Haig) was entirely unrelated to the purpose of this bill.

Hon. Mr. HAIG: No, no.

Hon. Mr. CRERAR: I have not made a very close study of the bill, but I am quite sure that its purpose is not related to the acquisition of competing lines in Canada at all. In fact the Minister in the other place who had charge of piloting the measure through its initial stages expressly stated that it was not the intention to use any of its powers for the purpose of acquiring Canadian Pacific Air Lines.

Hon. Mr. HAIG: The Act passed last year, coupled with this bill, gives that power. That is the answer.

Hon. Mr. CRERAR: No.

Hon. Mr. HAIG: Sure it is.

Hon. Mr. CRERAR: The Minister having made that declaration from his place in Parliament, it should be accepted. The sole purpose of this bill is to make provision for the development of international air lines under Canadian control.

Hon. Mr. QUINN: Is there no relation between this bill and the Act of last year?

Hon. Mr. CRERAR: The capital of the company is to be increased from $5,000,000 to $25,000,000, and power is granted to create subsidiary companies—for example, a company for the purpose of operating an air route from Canada to Great Britain; another, for the development of an air route to the West Indies and South America. As I understand it, the purpose of the bill is to enable subsidiary corporations to be set up to carry on these particular operations. That, presumably, is necessary because a corporation operating an air service from Montreal, say, to Buenos Aires might have to enter into arrangements with several foreign governments. It is neither necessary nor advisable that Trans-Canada Air Lines should do this, and consequently it is sought, through the creation of subsidiary companies, to get the requisite powers to extend Canada's international air services. There may be a question as to the wisdom of our venturing into these fields at the present time, but in all the criticism of the proposal that I have heard or read, there appears to be general agreement that Canada should take this course. That being so, it seems to me that this is a sound measure to achieve that purpose.

Hon. Mr. DUFF: Who would control the decision as to the advisability of establishing those international air lines? Would it be government officials?

Hon. Mr. CRERAR: The operating company would require approval of the Government before it started an international air line.

Hon. Mr. DUFF: Does that mean government officials?

Hon. Mr. HAIG: No, the Minister.

Hon. Mr. CRERAR: I think I am correct in saying that it would require approval by Order in Council. There is the additional safeguard, that whatever is done by the operating company must be reported to Parliament, must be scrutinized by a committee of Parliament, and the necessary money for operating purposes must be furnished by Parliament.

Hon. Mr. LEGER: Is that provided in the bill?

Hon. Mr. CRERAR: It is in the bill, or rather—

Hon. Mr. HAIG: Read that clause.

Hon. Mr. CRERAR: —it is in the Trans-Canada Air Lines Act.

Hon. Mr. HAIG: But you say it is in this bill.

Hon. Mr. CRERAR: The Trans-Canada Air Lines Act governs; this is merely an amending bill.

Hon. Mr. HAIG: Surely.

Hon. Mr. CRERAR: The safeguards are ample. The wisdom of the expansion may be debatable, but if we are agreed that Canada's position in the world is such that she should develop her international air services in keeping with similar developments of other nations, then it seems to me this is a reasonable way of doing it. To come back again to the question of acquiring independent lines in Canada, I am sure that is not contemplated under this legislation. In fact there was an express statement to that effect by the Minister during the discussion in the other House. There may be a question as to the wisdom of the divesting orders that were passed last year. But that is another matter altogether so far as this bill is concerned. This legislation has nothing whatever to do with divesting orders, and if that were the subject under consideration I might find myself a little more in agreement with the

honourable leader opposite (Hon. Mr. Haig). In my opinion this measure is in the public interest and provides all the safeguards necessary to protect the public funds; and if through its administration there is developed only a substantial degree of the success that has attended the development of Trans-Canada Air Lines, then Canada will have every reason to be proud of the development. I take some pride in the successful development of Trans-Canada Air Lines. I venture to say there is no competing air service anywhere on the North American continent superior to that provided by Trans-Canada Air Lines, and—

Some hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: —as a patriotic Canadian I confess to feeling a good deal of pride in the development of this very successful air service.

Some Hon. SENATORS: Question!

Hon. J. J. BENCH: Honourable senators, on the point raised by the honourable leader opposite (Hon. Mr. Haig) regarding the element of control by Parliament in a situation of this kind, I rise to observe very briefly that I entertain some concern about the growing tendency to administer Government affairs through the agency of Crown corporations. It seems to me that the dangers which may be inherent in this practice are considerably aggravated when you find a new growth of it in developing subsidiaries of Crown corporations.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. BENCH: What I have to say is not particularly related to criticism of this bill. I am dealing with the general principles involved. It has been suggested that Parliament does retain some element of control over annual appropriations for carrying on operations of this kind. However, as regards providing capital for a Crown corporation it does seem to me that once Parliament has passed the measure and has made the money available for its administration, there is no effective subsequent control of the expenditure of that money.

I suggest that this practice of governing—shall I say?—through Crown companies is one which some day might well occupy the attention of the Senate in an attempt to work out some means by which Parliament may exercise more direct control over not only the disposition of the capital provided but also the company's operations.

I rose, perhaps improperly, during the remarks of the honourable leader opposite (Hon. Mr. Haig) to draw his attention to the circumstance that the Government does operate a very large business through the Post Office Department, for which the Postmaster General is the responsible Minister, and that all postal operations are from day to day subject to review by the representatives of the people in this and the other place.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I should not like to endorse this bill without expressing in a general way my views on the principles involved. It seems to me that the virtue of the forms of government in vogue in Canada varies in proportion to their closeness to the public. I believe that our best form of government is to be found in our municipal councils, the members of which are elected annually to conduct their business within view of those who elect them. Perhaps the next best form of government is in the provincial field, which comes somewhat closer to the people than the federal field. Last in order I would place the Dominion government. But I would say quite definitely that the very worst kind of government we have is that carried on by somewhat irresponsible boards and commissions and by Crown companies accountable apparently to nobody. To that extent I heartily agree with the statements made by the honourable leader opposite (Hon. Mr. Haig) in regard to this bill.

As the honourable gentleman from Lincoln (Hon. Mr. Bench) has stated, the time will come when the Senate must examine very carefully this growing tendency to erect screens and barriers between responsible ministers of the Crown and the public business which has to be carried on. At the present moment there may be reasons why this bill should pass, and I am only stating my objection to the general principles involved, principles which I do not like. I would far rather see these enterprises controlled by a department of government, as is the Post Office, than leave them in the hands of mere appointees whose detail management is beyond the control and outside of the observation of the elected representatives of the people.

I do not think I shall vote against the bill, for I can see some special reasons why this particular business might better be organized in this way; but if I do support the bill, it will be with this reservation, that I do not like the principles involved, and that my action on it may not be urged as a precedent for my support of other bills of a similar character. No doubt in committee argument will be presented to justify this method of proceeding.

Because of the debate that has taken place with regard to the payment of taxes by Crown enterprises, I should like to make a

further observation. The Ontario Hydro-Electric was used as an illustration. It is some years since I have had anything to do with the management of the Ontario Hydro-Electric enterprise, but at one time I was very familiar with its operations. My knowledge of Hydro in the province of Ontario is that it does pay municipal taxes—not on the same basis as everyone else, but on land values. That is an important reservation.

Hon. Mr. HAIG: May I ask the honourable gentleman if that kind of taxation is not governed by the province?

Hon. Mr. ROEBUCK: Oh, yes. The liability of Ontario Hydro to pay municipal taxes is governed by provincial legislation.

Hon. Mr. HAIG: That is what I mean.

Hon. Mr. ROEBUCK: Furthermore, Ontario Hydro does make grants to municipalities in lieu of taxation. Whether the municipalities actually assess the structures erected by Hydro I am not very clear. It would not make much difference, because the value of those structures is a matter of public record.

Let us consider what would happen if Hydro in Ontario was made subject to taxation in the same way as small business enterprises. First, observe that Hydro pays no taxes. It collects money and pays it over as taxes; but the real taxpayers are those who use the hydro service and pay for it. The province of Ontario has built a power plant at Niagara Falls costing many many millions of dollars. The proposition that Hydro pays taxes amounts to this: it may collect money from a big consumer like the city of Toronto and hand it over to the municipality of Niagara Falls in proportion to the value of properties erected by Hydro in that municipality. If Hydro was subject to the regular assessment and paid taxes to the municipality of Stamford,—which is the township in which the plant is located—the property owners of the township of Stamford would pay no taxes. They could have a bonus from their council every year. Obviously, to have the regular assessment is impractical.

Hon. Mr. HAIG: Does the Hydro of Ontario pay taxes to the Dominion Government?

Hon. Mr. ROEBUCK: No.

Hon. Mr. HAIG: Private corporations do?

Hon. Mr. ROEBUCK: Private corporations do, yes. There is this difference. The private corporations are in business for the purpose of making money for themselves; Hydro operates for the purpose of giving service to the people who pay taxes to the Dominion Government. The people from whom the Dominion Government gets the money are the same people who enjoy the services of Hydro.

Hon. Mr. HAIG: No. In Manitoba—

Hon. Mr. ROEBUCK: You are saying that the people in Manitoba who contribute to the Dominion Government do not enjoy the services of Hydro in Ontario?

Hon. Mr. HAIG: Yes.

Hon. Mr. ROEBUCK: But the people of Manitoba can organize a hydro commission whenever they so wish, and put themselves in the same position as the people in the province of Ontario.

Hon. Mr. HOWARD: And in the province of Quebec.

Hon. Mr. ROEBUCK: The city of Winnipeg has one of the finest public service power-generating establishments in the world. However that city does not supply power in the same general way as we do in Ontario. We supply electricity to farmers all over the province, and I hope the time will come when we will supply more and more farmers with power. The power that goes to Winnipeg is used almost entirely in Winnipeg.

Hon. Mr. HAIG: No. I am very sorry, but you are wrong. We have a very extensive hydro system in the province of Manitoba.

Hon. Mr. ROEBUCK:: It is not anything like as extensive as the Ontario Hydro.

Hon. Mr. HAIG: In proportion to population, yes.

Hon. Mr. ROEBUCK: I am speaking only of my personal knowledge. The general principle is that the people in Ontario who contribute to the Government of Canada are the people who enjoy the Hydro benefits; and if you tax the Commission you merely increase the rate to the consumers. It is an advantage to leave these great public concerns untaxed, and free to give such excellent service as the Ontario Hydro-Electric Power Commission provides.

The suggestion that Hydro pays no taxes should not go unanswered. Hydro does pay taxes. So far as public ownership is concerned, it seems to me that the dividing line is this. If a concern can do business without special privleges, without a franchise that all cannot enjoy, and without the use of public property, then it is private enterprise and should not be taken over by the government but should be left to compete in the open market. On the other hand, if an institution comes to the government and re-

quires special privileges that all do not enjoy, and the use of public property, then it is a public business and should be run by the government. I am in favour of the public operation of railways, because to run a railway requires special privileges. That is the reason I am not in favour of the government manufacture of boots and shoes, except as an emergency measure, and am in favour of making air lines publicly owned and publicly controlled. For then competition is impossible. For all practical purposes only so many planes can land at one time. It would be unwise for every little company that owns two or three planes to have its own landing field. In order to give the service that will be required, it is necessary that air lines be operated by the public. I am in favour of public ownership of these air transport lines because, in the very nature of things, air transport is as much a monopoly as is the Post Office. For these reasons, honourable senators, I am in favour of this bill.

Some Hon. SENATORS: Hear, hear.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Campbell, the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

PRIVATE BILL

SECOND READING

Hon. J. J. BENCH moved the second reading of Bill B4, an Act to incorporate Canadian National Slovak Benefit Society.

He said: Honourable senators, some explanation as to the purpose of this bill may be desirable. The bill is to incorporate under federal authority a fraternal benefit association to be known as Canadian National Slovak Benefit Society. Under section 4 of the bill it is proposed that the society have power to establish, maintain and administer accident and death benefit funds, and that it be authorized to carry on certain educational and cultural activities among its members. The rest of the bill, as I recall it, has to do with the governing of the organization and the control of expenditure of its funds, provisions which are common to legislation of this nature.

It is proposed that the new society, if incorporated pursuant to this bill, shall take over the existing Ontario organization, known as National Slovak Mutual Benefit Society. I am advised that the new society will have federal scope, so that it can do business in any province in Canada, and will come under the provisions of the Canadian and British Insurance Companies Act. I am informed also, though I cannot so certify, that the bill has passed the scrutiny of the Superintendent of Insurance, and is in order in other respects.

That is perhaps sufficient explanation, except that I deem it my duty to inform the Senate that I have been advised by the Assistant Deputy Minister of Transport that one of His Majesty's Crown companies, the Canadian National Railways, objects to the title Canadian National Slovak Benefit Society. I am not quarrelling with that objection. I think if I operated the Canadian National Railways I should also object. However, that is a feature that can be dealt with by the committee.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. BENCH: Honourable senators, I would now move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. HARDY: Is the Committee on Miscellaneous Private Bills not the proper committee to deal with this?

Hon. Mr. LEGER: Yes.

Hon. Mr. BENCH: I have no preference in the matter, but during this session I have noticed that bills for the incorporation of mutual benefit insurance societies and fraternal societies have been referred to the Banking and Commerce Committee.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

On motion of Honourable Mr. Aseltine, Chairman of the Committee on Divorce, the following bills were read the second time:

Bill Z4, an Act for the relief of James Christie Miller.

Bill A5, an Act for the relief of Francis Needan Quirk.

Bill B5, an Act for the relief of Virginia Wallace Knowlton Tousaw.

Bill C5, an Act for the relief of Elsie Pearl Craig MacInnis.

Bill D5, an Act for the relief of Celia Capt Hecht.

Bill E5, an Act for the relief of Joseph Marcel Rouleau.

Bill F5, an Act for the relief of William Arthur Smythe.

Bill G5, an Act for the relief of Nellie Sapphire Tanham Herring.

Bill H5, an Act for the relief of John Guerin Bowles.

FIRST READINGS

Hon. Mr. ASELTINE presented the following bills, which were read the first time:

Bill I5, an Act for the relief of Molly Margaret Evelyn McCuaig Stead.

Bill J5, an Act for the relief of Robert Kirkpatrick Scott.

Bill K5, an Act for the relief of Emma Hull Mack.

Bill L5, an Act for the relief of Kathleen Annette Rolfe McLaughlan.

Bill M5, an Act for the relief of Catherine Winifred Howard Bailey.

Bill N5, an Act for the relief of Evelo Browning Couch Harvey.

Bill O5, an Act for the relief of Hazel Margaret Robertson McLarnon.

Bill P5, an Act for the relief of Marie Azilda Yvette Rowley.

Bill Q5, an Act for the relief of Joseph Adelard Emilien Lemay.

Bill R5, an Act for the relief of Edward Arthur Robinson.

Bill S5, an Act for the relief of Marie Marthe Fabiola Germaine Trempe Barlow.

Bill T5, an Act for the relief of Thelma Ann Tongue Grant.

Bill U5, an Act for the relief of Jean-Jacques Lahiere.

Bill V5, an Act for the relief of Edgar Thomas Lucas Graham.

Bill W5, an Act for the relief of Edith Pearl Roe Gardner.

Bill X5, an Act for the relief of Dorothy Marie Christensen Korning.

Bill Y5, an Act for the relief of Frank Edward Quartz.

Bill Z5, an Act for the relief of Eileen Campbell Burfind Morris.

Bill A6, an Act for the relief of Elma Eva Inch Evans.

Bill B6, an Act for the relief of Gertrude Rheaume Marchildon.

Bill C6, an Act for the relief of Godfrey John Kool.

Bill D6, an Act for the relief of Eric John Hollingsworth.

Bill E6, an Act for the relief of Pamela Sarah Atkins Berends.

CENTRAL MORTGAGE AND HOUSING CORPORATION BILL

FIRST READING

A message was received from the House of Commons with Bill 23, an Act to incorporate the Central Mortgage and Housing Corporation.

The Bill was read the first time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, November 14, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

APPROPRIATION BILL No. 5

FIRST READING

A message was received from the House of Commons with Bill 93, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall the bill be read a second time?

Hon. Mr. ROBERTSON: With leave of the Senate, I would move second reading now.

As I have explained to honourable senators before, there are two appropriations. The war appropriation, amounting to approximately two months supply, was asked for and granted about a month ago, and I am advised that no further action will be necessary under that head until about the end of the month. The bill before us provides for interim supply of $29,769,000, which is one-twelfth of the main estimates. This sum is required to meet obligations which will arise about the middle of this month and to carry us through to the middle of December. As I pointed out before, $29,769,000 is not mathematically one-twelfth of the total, which is something over one billion dollars, but represents a balance, and is the same amount that was asked for previously.

I move the second reading of the bill.

Hon. C. C. BALLANTYNE: Honourable senators, I am sure it is not the desire of this Chamber to delay the passage of this bill; but, speaking for myself and other honourable members, I wish to give the Minister fair notice that when the main estimates reach this House we will require much more detailed information than we were able to secure in the war period. During that period the Minister frequently emphasized the fact that for security reasons he could not give the information required, and naturally, because we did not want to interfere with the war effort, we could not press for it. But now, fortunately, the war is over, and even though the War

Measures Act is still in existence I hope that when the main estimates reach this House the Minister will not say that security reasons prevent him from giving us the information we seek.

I have in mind particularly what the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) said yesterday as to Crown companies. Parliament has never had any information to speak of regarding such companies. I know that if the Minister were replying to me now he would say that a systematic general accounting had been carried on—and that may be so; but information regarding these companies has not reached Parliament. Honourable senators will agree, I think, that when the main estimates reach this House we should ask for a most searching investigation. We have passed a good many interim supply bills recently. The first Budget to be brought down has been partially demolished. I hope it will not be long before the real Budget and the main estimates reach this House, and I trust that then the leader of the Government will give this Chamber all the information it desires.

Hon. Mr. ROBERTSON: I think the stand taken by the honourable senator from Alma (Hon. Mr. Ballantyne) is not at all an unreasonable one.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

THE ROYAL ASSENT

The Honourable the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Patrick Kerwin, acting as Deputy Administrator, would proceed to the Senate Chamber at 5.50 p.m. this day for the purpose of giving the Royal Assent to certain bills.

RIGHT HONOURABLE CLEMENT ATTLEE

VISIT TO CANADA

On the Orders of the Day:

Hon. Mr. HAIG: Honourable senators, before the Orders of the Day are called I should like to ask the honourable leader of the Government if he has any information about the visit to Canada of Prime Minister Attlee of Great Britain, and especially about the time he is expected to address Parliament.

Hon. Mr. ROBERTSON: Honourable senators, I have no specific information. It has been intimated that Mr. Attlee will likely arrive in Ottawa during the week-end and will probably address a joint session of both Houses on Monday next. I am unable to state the hour of the address. In the circumstances, it seems to me desirable that our week-end adjournment should be until Monday afternoon at three o'clock.

WAR MEASURES ACT

ORDERS IN COUNCIL TABLED

Hon. Mr. ROBERTSON: Honourable senators, I desire to lay on the table copies of Orders in Council passed under the War Measures Act during the months of September and October, 1945. Because of delays in translation, the French copies are not yet available. It may be desirable, therefore, that I quote what was said about this in another place by the Minister of Finance. I quote:

> As I mentioned on November 2 when tabling the Orders passed in July and August, the delay in this matter is due to the desire of the Government to table in both languages simultaneously. However, due to heavy pressure of work in the Bureau for Translations there will be some further delay still before a translation of the present Orders will be available. Copies in French will be tabled as soon as possible.

Hon. Mr. BALLANTYNE: If I am in order I should like to ask the honourable leader whether he can inform the House when the Government will cease functioning under the War Measures Act; that is, when may we expect the state of emergency to be declared at an end. During the last war the procedure was altogether different. When England declared that hostilities had ceased, the government under Sir Robert Borden declared the War Measures Act no longer in force. That, of course, is past history. I should like to get a little enlightenment on what we may expect from the present Government in this regard.

Hon. Mr. ROBERTSON: I have no information that will enable me to answer my honourable friend's inquiry. I will endeavour to find out what I can in respect to it. I do not know whether the action taken by the government of Sir Robert Borden is regarded as a precedent or what—

Hon. Mr. BALLANTYNE: No, it would not be.

Hon. Mr. ROBERTSON. —or whether a particular set of circumstances in Canada would be the controlling consideration.

HONOURABLE SENATORS DONNELLY AND GREEN

BIRTHDAY FELICITATIONS

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Before the Orders of the Day are called, honourable senators, I should like to take the opportunity on behalf of not only honourable members on this side of the House but, I am sure, those on the other side, to extend felicitations to the honourable senator from South Bruce (Hon. Mr. Donnelly) on this, his seventy-ninth birthday. Were it not for the official records, I think he would have considerable difficulty in convincing us that he is about to enter upon his eightieth year. The increasing years weigh on him very lightly, and I am sure that all honourable members, irrespective of former political associations, have nothing but the pleasantest recollection of his kindly personality, and the greatest admiration for the proud position which he holds in the esteem of his colleagues. We wish him long-continued prosperity and happiness, and hope that in the future, as in the past, each year will find him younger in spirits and appearance, if not in age.

Hon. JOHN T. HAIG: Honourable senators, I wish to join with the leader on the other side (Hon. Mr. Robertson) in expressing similar wishes to my honourable friend from South Bruce (Hon. Mr. Donnelly). We members who are younger in point of service, especially those on this side, recognize him as one of the fathers of the Senate. I think he is now second in seniority on the list of members of this Chamber. He has been a great credit to his calling as a farmer, he has been a great credit to his own province of Ontario, and he has been a great credit to the Senate of Canada. Coming here from the House of Commons, he has given freely of his wisdom for the benefit of our country.

Hon. J. J. DONNELLY: Honourable members, I fear that you will be getting weary of the mention of my anniversaries, and will be inclined to say, "Oh, another anniversary." This is my birthday, and I am now starting on my eightieth year. I am one of those who consider that old age is to some extent a state of mind, and I do not think it well to dwell too much on the passing of the years. I have tried to continue a sufficient number of business activities to keep my mind busy and prevent me from worrying too much about my age. Considering that I have for thirty-two years endured all the hardships that, as you know, go with the life of a senator, I think my physical condition is fairly good.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: I do not feel competent to express an opinion on my mental condition; I would leave that to my fellow senators.

I heartily thank the gentlemen who made the altogether too flattering remarks about my efforts as a member of the Senate, and I thank you all for your kindness on this occasion.

Some Hon. SENATORS: Hear, hear.

Hon. WISHART McL. ROBERTSON: Honourable senators, I do not think we should let the opportunity pass without recording the fact that a similar honour falls to one other very esteemed member of this House, the honourable member from Kootenay (Hon. Mr. Green).

Hon. Mr. HARDY: The heavenly twins.

Hon. Mr. ROBERTSON: Today he celebrates his eighty-fourth anniversary. Having paid our respects to one younger member, we will now extend our felicitations to another—there is a mere matter of four years between them. On behalf of this side of the House I would express our heartiest congratulations to the honourable senator from Kootenay, coupled with the hope that he may retain his youthful appearance and youthful spirit. We wish him every happiness for the future.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: Honourable members, I want to thank a certain gentleman for drawing my attention to the fact that another of our members is today celebrating his birthday. The Canadian people are happy in having a good many Bob Greens in this country, one of the very best of whom represents the province of British Columbia in this Chamber. Personally I feel very kindly towards the honourable senator, for during nine years of my life in this Chamber I have had the very great pleasure of having him as room-mate—and when you have a man as room-mate you get to know him pretty well. He has been a father confessor to me, and I want to take this opportunity of again thanking him for the many great kindnesses he did me as a young member in this Chamber.

Hon. R. F. GREEN: Honourable members of the Senate, I am deeply grateful for your very kind references to myself and your hearty felicitations on this, my birthday. I would ask your indulgence for this very brief acknowledgment, but my voice is unequal to the strain of a more adequate reply. Again I thank you.

PRIVATE BILL

THIRD READING

Hon. Mr. VENIOT moved the third reading of Bill Q3, an Act to amend an Act to incorporate the Royal College of Physicians and Surgeons of Canada.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. BEAUREGARD moved the third reading of Bill A4, an Act to consolidate and amend the Acts relating to Alliance Nationale.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. BEAUREGARD moved the third reading of Bill V2, an Act to incorporate Compagnie de Fiducie du Canada (Trust Company of Canada).

The motion was agreed to and the bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, moved the third readings of the following bills:

Bill Z4, an Act for the relief of James Christie Miller.

Bill A5, an Act for the relief of Francis Needan Quirk.

Bill B5, an Act for the relief of Virginia Wallace Knowlton Tousaw.

Bill C5, an Act for the relief of Elsie Pearl Craig MacInnis.

Bill D5, an Act for the relief of Celia Capt Hecht.

Bill E5, an Act for the relief of Joseph Marcel Rouleau.

Bill F5, an Act for the relief of William Arthur Smythe.

Bill G5, an Act for the relief of Nellie Sapphire Tanham Herring.

Bill H5, an Act for the relief of John Guerin Bowles.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SECOND AND THIRD READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, moved the second and third readings of the following bills:

Bill I5, an Act for the relief of Molly Margaret Evelyn McCuaig Stead.

Bill J5, an Act for the relief of Robert Kirkpatrick Scott.

Bill K5, an Act for the relief of Emma Hull Mack.

Bill L5, an Act for the relief of Kathleen Annette Rolfe McLaughlan.

Bill M5, an Act for the relief of Catherine Winifred Howard Bailey.

Bill N5, an Act for the relief of Evelo Browning Couch Harvey.

Bill O5, an Act for the relief of Hazel Margaret Robertson McLarnon.

Bill P5, an Act for the relief of Marie Azilda Yvette Rowley.

Bill Q5, an Act for the relief of Joseph Adelard Emilien Lemay.

Bill R5, an Act for the relief of Edward Arthur Robinson.

Bill S5, an Act for the relief of Marie Marthe Fabiola Germaine Trempe Barlow.

Bill T5, an Act for the relief of Thelma Ann Tongue Grant.

Bill U5, an Act for the relief of Jean-Jacques Lahiere.

Bill V5, an Act for the relief of Edgar Thomas Lucas Graham.

Bill W5, an Act for the relief of Edith Pearl Roe Gardner.

Bill X5, an Act for the relief of Dorothy Marie Christensen Korning.

Bill Y5, an Act for the relief of Frank Edward Quartz.

Bill Z5, an Act for the relief of Eileen Campbell Burfind Morris.

Bill A6, an Act for the relief of Elma Eva Inch Evans.

Bill B6, an Act for the relief of Gertrude Rheaume Marchildon.

Bill C6, an Act for the relief of Godfrey John Kool.

Bill D6, an Act for the relief of Eric John Hollingsworth.

Bill E6, an Act for the relief of Pamela Sarah Atkins Berends.

The motion was agreed to, and the bills were read the second and third times, and passed, on division.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, the Deputy Administrator, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy Administrator was pleased to give the Royal Assent to the following Bills:

An Act respecting the appointment of Auditors for National Railways.

An Act to amend the Department of National Health and Welfare Act.

An Act to amend the Canadian National Railways Capital Revision Act, 1937.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

The House of Commons withdrew.

The Honourable the Deputy Administrator was pleased to retire.

The sitting of the Senate was resumed.

Hon. Mr. FOSTER: Honourable senators, on behalf of the leader of the Government, I move that the Senate do now adjourn.

The motion was agreed to, and the Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 15, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. W. H. TAYLOR: Honourable senators, on behalf of the Chairman of the Standing Committee on Railways, Telegraphs, and Harbours, I beg to present the report of the committee on Bill X2, an Act respecting The Lake Erie and Detroit River Railway Company and Pere Marquette Railway Company. There are no amendments to this Bill.

THIRD READING

Hon. Mr. TAYLOR moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

DIVORCE COMMITTEE

APPOINTMENT OF ADDITIONAL MEMBER

Hon. Mr. ROBERTSON: With leave of the Senate, I desire to move that the name of the Honourable Senator Howden be added to the list of members composing the Standing Committee on Divorce.

Hon. Mr. ASELTINE: Honourable senators, I am very pleased with this motion, because the appointment will give the Divorce Committee enough members to divide into two sections when necessary. When the Committee sits on Mondays and Fridays during recesses of the Senate it is almost impossible to get an attendance of more than a bare quorum. There are ten cases on the Committee's docket for tomorrow. and unless the Committee can divide into two sections it will be almost impossible to finish this work without sitting from morning until late in the evening. I therefore shall be very glad to have the honourable senator from St. Boniface (Hon. Mr. Howden) as an additional member of the Committee.

The motion was agreed to.

INCOME TAX

REGIONAL COMMITTEES

On the Orders of the Day:

Hon. JOHN T. HAIG: Before the Orders of the Day are called, honourable senators, I would ask the leader of the House (Hon. Mr. Robertson) when he will be able to present to us the report of the special committee on the appointment of regional committees in the Income Tax Department? The report was tabled in the other House yesterday. That special committee, composed of three members —one from the Department and two from outside—was instructed to investigate the system with a view to giving more power to the regional representatives.

Hon. Mr. EULER: Increasing the number.

Hon. Mr. HAIG: Increasing the number and giving more authority to the regional committees. If the honourable gentleman will look into the matter perhaps he will be in a position to table the report next Monday.

Hon. Mr. ROBERTSON: Yes.

CANADA PRIZE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 10, an Act to provide for a Prize Court and prize law in Canada.

He said: Honourable members, I will ask the honourable senator from Lincoln (Hon. Mr. Bench) to explain this measure.

Hon. J. J. BENCH: Honourable senators, the purpose of this bill is to establish a prize court and to make applicable in Canada the prize law in force in the United Kingdom as of September 10, 1939. It would also give to Canadian prize law as enunciated in certain Orders in Council—passed, I understand, in September 1939—the form of a statutory enactment which would replace those Orders in Council.

As a member of the legal profession I may observe that prize law is probably one of the most ancient branches of our law, one of the most difficult to understand—

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. BENCH: —and probably even more complex than our income tax legislation. I have been able to make only a very inadequate study of the subject, but I have made myself familiar with the history of Canadian jurisdiction, a statement of which might be useful. Prior to 1934 the Exchequer Court of Canada on its Admiralty side enjoyed jurisdiction in matters of prize under Imperial legislation. The Imperial statutes which governed were: first, the Colonial Courts of Admiralty Act of 1890, which provided for the creation of Colonial Courts of Admiralty by the Dominion and certain Crown Colonies; and, second, the Colonial Courts of Admiralty Prize Act, 1894, which vested the Colonial Courts of Admiralty with prize jurisdiction.

Under the authority of these two Imperial statutes the Canadian Parliament in 1891 passed the Admiralty Act, whereby our Exchequer Court was constituted a Colonial Court of Admiralty, and consequently acquired jurisdiction in prize under the Imperial Statute of 1894. That was the situation during the war of 1914-18—our Exchequer Court exercised jurisdiction in prize; but it dealt, I understand, with only one or two cases. As a matter of academic interest I may say that in the appendix to a text by Meyers on the subject of Admiralty Law and Practice in Canada, published in 1916, there is a verbatim transcript of the proceedings in one of these cases. I am told that transcript contains a concise statement of the history of prize jurisdiction in Canada as then constituted.

In 1931, as a result of the passage of the Statute of Westminster, Canada achieved full legislative authority in this and other matters, and subsequently there was placed on our statute books the Admiralty Act of 1934. Honourable senators who were then members of this Chamber will recall that legislation. I understand that the Senate did the great bulk of the work in connection with it, since it was part of the programme arising out of the revision of the Canada Shipping Act of that year.

By the Admiralty Act of 1934 the Dominion Act of 1891 which had constituted the Exchequer Court a Colonial Court of Admiralty was repealed, and the Exchequer Court was clothed with Admiralty jurisdiction solely under Canadian law. But no provision was made to confer on it jurisdiction in prize. In the result, the Colonial Courts of Admiralty Prize Act, 1894, ceased to be applicable in the Canadian jurisdiction. Consequently, after 1934 Canada had an Admiralty Court but no tribunal empowered to function in cases of prize.

That situation was not considered important until the outbreak of the Second World War in 1939. Then, in the absence of legislation conferring prize jurisdiction on the Exchequer Court on its Admiralty side, the Government found itself under the necessity of resorting to orders in council to constitute the Exchequer Court a prize court. I understand that pursuant to those orders in council, passed under the provisions of the War Measures Act, the Exchequer Court during the war just completed exercised prize jurisdiction in some twelve cases. None of these, I believe has been disposed of finally. I think that is as accurate and concise a statement as I can make of the history of this legislation.

The present bill is generally intended to incorporate into the statute law the temporary provisions made by Order in Council, and to declare that the prize law of Canada shall be that which obtained in the United Kingdom on September 10, 1939.

Hon. Mr. LEGER: Was it not so before?

Hon. Mr. BENCH: I understand that it was. As I have said, the only difference is that between 1934 and 1939 we had no court with jurisdiction in prize matters. To answer the honourable senator more directly, I should say that the purpose of the section in the bill is simply to make more certain that the prize law which obtained in the United Kingdom on September 10, 1939, shall be applicable in Canada.

I am advised that prize law, as to which I confess great ignorance, is international in its character, but that there have been certain statutory enactments by the Parliament of Great Britain. The purpose of this bill, therefore, is to provide that the law applicable in Canada shall be the law of the United Kingdom as of September 10, 1939.

Hon. Mr. ASELTINE: Has that law been codified?

Hon. Mr. BENCH: I was about to say that consideration was given to the question of attempting by this bill to codify the prize law which should be applicable to Canada. However, because of the very ancient nature of the law, its international character, and the archaic language in which it is expressed, it was feared that a codification would be not only very difficult but might prejudicially affect the rights of persons under the Common Law. It was thought that until some occasion arose which would better justify an attempt to put the law of prize in Canada in statutory form, it would be better to leave it to the Exchequer Court on its Admiralty side to apply the old Mercantile Law as administered by the British Prize Courts.

I have explained as best I can the purposes and the underlying principle of this bill. I may add that in the other House the bill was read the second time, considered in Committee of the Whole and passed in one evening, after a comparatively short discussion.

The motion was agreed to and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

SECOND READING

Hon. W. D. EULER moved the second reading of Bill F6, an Act to incorporate Canada Health and Accident Assurance Corporation.

He said: Honourable senators, in contrast to the bill just explained by my honourable friend from Lincoln (Hon. Mr. Bench), the one which I hope to have read the second time is simple indeed. Its whole purpose is explained in the title itself: an Act to incorporate Canada Health and Accident Assurance Corporation.

The bill consists of eight short clauses covering a single page. While there are other companies in Canada which write health and accident insurance, they do so along with other lines of insurance, such as life, etc. The company that seeks incorporation under the bill before us is unique in two respects: first, that it proposes to write health and accident insurance exclusively; and second, that it will be the only Canadian company writing that kind of insurance exclusively. There are in Canada two other companies doing this class of business exclusively, but both are branches of American concerns.

I might say in passing that this class of business has grown very large in the United States. In that country the annual premium income of purely accident insurance companies is approximately half a billion dollars, whereas in Canada it is only about eight and a half million dollars. So there is a wide field for development here.

I know the promoters of the bill. They are people from the district in which I live, and I have every confidence in them. Another reason why I am particularly pleased to sponsor the bill is that if it is accepted by Parliament it will add one more to that galaxy of insurance companies located in the town of Waterloo—companies such as the Mutual Life, the Dominion Life, the Equitable Life and many others—which have made Waterloo really the insurance capital of Canada.

Hon. Mr. ASELTINE: Why are they all located in Waterloo?

Hon. Mr. EULER: Because it is a good town.

I understand that the ordinary legal requirements have been complied with and that the bill has the approval of the Superintendent of Insurance.

Hon. Mr. LEGER: I was going to ask the honourable senator how much capital had to be subscribed before the company could commence operations, but in view of his last remark it is hardly worth while.

Hon. Mr. EULER: The authorized capital is $500,000, and the amount that has to be paid in before the company can do business is $100,000.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Honourable Mr. Euler, the Bill was referred to the Standing Committee on Banking and Commerce.

PRIVATE BILL

SECOND READING

Hon. J. P. HOWDEN moved the second reading of Bill G6, an Act to incorporate Canadian Conference of the Mennonite Brethren Church of North America.

He said: Honourable senators, the purpose of this bill is to incorporate Henry S. Voth, of the town of Winkler, Manitoba, clergyman, and others, under the name of Canadian Conference of the Mennonite Brethren Church of North America. The bill provides that the head office of the corporation shall be at the city of Winnipeg, or at such other place in Canada as may be decided upon by the Corporation.

The other clauses of the bill follow the provisions of Chapter 57 of the Statutes of Canada, 1944-45, incorporating the Executive Board of the Canada Conference of The Evangelical Lutheran Augustana Synod of North America.

If the bill is read a second time I shall move that it be referred to the Standing Committee on Miscellaneous Private Bills, before which the promoters of the bill will appear to furnish any additional information that may be required.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Howden, the Bill was referred to the Standing Committee on Miscellaneous Private Bills.

GOLD PRODUCTION IN CANADA

DISCUSSION

The Senate resumed from Monday, November 12, the adjourned debate on the notice of Hon. Mr. McRae:

That he will call the attention of the Senate to the development of our gold resources, and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly in the employment of labour, the establishment of new communities and the importance of gold in taking care of our foreign obligations.

Hon. SALTER A. HAYDEN: Honourable senators, I desire to speak for a few minutes on the subject of the gold mining industry in Canada, and my remarks will be strongly in support of what was said by the honourable senator from Vancouver (Hon. Mr. McRae) who brought this matter to the attention of the Senate. He stated clearly and vigorously the importance of the gold mining industry to this country and the problems confronting that industry. At the risk of repetition I want to mention some of those problems, and I do so because for at least ten years I have had some little experience with the industry and have become aware of some of its problems and difficulties. Anyone acquainted with the history of gold mining in Canada knows that usually before a mine becomes a profitable producer it has to surmount many serious obstacles. Most of our successful gold mines went through an early period that brought their promoters disappointment, financial loss and, in some instances, tragedy.

It has been said that gold is where you find it. The problem is to find it in a large area with a small instrument, a diamond drill. Generally speaking the search is carried on by people who know a good deal about geology, and when an ore deposit is located its value can be tested only through the process of trial and error. Large sums of money often have to be spent before the promoters can ascertain whether the quantity and quality of ore will justify the further expenditures necessary to reach a commercially profitable production stage. In the course of doing that the company usually expends all its capital, and may find it necessary to borrow money when development reaches a stage to require the installation of a mill preparatory to the mine going into production. That is the picture of a new company. In most cases when the mine is ready to come into production the company has exhausted its capital and has had to borrow money to finance the last stage. That borrowed money constitutes a first charge upon the assets.

The industry itself has, I think, made a great contribution to Canada. In peacetime the development of our northern country has been to a great extent furthered by the progress and development of our gold mining industry, and undoubtedly the communities established as a result of gold mining operations and the search for gold have contributed largely to the support and maintenance of farming and other developments, all leading to a general opening up of our northern territory.

During the war the gold mining industry, like many others, suffered severe restrictions. Looking back, I think more wisdom might have been exercised in this respect in view of the importance of the industry, and because its contribution, I venture to say, even on the restricted wartime basis, was one of the main factors in preserving the financial and economic stability of this country.

The short-sighted policy,—I believe I am justified in so terming it—was, first, the restriction on the bringing into production of new mines; and, secondly, the restriction on the use of available manpower, to the extent that production in existing mines was curtailed. According to well authenticated figures, gold production in this country today is probably only 50 per cent of what it was at the beginning of the war.

As to the importance and value of the industry to our national economy, I think it is sufficient to say that there is general recognition of the fact that gold and the gold mining industry are important to Canada. Gold, because it provides us with a medium for adjusting international balances, may be described as a sort of ace in the hole which has at all times put us on good dealing terms with other countries of the world. Gold also is one of a number of our commodities that requires no salesmanship; we can sell as much of it as we can produce.

The policy of the Government with respect to the disposition of gold is something on which I do not intend to make any statement today. All I care to say is that the contribution which the gold mining industry made to Canada during the war could best be estimated if we had available the figures of the amount of gold which was transferred and came annually into the hands of the Foreign Exchange Control Board, and enabled that board to deal with and adjust so favourably our financial relationship in foreign exchange.

But dealing more with the taxwise situation of gold mining, I may point out that until 1943 we had a provision in the Income Tax Act under which new mines coming into production might, for a period of three years from the commencement of operations down to 1943, operate without being subject to income tax. That exemption period usually amounted to three years and six months, because the Income Tax Department permitted a tuning-up time of six months. But, he that giveth may also take away, and the administration of that provision in relation to depreciation and the charging of pre-development costs was such that the companies did not get the full benefit that they might otherwise have gained by such provision. So far as depreciation is concerned, the Income Tax Department took the view that you might charge what rate of depreciation you pleased during this running-in period, but whatever that rate was you had to charge the same rate afterwards. Ultimately a rate of 15 per cent on depreciation was agreed upon. If the company also charged that rate of 15 per cent on pre-development costs in the three years' operations during which it was not subject to income tax, it might charge off 52½ per cent for pre-development costs. But the difficulty was that whether the company earned enough money during those three years to take care of the charge-off or write-off of the depreciation and pre-development costs, it had in any event to write them off to that extent so far as income tax was concerned.

That led to a number of results. One was that these mining companies robbed their stock piles of the richest ore they had so as to try to run through and gain as much gold as they could during this period. It was not the best way of dealing with the situation from the point of view of continuity of operation, because at some stage the poorer grades of ore had to be mined, and consequently the companies had nothing with which to "sweeten" up the poorer grades and maintain constant mill-heads and annual production.

In addition to the charging off of pre-development costs, the Income Tax Department insisted that the current development costs during that three year period should be charged to expenses of the year. Honourable members will see that what at first had appeared a great advantage was in most cases to a considerable extent whittled down by these charges that in any event had to be carried by the operations of the three years.

The other problem of these mining companies is depletion, because gold mining—and I suppose there is a similar situation in other operations—is a one-crop operation. You get your gold out once, and it is gone forever. So the question arises, what is a reasonable charge for depletion allowance. I think the depletion allowance which is permitted at the present time is about 30 per cent for the company and 20 per cent for the shareholder. That is the percentage he may take off his dividends. The Mining Institute and others experienced in mining affairs, after a careful study of this problem, have come to the conclusion that the only fair and equitable allowance for depletion, and one which would give some guarantee to investors in gold mines when they reached the stage of production, would be 50 per cent to the company and 50 per cent to the shareholders. Even on that basis it would take a considerable period of time—the estimate is at least twenty-five years—to enable the company to return its original capital out of what would be left of the depletion allowance, and also permit the shareholder to get back his money.

What is the situation in respect to gold mining today? During the war years those who were interested in searching out and developing gold mining properties were restricted in their efforts to bring those properties into production because they could not obtain the machinery and equipment necessary for such purposes, and because the required manpower was not available. As a result we are finding that many properties are only now at the point where they are ready for the shaft sinking and the other operations leading to the stage of production.

Today we have no statutory provision by which gold mining companies may save their profits from income tax, and write off pre-development costs, depreciation and other items of expense. In other words, gold mining companies today are subject to the general income tax law the same as any other commercial concern.

I have read in the press that if certain things happen in the near future it is expected that mines coming into production after January 1, 1946, will be granted an exemption from excess profits tax. That may sound like generous assistance to gold mining. But let us for a moment analyze such an exemption and see what it means. I think we may fairly assume that a new mine coming into production in 1946 would earn not more than what might be regarded as a standard profit. In any event, being a new mine, it might be subject to more than the standard rate of taxation in its first year of operation. This means that a new mine would be exempt from the Excess Profits tax portion in our standard income tax rate of 40 per cent, otherwise 22 per cent. That might appear to be a real concession, but we hope that the Excess Profits tax as such is on its way out, and that 1947 may see the end of that taxing statute.

I think it can safely be assumed, in the light of our finances in Canada and the requirements of our national economy, that if and when that 22 per cent so-called Excess Profits tax feature of our standard corporation tax in our income tax rate of 40 per cent disappears, the remaining 18 per cent will certainly be stepped up to some higher figure so as to take up the slack in revenues produced by the dropping of the Excess Profits Tax Act. In those circumstances the benefits conferred by any proposal of exemption under the Excess Profits Tax Act may not be very real and may not last very long. This industry, particularly the new mines at the stage of coming into production, has exhausted itself. New mines have worked themselves out in their efforts to reach the stage of producing. They must now be allowed some reasonable opportunity to accumulate working capital, and to attain a position which will justify the speculative-minded public to continue their participation and co-operation in the development of such mines in Canada. It is a kind of venture to which you cannot attract much in the way of what is called investment money; you must attract the speculative element that is so inherent in human nature. If that is to be done the public must be given some kind of a run for its money. It is very well to talk about the run for their money that people get who dabble in the stock markets from day to day; but that is just one phase of the development of this whole question, and is not at all the most important one. I think that in the long run most people who play at the business of mining in that way end up where they began. It is the sort of thing that has a lure about it, keeps leading one on, and brings him back again and again until he finds himself without means.

Hon. Mr. HAIG: Does my honourable friend speak from experience?

Hon. Mr. HAYDEN: From experience in the broad sense of the word, yes; and as well from observing the experiences of others. I can assure my honourable friend there are no personal experiences.

Those who are interested in the real development of the gold mining industry in Canada—and I think we all are—should take a long-range policy view which will lead to the greatest possible development of the industry. We should assist in every remedial way possible, to the end that we can bring gold production in Canada to as high a plane as possible. At all times, in peace and in war, in good times and bad times, it is one of the most stable operations that we have had and that we can expect to have in Canada. It is an industry that involves a very high percentage of labour employment. On the basis of employment it makes great contributions to the economic life and structure of Canada.

I have read in the newspapers and have heard rumours in the corridors that shortly there will be a proposal to allow mining companies to write off a percentage of their expenditures in each year. I think the amount to be written off for exploration and development is twenty-six and two-thirds per cent. That may sound like a great concession to the gold mining industry. But again let me say that if it is administered in the way in which the Income Tax Department has interpreted such allowances in the past, those expenditures for exploration and development will be confined to exploration and development work done by the company in relation to the main operation which it is carrying on. The only way in which you can successfully develop new mines and pick up the slack which results from the depletion of existing mines is by having a continuous effort in the field of prospecting, exploring and developing new properties. Every company engaged in the production of gold should have, shall we call it, an extra curricular activity, in the sense that it carries on exploration, prospecting and development upon properties beyond

which it is immediately engaged in the production of gold. Unless the attitude of the department changes, it may well be that the costs of doing that particular work will not be allowable as an item of expense in the operations of the company in relation to its production of gold.

This is a very large question, and I do not think the gold mining industry is asking for special favours. Rather, I think, the Canadian people in their own best interests should see to it that the difficulties which are inherent in the bringing of mines into production are recognized, and that assistance is given to those new properties which will assure the coming into production of the greatest number possible. In that way the results will be to the benefit of the people of Canada.

I think that the inquiry on the order paper is timely; I think the time the Senate has spent in discussing this inquiry has been time well spent. The question is of such importance that it might well justify our effort towards the making of a special study and survey of the gold mining industry, and evolving certain definite resolutions aimed at assisting and developing our mines.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LACASSE: Will my honourable friend allow me to ask one question? The honourable senator has said that when a company has exhausted its original capital it goes on borrowing. May I ask where, or from whom it borrows?

Hon. Mr. HAYDEN: I have in mind a situation in which one of the largest companies in Canada, I think, made an intensive study of a property as far back as 1920. At that time, in the light of their then knowledge of gold recurrences, the property was turned down. There were however some people who had faith in it, and continued to pay the taxes. I think there was a series of capital reorganizations, and successively certain people who had lost the money they had put in it disappeared. Finally, in the light of additional information, a new programme of diamond drilling was worked out, and new moneys were put into the company. Those moneys were spent by the company, and the property was brought to the stage where, because of the ore that was blocked out, the construction of a mill was considered justified.

At that stage the company did not have in its treasury shares which it could issue and out of which it might finance the construction of a mill. The question then was whether it should increase its capital and dilute the shareholdings of those who originally contributed the moneys. In this particular case, and in some other instances, bonds were issued at a very considerable discount and the money was borrowed. The bonds were issued for a term of five years, at the end of which the company had to pay off the bonds out of operation. Then, of course, the shareholders began to receive dividends.

It is well to ask where the money comes from. The money will only come from the people who have faith in the gold mining industry and who understand the business, or from those who are speculatively inclined and willing to take a chance on anything in the hope that its value will go up and they will make a little capital.

In the case I have cited the money came from people who were prepared, on the basis of what was blocked out, to gamble that it could be transformed into productive operations from which they could realize the money they had put up. Where financial assistance comes from in every case I cannot tell you. I would say that very often properties are lost or abandoned because of failure to raise funds, or because a reorganization takes place and new groups come in with new ideas—and with money.

Hon. Mr. LACASSE: I thank the honourable senator for having at last used the word "gamble."

Hon. N. McL. PATERSON: Honourable senators, I desire to associate myself with what has been said in connection with the motion by the honourable senator from Vancouver (Hon. Mr. McRae). If you will bear with me I should like to make a few remarks.

I am informed by a responsible official of the Department of Mines that the returned men formerly employed in surface work in mining have returned to their jobs in the normal way, but apparently those who had worked underground are not returning until they have exhausted every effort to find employment elsewhere. Those underground men were the young, hardy and strong type, and are difficult to replace. If we are to regain our former position in gold production it may be necessary to import foreign labour to fill these vacancies.

Our highest output of gold was in 1941, when we produced five and one-quarter million ounces, at a value of $206,000,000. Last year our production dropped to less than three million ounces, at a value of $112,000,000. The figures are not yet available for 1945, but they will likely show little improvement. Increased production of gold is very desirable; it takes the place of an

export; it adds purchasing power to the nation; it makes for prosperity and acts as a bulwark against depression.

I was interested to hear the leader opposite utter a strong warning against a possible depression in the next few years. If honourable senators will have patience, I shall try and express a few thoughts on that subject. It has often been said that we have just finished the most costly and destructive war in history, a war that leaves Europe in chaos and with the lowest standard of living ever known, with millions of its population satisfied to have a chance to earn bread. There is no thought there of beautification of cities. The paramount thought is to get the rubble cleared away and the waterworks operating—so that even the crudest sanitary arrangements may be made in order to avoid terrible epidemics—and to get enough to eat to keep alive.

Let us compare the conditions in Europe today with those of our own country. We have the highest standard of living in the whole world, a statement which can be proven by pointing to the per capita use or consumption of various things, such as bathroom fittings, kilowatt hours of electricity, steel, telephones and telephone calls, radios, automobiles, electric refrigerators, butter, beef, wheat and sugar, and many other comforts and conveniences. Past experience and common sense tell us that a low standard of living in any country is dangerous and undesirable, and will eventually lead to further trouble. One change that must come about is a moderate decline in our standards of living and an improvement in the lot of those less fortunate. Our taxes will gradually lower our standards of living by taking our luxury money away from us, but strikes and work stoppages will lower them much more quickly. High standards can be kept up and improved only by high production.

In Canada it is important to keep in mind two facts. Up to the time war broke out we were considered mainly an agricultural country with an over-production of field crops and with surplus carry-overs. Wartime emergencies turned us into a manufacturing country, and the percentage of our population of both sexes who were steadily employed became larger than ever before.

To attempt to keep both agriculture and industry busy, we must export. To export, we must find buyers with cash or credit. Some countries have very little cash, and in those credit can be established only through goods or services produced by prospective buyers.

Now I am getting close to the problem. If the people in Europe get to work and become properly organized, they can produce things such as automobiles, electric refrigerators, and radios cheaper than we can, because the cost of labour is ninety-five per cent of all costs. The other cost, which is the rental of money, is the only one that is lower here now than it was before the war. If the people of Europe do manufacture goods and ship them here, we dare not bar them out, for we must sell our surplus agricultural products. Were we to lose our foreign markets for wheat, our position would be desperate.

Even if we can make synthetic rubber that is as cheap and as good as raw rubber, we have to import raw rubber, because we must sell flour to Java. If Japan makes matches for one cent per thousand and electric light globes for five cents each, we have to buy them, because we must sell them pulp and paper. Our best customer for pulp and paper at present is the United States, but that country will have to buy pulp from Norway and Sweden almost right away so that the Scandinavian countries can pay their debts and buy manufactured goods.

These are things for serious thought. We are not in a new world, nor is this world very much changed. Do not let anyone tell you we have a new era. We have the same ambitions, the same selfishnesses, the same narrow views and problems that there were ten or twenty years ago. All you have to do is to compare to-day's newspaper with one of ten years ago to see that burglaries, auto accidents, divorces and murders account for about the same proportion of news now as then.

All that I have said leads me to the point I wish to make, and that is a solemn warning to labour leaders and others that theirs is the responsibility to make room for returned men, to maintain employment, and to keep people in their jobs, which are their best friends. With taxes as they are at present, no one is going to get rich. A house that costs $6,800 now could have been built before the war for $4,800, but despite his larger outlay the contractor of today makes less profit.

We are approaching times of historic moment, and no one can escape his responsibility to do his bit towards maintaining industrial peace and high production. We must pay our taxes with good will and be prepared to accept a lower standard of living. Or, rather, let us put it this way: we may never have to go hungry or without clothing

or educational facilities, but we may find it necessary to forego some luxuries that we can do without.

One of our greatest achievements was to interest every class of citizen in bonds. Two-thirds of Canada's population are today capitalists in that they are part owners of our great natural resources. In case of necessity they will be able to rely upon the savings that they have put into bonds. This very fact will keep our country upon an even keel, for it will assure democratic government and the development of natural resources. Thereby the value behind our bonds will be maintained, and no small part of that value is in our mineral resources.

On motion of Honourable Mr. Lacasse, the debate was adjourned.

CANADA'S NATIONAL FLAG

MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved: That in the opinion of this House, it is expedient that Canada possess a distinctive national flag and that a joint committee of the Senate and the House of Commons be appointed to consider and report upon a suitable design for such a flag;

That Standing Order 65 of the House of Commons be suspended in relation thereto;

That the said Committee have power to send for persons, papers and records to aid in the discharge of its functions; and

That a Message be sent to the Senate to inform their Honours that the House of Commons has appointed this committee and to request their Honours to appoint members of the Senate to act thereon with the members of the House of Commons as a joint committee of both Houses.

When shall this message be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

RIGHT HON. CLEMENT ATTLEE

VISIT TO CANADA

On the motion to adjourn:

Hon. Mr. ROBERTSON: Honourable senators, the latest information I have is that the two Houses of Parliament will meet at twelve o'clock noon next Monday to hear an address by Mr. Attlee, the Prime Minister of Great Britain. If there is any change in that plan, due notice will be given.

I move that when the Senate adjourns today it do stand adjourned until Monday next at three o'clock in the afternoon.

The motion was agreed to.

The Senate adjourned until Monday, November 19, at 3 p.m.

THE SENATE

Monday, November 19, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRANSPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 32, an Act to amend the Transport Act, 1938.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

PENITENTIARY BILL

FIRST READING

A message was received from the House of Commons with Bill 92, an Act to amend the Penitentiary Act, 1939.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

OTTAWA AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 161, an Act to authorize a certain Agreement between His Majesty the King and the Corporation of the City of Ottawa.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting

INCOME TAX

REPORT OF DEPUTY MINISTER

Hon. WISHART McL. ROBERTSON: I lay on the table a report of a committee set up by the Deputy Minister (Taxation), Department of National Revenue, for the purpose of making a survey of the present establishment of the Taxation Division in regard to serving the public by an appropriately situated and adequate number of offices, if it should be found that the present establishment is regarded as inadequate; also, Appendix to report on district office organization.

Hon. Mr. HAIG: May I ask the honourable senator if copies of that report will be published and distributed.

Hon. Mr. ROBERTSON: It is my understanding that it will be published, but I am not sure that copies are available at the present moment.

Hon. Mr. HAIG: I think we ought to have them.

RIGHT HONOURABLE CLEMENT ATTLEE

ADDRESS TO PARLIAMENT

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate, I desire to move, seconded by the honourable leader opposite, that the speech of the Right Honourable Clement R. Attlee, Prime Minister of Great Britain, delivered before the joint meeting of the Houses of Parliament, be incorporated in and become part of the permanent records of the Senate of Canada.

Hon. Mr. ASELTINE: Does that include the address of our own Speaker?

Hon. Mr. ROBERTSON: I thank the honourable gentleman for the suggestion.

Hon. Mr. MURDOCK: Would it include the introduction by the Prime Minister?

Hon. Mr. ROBERTSON: If it is the pleasure of this House, the introduction by the Prime Minister and the replies by the two Speakers will be included.

Hon. Mr. DUFF: Honourable senators, I understand that the speeches delivered in the House of Commons this afternoon on the occasion of the visit of Prime Minister Attlee of Great Britain, including the gracious remarks of His Honour the Speaker of the Senate and those of the Honourable the Speaker of the Commons, will be printed in the Commons Hansard. Everybody who gets a copy of the Senate Hansard also gets the Commons Hansard, and it seems to me that in times like these, when we are trying to economize, we should not spend money for duplicating the printing of these speeches.

The motion was agreed to.

AIR MAIL SERVICE

INQUIRY

On the Orders of the Day:

Hon. W. M. ASELTINE: Honourable senators, I should like to draw the attention of the Government to the very unsatisfactory air mail service that we are getting in this country. A good many members of this Chamber are two thousand or more miles away from their offices, and it is necessary to carry on correspondence with those offices by air mail. Some of us believe that correspondence which is stamped "Air Mail" and paid for at the air mail rate is sent by the ordinary routes. I will give you an example of what takes place. A week ago Saturday a report was forwarded to me from Rosetown, Saskatchewan, in an envelope marked "Air Mail" and bearing the air mail postage, but it did not arrive here in Ottawa until Wednesday of the following week. A train leaving Rosetown on Sunday morning connects with the air mail service, so the letter should have arrived here on the Monday morning.

Hon. Mr. McRAE: May I ask the honourable senator if it was not reported last week that a number of planes were grounded?

Hon. Mr. ASELTINE: This condition is not new; it has existed for two years. I had the same kind of experience last year. I am sending by air mail today an important letter, which I am having properly stamped by the postmaster downstairs. That letter should be in my office in Rosetown by six o'clock tomorrow evening; but it will not be there until the next day, or possibly even the day after that. Something is seriously wrong, and I think the Government should investigate to find out just what it is. Does correspondence that is stamped for air mail go by railroad in the ordinary way, or by plane? Are the planes overloaded and unable to carry all the mail? Just what is wrong? I have spoken to many people who have experienced similar delays, and I am hoping that something can be done to speed up the service.

Hon. Mr. ROBERTSON: I shall endeavour to obtain some information in reply to the honourable gentleman's inquiry.

WAR CHARITIES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 13, an Act to amend the War Charities Act, 1939.

He said: Honourable senators, the object of the War Charities Act passed in 1939 was to regulate campaigns for the collection of funds for purposes connected directly or indirectly with the war. Since then any group desirous of launching such a campaign—a municipality, a club, the Legion or any other body—has been required to submit to the Department an application in writing signed by at least three members of the organization, whose signatures had been

witnessed, setting out such details as the organization's name, the number of its branches, if any, the bank into which the money was to be credited, the amount of money expected to be collected, the manner in which such moneys were to be collected, the object for which they were to be spent, and the estimated cost of collection. As a further means of protecting the public, every registered fund has been required to submit annually an audited statement as of December 31, showing the fund's total receipts and disbursements during the calendar year immediately preceding, accompanied by a certificate from a professional practising accountant.

Since 1939 some four thousand applications have been made and registered under the Act. As of September, 1945, the number of actual registrations was 3,611. During the war years there has been careful custodianship of public contributions, averaging $30,000,000 for charitable purposes.

I might also point out that when making their income tax returns donors have been entitled to deduct from taxable income the amounts contributed to organizations registered with the Department under the Act.

This bill makes three amendments to the Act. In the first place it provides that the term "War Charity Fund" shall include:

a fund having for its object, or among its objects, the erection, construction, acquisition, development or maintenance of a war memorial.

Then it defines just what is meant by a "war memorial." Thirdly, it extends the regulatory power of the Minister to war memorials.

Hon. Mr. WHITE: Honourable senators, this Act has been administered by the Department of National War Services, which will soon cease to exist. Can the honourable leader of the Government inform us who will then administer the Act?

Hon. Mr. ROBERTSON: I am not certain, but I think it will continue to be administered by the Minister of National Revenue, who was formerly Minister of National War Services. If I am wrong about that I shall make a correction.

Hon. Mr. ROEBUCK: Honourable senators, may I ask a question of the honourable leader of the Government? Possibly the question could be answered by reference to the terms of the Act itself, which I have not before me at the moment. This proposed amendment says that a war charity fund for the erection of a war memorial shall be governed by the Act. What is a war charity? Is there any provision that the Act does not apply to private funds? If the family of a deceased soldier desire to erect a memorial, must they ask the Minister of the Department of National War Services for permission to do so? If not, where is the dividing line between public funds, which are governed by the Act, and private funds?

Hon. Mr. ROBERTSON: I am not sure if there is such a dividing line. My understanding is that if any group of individuals, or a municipality, club, branch of the Legion, or other organization desires to conduct a campaign to raise public funds for any war charity, it must apply for registration under this Act and furnish the detailed information that I mentioned a few moments ago. As far as individuals are concerned, it is my personal opinion that they would not be covered by the Act.

Hon. Mr. LEGER: Honourable senators, I agree entirely with the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) that some confusion may be experienced. I think the honourable leader should refer the bill to a committee for examination.

Hon. Mr. ROBERTSON: If the House will agree to the second reading of the bill, I shall be glad to move that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. PATERSON: May I ask, first, if the War Charities Act ceases to be operative on the declaration of peace, and secondly, when the Government is likely to declare peace?

Hon. Mr. ROBERTSON: In reply to the first question, I would say that since funds continue in existence and certain organizations contemplate activities with respect to war memorials, the War Charities Act would not cease with the formal declaration of peace.

On the second question, which is one that the honourable senator from Alma (Hon. Mr. Ballantyne) also asked me, all I can say at the present time is that the matter is under consideration and in due course a decision will be announced.

Hon. Mr. HAIG: Honourable senators, I am glad that those questions have been asked, and that the suggestion has been made to refer the bill to a committee.

The War Charities Act worked extremely well during the war. Prior to its enactment considerable difficulty was experienced in the city which I have the honour to represent in this House; organizations were formed for laudable purposes, but there was no possible way to check what they did with the money.

Since the passage of the Act there has not been a single complaint from any city in Manitoba with newspaper coverage.

While I am in entire accord with the observations of honourable gentlemen to my left, I believe the general underlying principle of the measure is good. It is my personal opinion that the whole world is not yet honest, and without some regulation of this kind some people will be organizing to raise funds for purposes which may be laudable enough, but there will be no check as to where the moneys go.

In a criminal case before the Assize Court in Manitoba the issue was what had become of certain funds. It was impossible to prove that the men charged got the money, so they were let go. If this bill is sent to a committee the details can be taken care of at that time. It is in circumstances like these that this House can give the greatest public service; measures can be followed through, and it can be seen that they function as they were intended to do.

Hon. Mr. CALDER: When does the control cease?

Hon. Mr. HAIG: The control would not cease. When there was no more necessity for it, it just would not be exercised.

Hon. Mr. CALDER: What authority has Parliament over municipalities?

Hon. Mr. HAIG: Parliament has no power over municipalities. It would not be municipalities that would be charged; it would be organizations which go out asking for contributions to set up a monument. They would come under this act.

Hon. Mr. McRAE: Honourable senators, I do not think that is quite correct. I think the real purpose of the act is to determine whether certain charitable contributions can properly be deducted from income tax.

Hon. Mr. HOWARD: That is secondary.

Hon. Mr. McRAE: There is nothing to prevent individuals from going to certain citizens for the purpose of raising money, and if any one wishes to make a contribution the Government should not attempt to control it. The Government does say, however, what contributions may be deducted from income tax. I think that is the basis of the Act.

Hon. Mr. DAVIES: Honourable senators, that is so, of course, only if the Minister agrees with the purpose, as put before the people, to which the funds are to be applied.

May I ask whether this bill refers to the collection of money for war memorials? I do not see any mention of it in this bill.

Hon. Mr. HAIG: Yes, it does.

Hon. Mr. ROBERTSON: The amendment contemplates bringing war memorials within the scope of the War Charities Act.

On the question raised by the honourable senator from Vancouver (Hon. Mr. McRae) I am advised that because registration is made under the War Charities Act it does not automatically follow that deductions will be recognized by the Income Tax Department, although in actual practice such is the case.

Hon. Mr. McRAE: That is why the department asked for it.

Hon. Mr. ROBERTSON: As the honourable leader opposite has suggested, the regularizing of funds that are designed for charitable purposes is to give a sort of official recognition to the various individuals who apply for and secure registration. Also it provides a very careful check on the ratio of expenses to collections. As far as possible no registration is permitted when the estimated cost of collection appears to be in excess of 25 per cent of the total to be collected.

Hon. Mr. McRAE: Honourable senators, it seems to me that we are going far afield. If there is no question of deductions from income tax, I think we are going out of our way to try to limit charities. Individuals who live in municipalities and who know the situation have the right and privilege of making whatever contributions they wish. The only effect this would have would be that when a licence was applied for and issued, the contributions would be deductable from income tax.

Hon. Mr. CALDER: Honourable senators, if this matter goes before a committee, inquiry should be made into at least one phase of the question, namely, where the Dominion Government gets its authority to interfere at all in affairs of this kind. I presume this Act was passed under the authority given to Parliament to deal with certain matters in war-time. The time is going to come when that authority will cease. If this is to be a continuing law, from where does the Government derive the power to deal with what would appear to be a civil matter? For instance, a small town in Quebec or Ontario might wish to raise a memorial for some purpose, and the Federal Government would assume the right to say that the municipality must comply with certain conditions. I am

merely drawing attention to this phase of the question before the bill goes to committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Robertson, the Bill was referred to the Standing Committee on Banking and Commerce.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following Bills:

Bill H6, an Act for the relief of Frances Gladys Ruth Leveille Williams.

Bill I6, an Act for the relief of Dorothy Ada Greenwood Pringle.

Bill J6, an Act for the relief of Edward Vaughton Molson.

Bill K6, an Act for the relief of Elizabeth Jean McKay Hepplewhite.

Bill L6, an Act for the relief of Alfred Henry Gray.

Bill M6, an Act for the relief of Dante Antonio Olak.

Bill N6, an Act for the relief of Josephus Barzyk.

Bill O6, an Act for the relief of Florence Mardi Harding.

Bill P6, an Act for the relief of Ernest Lavoie.

The Bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

The Senate adjourned until to-morrow at 3 p.m.

APPENDIX

THE PRIME MINISTER OF UNITED KINGDOM

ADDRESS OF THE RIGHT HONOURABLE CLEMENT R. ATTLEE, C.H., M.P., TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS, IN THE HOUSE OF COMMONS CHAMBER, OTTAWA, NOVEMBER 19, 1945.

(Mr. Attlee was welcomed by the Right Honourable W. L. Mackenzie King, Prime Minister of Canada, and thanked by the Honourable James H. King, P.C., Speaker of the Senate, and the Honourable Gaspard Fauteux, Speaker of the House of Commons.)

Right Hon. W. L. MACKENZIE KING: Canada is much honoured by the presence in our capital today of the Prime Minister of the United Kingdom, the Right Honourable Clement R. Attlee. When, in the course of my recent visit to England, I learned from Mr. Attlee that he had accepted the invitation of the President of the United States, Mr. Truman, to visit him at Washington, I expressed to Mr. Attlee the hope that he might also find it possible, before his return to Britain, to pay a visit to Ottawa. I was delighted to receive an immediate acceptance of this invitation.

I mentioned to Mr. Attlee our hope that, while in Ottawa, he would be willing to address the members of both Houses of Parliament. This suggestion he assured me he would also be pleased to meet. Mr. Attlee is with us this afternoon in fulfilment of his promise. His address is to be broadcast to all parts of Canada, and overseas.

I have already, on behalf of the Canadian people, extended to Mr. Attlee, as Prime Minister of the United Kingdom, a very warm welcome to Canada. I should now like, on behalf of the Parliament of Canada, to express to him the great pleasure it affords the members of both Houses to have the honour of meeting him and of being addressed by him this afternoon.

Perhaps, before I call on Mr. Attlee to speak, he will permit me to say how pleased I am to be again with my fellow members of Parliament after an absence of seven weeks, and especially after the memorable visits I have just made to England and to the United States.

I should like immediately to express to the Prime Minister of the United Kingdom my warm appreciation of the many courtesies extended to me by him and by other members of the British Government during my sojourn in London. The exceptional opportunities afforded of conference with Mr. Attlee and his colleagues, as well as with members of the Opposition and with others, enabled me to gain a much wider knowledge of existing conditions in the United Kingdom and other parts of Europe, and of today's world problems. For Britain and for the people of Britain my visit has given me a greater admiration than ever. The courage and determination they displayed throughout the long years of war have never been surpassed. Their fortitude and endurance in seeking today to overcome the privations caused by the devastation of war, and to meet situations resulting from its horrors, are equally heroic and evoke feelings of the deepest sympathy and respect.

I should like also to say to the Prime Minister of the United Kingdom how much it meant to me, as Prime Minister of Canada, to share with him in the conferences with the President of the United States on atomic energy and problems which this discovery has presented to the world.

It is too soon to say more than a word of the agreement reached at Washington. I believe the initiative taken by the representatives of the three countries which possess the knowledge essential to the use of atomic energy, to see that the new discovery shall be used for the benefit of mankind, and not as a means of destruction, should go far towards creating conditions of mutual trust which alone can rid the world of its worst fears, and secure for nations an enduring peace. I am more than ever convinced that in the continued close co-operation between nations of the British Commonwealth and the United States,

which meant so much to the preservation of the world's freedom at a time of war, will be found the surest guarantee of world security in these post-war years.

I need not remind honourable members of the many causes with which, over the years, Mr. Attlee's life has been identified, nor how outstanding are the contributions he has made to the public life of our day. He has always been an earnest student of social and industrial problems, imbued with an abiding determination to work increasingly for human welfare and social progress. As a soldier in the first Great War he had a fine record of military service. He has been a member of the Labour Party of Britain for nearly forty years, and its leader for more than ten years. Though still with the promise of many years before him, he has already lived to see fulfilment of some of the great purposes of his life.

Few men have had a comparable political career. Mr. Attlee has been a member of the Parliament of the United Kingdom for twenty-three years. During that time he has held many high offices of state which he administered with rare ability and the utmost fidelity. As Leader of the Opposition at the greatest crisis of the war he joined in forming the Coalition. During the period of the Coalition he held after 1942 the office of Deputy Prime Minister. He combined this difficult position with the continued leadership of his party. He is today head of the administration and Prime Minister of the United Kingdom. This is a record of personal achievement, political success and public service which will ever hold an exceptionally high and honourable place in the history of British statesmanship.

It has fallen to the lot of few statesmen, if any, to be faced with greater problems than those by which Mr. Attlee is faced today. In the discharge of his grave responsibilities, I should like to assure the Prime Minister of the United Kingdom of the understanding and co-operation of the Government of Canada. I am speaking, I know, for all Canadians when I ask Mr. Attlee to take back to the people of Britain the renewed expression of our admiration and affection. With this expression of admiration and affection, I ask him also to carry back the assurance that the people of Canada are united in their resolve to do all they can to help Britain in meeting the pressing needs of her people. We fully realize not only the magnitude of their sacrifice, but also our own country's interest in the welfare and prosperity of Britain, and indeed, of all nations.

I have much pleasure in calling upon the Prime Minister of the United Kingdom, the Right Honourable Clement Attlee.

Right Hon. CLEMENT R. ATTLEE: Mr. Speaker, members of the Senate, and members of the House of Commons:

I should like first of all to say how deeply I am touched by the reception which you have given me. I should like to thank you, Mr. Prime Minister, for your kind words. I think this is a tribute to the people of the United Kingdom, whom I am representing today.

It is a great pleasure to me to be in Ottawa again. It has been my privilege to visit Canada four times in the last five years. When I was last here I was Deputy Prime Minister in Mr. Churchill's Government, a post which I held until a few months ago. Now by a process well understood by all parliamentarians, there has been a change of administration, and I come before you as Prime Minister. I say that this is well understood by all of us; but the methods that are natural to democracies are not always understood in other parts of the world.

You will remember that we had a general election in Britain and I then accompanied Mr. Churchill to Potsdam while the ballot boxes remained locked up and the votes from the men overseas were coming in. Some of our friends were surprised that immediately following a vigorous electoral contest Mr. Churchill and I could co-operate; some were even astonished that we showed no agitation while our political destinies remained hidden for three weeks. When we returned to London and the result of the ballot caused me to become Prime Minister, I went back to Potsdam with precisely the same civil servants as had accompanied Mr. Churchill. It was a striking example of how, in countries where the rule of law obtains, we can effect change peaceably. It was also an illustration of the fact that political differences do not prevent co-operation between opponents where the interests of the country are at stake.

In London we have been delighted to welcome in recent years representatives of all your parties, including my friend Mr. Bracken, the leader of the Opposition, and Mr. Coldwell, the leader of the Co-operative Commonwealth Federation; and only a week or two ago we had the pleasure of receiving your Prime Minister, Mr. Mackenzie King, on his third visit since the war began. As the junior Prime Minister in the Commonwealth, it has been a pleasure to me to be with one who has had such a long and distinguished tenure of office.

He and I have come to you from the United States of America, where we have been in consultation with President Truman on a subject of vital consequence, not only to the people of our own countries but to the peoples of the whole world. I shall not venture on

Mr. King's prerogatives by talking to you this afternoon about the problems which the discovery of the release of atomic energy has created. I have no doubt you will be debating these high matters in due course, but I know that the problem which has presented itself to all three of us, as only one part of the great question which confronts us all to-day, is: How can we secure peace? How can we prevent another devastating war from arising again in a few years time, a war even worse than those we have already experienced? You will have seen that in considering this question we stressed the paramount importance of making the United Nations Organization an effective instrument of world peace. You cannot deal with these matters by considering such a question as that of the atom bomb by itself. A very distinguished leader of my party, Mr. Sidney Webb, now Lord Passfield, once described the process of trying to deal with the particular results of general causes as hammering on the bulge. It was a simile taken from dealing with pots and pans, for in hammering on the bulge you merely caused the metal to raise itself in another place.

The particular problem of certain armaments must be considered in the light of the general question of securing world peace. It is just here I believe, with all due humility, that the British Commonwealth and Empire offers the world an example which should be noted and followed. The units which compose our British Commonwealth are equal. They are sovereign and independent States, owing allegiance to the same King, freely co-operating for their mutual benefit, each one of them living its own life, having its own distinctive characteristics and, while avoiding slavish uniformity, being responsive to a larger unity. The bonds which unite this great company of nations are not material, but spiritual. The strands which compose them are the acceptance of the rule of law, a belief in and the practice of the principles of democracy and liberty, and the acknowledgment of a common standard of moral values. In my view it is precisely these spiirtual ties which must bind together all the nations of the world if we are to make the United Nations Organization a living entity, if we are to establish peace on sure foundations. The work done at San Francisco was valuable, but the designing and perfecting of a machine is of little value unless there is the power to make it move. It is only an intense belief in the great principles of the interdependence of nations and the brotherhood of man that will provide the motive power to this great machine which has been constructed.

I am certain that it was this unity in the British Commonwealth, based on the common conception of the right relationship between human beings and between nations, that was responsible for the remarkable spontaneity with which at the threat to civilization the members of the British Commonwealth of nations sprang to arms.

I urge each individual man and woman of every race, creed and language to understand the moral crisis that confronts the world.

Je me rappelle en ce moment ce qu'a dit un des grands esprits de la France, Rabelais:

Science sans conscience n'est que ruine de l'âme.

Voilà le problème qui confronte l'humanité—rapprocher la science et la moralité.

A mon avis, il est évident que si nous n'apportons à ces problèmes un enthousiasme moral aussi grand que celui qu'apportent les savants à leurs recherches, la civilisation construite pendant des siècles sera détruite.

Speaking to you here today after the close of this long struggle, I should like to pay my tribute to what Canada and the Canadian people have achieved. I recall so well the dark days of 1940, when our forces had to withdraw from Dunkirk and we were left with very scanty equipment to defend ourselves against invasion that then seemed imminent, and how heartened we were by the presence in ever-growing numbers of the Canadian forces. I know too what a strain it was for those gallant men to remain apparently inactive for many weary months although in fact their presence was vital to the whole strategy of the war. In 1942 there took place the Canadian action at Dieppe, which played a vital part in the preparations for the later invasions. It enabled us to perfect our amphibious technique; it taught us how to conduct air battles in support of a landing, and it made us realize the need for bringing with us our own harbours. Thus the men of Dieppe showed the way to North Africa, to Sicily, to Italy and to Normandy.

When the time came for the Canadian armed forces to cross the seas, in every theatre of war they more than sustained the high reputation which they had won in the first World War on the fields of France and Flanders. I recall how they were the spearhead of the attack on Sicily, and how they fought their way north in 1944 and early 1945, along the Adriatic and across the Apennines. It was my privilege then to visit them in the front line. No less splendid were their feats in the invasion of Europe. Some of the hardest tasks were given to them—the clearing of the channel ports, of the Dutch coast, and the opening of the port of Antwerp. And since the defeat of Germany, Canadian

troops have been playing their part in the vital task of disarming the Germans and occupying their country. This task and similar tasks in Japan will make great demands on the resources of the Commonwealth and of the Allies, but it is one of the tasks which must be done fully and well if we are not to throw away the rewards of victory.

The whole world knows the achievements of the Royal Canadian Air Force, whose units played a distinguished part in every phase of our warfare, in every command of the United Kingdom and in every overseas theatre. They were second to none in their gallantry and in their skill. Perhaps their biggest single achievement was the provision of an entire group, the famous No. 6 Group of Bomber Command. Let us remember that behind the whole air effort of the British Commonwealth lay that great Empire Air Training Scheme under which roughly one-third of the British, Dominion and allied air crews were trained in this country. Perhaps it is not so generally known that the Dominion of Canada played a major part in the development of Radar and provided the R.A.F. with its main source of highly skilled mechanics and technicians.

Finally, let me say that one of the most notable achievements of the war was the development from small beginnings of a great Canadian navy. In all the strain of the long continued Battle of the Atlantic, Canadians took their full share with their British and American comrades.

Besides all this, just as in the Old Country, the workers in the fields, in the factories and in the shipyards, the scientists, the technicians and research workers, are entitled to a full share of credit for the successful outcome of the war. I should like here to refer particularly to the vast and generous financial contribution of Canada to the food supply sent across the Atlantic and to the whole system of mutual aid. Canada has had not only firm leadership of her fighting forces, by sea, on land and in the air, but also at home, by a far-seeing and wise Parliament and Government, who understood just what was needed for the common effort. Everyone who realizes fully what Canada did throughout the war must acknowledge that hers was a major contribution to the common cause.

You now, like ourselves, are facing the problems of peace. I count it a happy event that on the occasion of the first visit which I have made overseas since the end of the Potsdam Conference, I should have had the comradeship of your Prime Minister in visiting our great friend and ally, the United States of America. It seems to me to be a good augury for the future, in which the problems of peace will need that same co-operation which brought us to final and complete victory.

I remember very well when I was over here in 1941, discussing with members of your Cabinet the problems of mobilizing manpower and womanpower in both our countries for total war. We now are both engaged in the equally difficult task of demobilization and of the turning from war to peace of our whole economic machine. I have no doubt that your difficulties are very present to your minds, but it might not be out of place for me to tell you something of ours. I suppose that in no country engaged in the war was a greater degree of austerity imposed upon the people than in the United Kingdom. I need not tell you that our food situation is still very difficult and that our rations are on a scale only barely sufficient to maintain health. Coal too is in short supply. But this is not all. During the war we have been unable to replenish our ordinary stores of domestic requirements, sheets, blankets, curtains, pots and pans and crockery. We have had as it were, in every phase of our life, to make do and mend, with the inevitable consequence that we find ourselves today faced with every kind of shortage. If you go around our shops you will find that many of the ordinary wants of the housewife are simply not there. We are still rationed very tightly for clothing and shoes. The men and women who come out of the fighting services and want to marry and set up a home will find the greatest difficulty in furnishing it. For example, we are endeavouring to provide utility furniture; but it takes a long time to get the industrial machine under way. And let me add that those who want to marry and settle down have an anxiety even more pressing than that of how to furnish a home—that of finding a home to live in. It is perhaps not generally realized that three and a half million houses were to a greater or lesser extent damaged in the blitz, and that of these a great number were entirely destroyed. My own constituency of Limehouse in East London was formerly a dense mass of working-class houses with hardly any open space at all. But at the recent General election my constituents walked through the fields to vote for me—fields strewn with rubble, beginning to be covered by weeds that had grown up in the spaces created by German bombs. It will take years to catch up with the housing shortage; it will take a long time to get our industries fully at work; and even then we shall not be able to devote all our energies to our domestic needs. We have the problem of paying for our food and raw materials. For that purpose it is

essential that as soon as possible we should build up our export trade. We shall not have in the future those invisible exports on which we used to depend before the war. Those resources built up by past prosperity were used up in the grim time when the British Commonwealth and Empire stood alone in the field against the barbarians, and in the years which followed.

You may think I am painting you a somewhat dark picture. I do not minimize to you or to our own people our difficulties, but I should like you to know also the spirit in which we are tackling them. I was talking the other day to a distinguished American editor who had been visiting Britain, and he said to me that the thing that struck him most was the spirit of energy in our country. It recalls to me what Emerson said a hundred years ago about Britain:

> So . . . I feel in regard to this aged England . . . pressed upon by transitions of trade and . . . competing populations,—I see her not dispirited, not weak, but well-remembering that she has seen dark days before; indeed, with a kind of instinct that she sees a little better in a cloudy day, and that, in storm of battle and calamity, she has a secret vigour and a pulse like a cannon.

I believe that that is true today. We have a new Parliament, very largely made up of young men and women, a big proportion of whom are drawn from the fighting forces. I believe that this Parliament with its youthful energy, drive and idealism, and its readiness to embark on new experiments, fitly represents the spirit of our old country. At the general election the electors returned to power a party which believes in a planned economy, which believes in developing to the full the resources of our country in the interests of all the people, which believes that every individual in the community should be given a fair share of the good things of this world in return for a fair contribution of effort. We are therefore embarking on new policies. We are putting forward complete schemes for social security designed to remove from the homes of our people the fear of want; but we know well that our ability to provide this economic security will depend on the degree to which we are able to apply the skill of our workers, our scientists and managers to our natural resources. That is why we are seeking to reorganize our basic industries, such as coal, as services owned and controlled in the interests of the nation. We cannot afford to waste our resources. We cannot afford inefficiency. We are seeking to direct capital into those channels where it will fertilize trade and industry in the interest of the whole community. We have an agricultural policy designed to see that the workers on the land get a fair return for their efforts, and that the food of the people shall be obtainable at a reasonable cost. We shall of course always have to import a large amount of our food supplies from abroad, but we believe that prosperous agriculture at home is compatible with that exchange of food and raw materials from overseas in return for our manufactured goods which has for so long been the basis of our inter-Commonwealth trade. Therefore, while we follow no exclusive policy, we believe that in the future as in the past, the general well-being of the countries of the Commonwealth will be enhanced by their economies being complementary. In saying this I do not lose sight of the fact that Canada, perhaps to an even greater extent than other countries in the Commonwealth, has become during the war an important manufacturing nation, and that it will expect to see in post-war years an increasing export of its own manufactured products. But past experience has shown that the greatest volume of trade has been built up between highly industrialized countries, and I see no reason therefore to think that the development to which I have referred will place any obstacle in the way of a steady and increasing trade between our two countries.

We of the Labour Party believe in an expansionist economy; we affirm that if we all act wisely we shall never again see, as we did in 1931, the tragedy of starvation and want in the midst of abundance. We hold that it is of vital importance that there should be a steadily increasing standard of life for the masses of the people throughout the world. In particular, we believe it to be essential that the producers of primary products all the world over shall be assured of a fair reward for their labours and should not be at the mercy of the vagaries of uncontrolled prices.

We have emerged triumphant from the greatest crisis that ever faced the free peoples of the world. It is for us to see that that victory is not nullified by the failure to deal effectively with the problems of the peace. We owe it to the valiant dead that they shall not have died in vain. I know well how in all our countries there is weariness after these six years of war; but we must not let it overcome us. There may be here and there some cynicism: we must meet it by redoubling our faith and hope. I sometimes hear talk of new nations and old nations. It has been suggested that we in Europe are old and effete. Do not believe it. You are the new shoot from the old stem, but the old stem is still alive and full of vigour. You in

Canada draw your spiritual resources from two great nations. In the past, these nations in turn have derived their sustenance from the great heritage bequeathed by our ancestors, and they will do so again in the future. I can see that you here in Canada are pulsating with life and vigour. You have a great part to play in the world, and I am certain that in peace as in war you will take your full share in bearing the burdens of the world.

Twice in my lifetime the aggressor has presumed to think that Britain was feeble and effete. Twice has he learned his error. Despite all our difficulties we face the future undismayed. We shall go forward into this new world—a world, it is true, of danger, but a world of great opportunity—strong in the faith expressed so clearly by Robert Burns:

> It's coming yet for a' that
> That man to man, the world o'er,
> Shall brothers be for a' that.

Right Hon. MACKENZIE KING: I would ask the Honourable Dr. King, Speaker of the Senate, and the Honourable Mr. Fauteux, Speaker of the House of Commons, to thank Mr. Attlee for the eloquent and inspiring address he has just delivered.

Hon. J. H. KING: Mr. Prime Minister, honourable members of the Senate and of the House of Commons: it is my privilege to express, more particularly on behalf of the Senate, a word of thanks to our distinguished guest, Mr. Attlee, the Prime Minister of Great Britain, is no stranger to Canada, and as this is the first opportunity we have had to offer our congratulations and good wishes since he was chosen to fill the highest office in the gift of the British people, this we do most heartily.

We are grateful to him for finding time, in the midst of all the overwhelming problems with which his Government is faced, to visit our Capital, and to address the members of our Houses of Parliament.

We recognize what his visit signifies in the growing importance of the mutual relations existing between Great Britain and Canada; and we are proud, too, that Mr. Attlee's first visit to the United States, as Prime Minister of Great Britain, should have been in company with the Prime Minister of Canada. The Canadian people are unanimous in their realization that the highest external interest of our country is the maintenance and strengthening of the common bonds between the nations of our Commonwealth and the United States of America.

We thank Mr. Attlee for his generous and understanding words today, and should like to assure him that the Canadian people are hopeful and desirous of continuing that spirit of unity and co-operation among the nations of the Commonwealth, which exemplifies to the world that such co-operation is possible, and in it lies the road to peace and security.

Sir, we wish you godspeed and safe return to Great Britain.

Hon. GASPARD FAUTEUX: Mr. Attlee, honourable members of the Senate and of the House of Commons, it is indeed a great honour and privilege to extend on behalf of the House of Commons to the Right Honourable Mr. Attlee our most sincere thanks for having accepted the invitation to address the Parliament of Canada, and for speaking in such generous terms of our country and its people.

I would not dare, as it would be superfluous, to utter any remarks in reply to the views which have been expressed to this Parliament by the Prime Minister of the United Kingdom; moreover, if this were a regular sitting of the House, I should not have the right to do so, since our Standing Order No. 10 says: "Mr. Speaker shall not take part in any debate before the House."

May I be permitted, however, to say to the Right Honourable Prime Minister that it will be indeed a great pleasure for the Speaker when an honourable member of the House moves, during our regular sitting, that the address of the Right Honourable Clement R. Attlee, Prime Minister of the United Kingdom, delivered before the members of the Senate and of the House of Commons in the chamber of the House of Commons, on Monday, November 19, 1945, be included in the House of Commons Debates and form part of the permanent records of this Parliament. I must assure you sir that, the honourable member who will move the motion will not be called to order by the Speaker and after the motion has been put, I shall indeed be very happy, acting as the voice of the House of Commons, to say, without hesitation, Carried; adopté.

Monsieur Attlee, s'il y a des obligations et des devoirs très lourds imposés à l'Orateur de la Chambre des communes, il existe aussi des privilèges, comme c'est le cas cet après-midi, qui sont des plus agréables, et c'est avec beaucoup d'empressement que je vous souhaite en ma langue maternelle, au nom de l'élément canadien-français, la plus cordiale bienvenue, et que je vous offre nos remerciements les plus sincères pour avoir bien voulu accepter l'invitation du premier ministre d'adresser la parole à une réunion conjointe des deux Chambres du Parlement du Canada.

Veuillez croire que mes compatriotes canadiens-français se réjouissent de votre visite, car ils n'ont pas oublié l'attitude héroïque de votre pays durant la guerre qui vient à peine de se terminer et ils sont reconnaissants à la Grande-Bretagne et à sa population, à qui nous devons pour une large part la victoire des Nations Unies. Ils se souviennent aussi du rôle prépondérant que vous avez joué durant ces années difficiles, avec l'ancien premier ministre de la Grande-Bretagne, le très honorable Winston Churchill, dans l'administration de votre pays.

Me permettriez-vous d'ajouter que si, au Canada, nous avons toujours eu confiance dans le courage et la valeur du peuple anglais durant les jours les plus sombres, nous avons également confiance en votre grand pays pour conserver cette unité, cette collaboration parmi les Nations Unies, qui nous ont donné la victoire, afin de nous assurer dans l'avenir une paix durable qui nous garantira un monde meilleur.

The proceedings were closed by the singing of God Save the King.

THE SENATE

Tuesday, November 20, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADA'S NATIONAL FLAG

MESSAGE FROM HOUSE OF COMMONS

A message was received from the House of Commons as follows:

Resolved: That Messrs. Beaudoin, Blanchette, Castleden, Emmerson, Gingues, Gladstone, Hackett, Hansell, Harris (Grey-Bruce), Herridge, LaCroix, Lafontaine, Macdonnell (Muskoka-Ontario), MacNicol, Martin, Matthews (Brandon), McCulloch (Pictou), McIvor, Reid, Smith (Calgary West), Stanfield, Stirling, Thatcher, Warren, Zaplitny, be appointed to act as members of the Joint Committee of both Houses to consider and report upon a suitable design for a distinctive national flag,

That a message be sent to the Senate to inform their Honours that the House of Commons has appointed this Committee and to request their Honours to appoint members of the Senate to act thereon with the members of the House of Commons as a Joint Committee of both Houses.

The message was laid on the Table.

SENATE STANDING COMMITTEES—THEIR CONSTITUTION AND FUNCTIONS

MOTION

Hon. WISHART McL. ROBERTSON moved:

1. That a special committee of the Senate be appointed to review the constitution and functions of the Standing Committees of the Senate and to make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient.

2. That the said committee be composed of the Honourable Senators Buchanan, Foster, Haig, Hayden, Horner, Howard, Lambert, Leger, McRae, Robertson, Sinclair, and Vien.

He said: Honourable senators, since the beginning of this session various constructive suggestions have been made to me by honourable members from both sides of the House with regard to various aspects of our standing committees. These suggestions have come from senior senators and recently appointed members. I believe that many of the suggestions are well worthy of consideration, and rather than attempt to deal with them in piecemeal fashion, I have decided to move this motion, so that, if it is concurred in, honourable members who have ideas on the constitution and functions of our standing committees may set them forth for the special committee, which could then examine them and bring in a report for consideration by the Senate. In that way, if the committee's report were adopted, we would begin to derive benefit from it at the start of the next session.

I should like honourable senators to regard the proposed special committee as part of what, I hope, may be a programme to increase the already great usefulness of this Chamber. I am sure it is the desire of every honourable member that the Senate, which is one of the Houses of Parliament, should in future render service, in ever-increasing degree, to the people of this country. There are some things which we can do only in co-operation with the Government or the other House, but it seems to me that the logic of events and the continuously growing volume of parliamentary business makes it desirable that there should be a better division of the legislative responsibilities of both Houses of Parliament. However, that is a matter which, if possible, will have to be worked out between this House and other parties.

I have two things in mind. One is the proposal made in this motion. The other, that in my official capacity as leader of the Government here, with a view to enhancing the repu-

tation and effectiveness of this House of Parliament I should like to ask honourable members to refrain from saying anything of a derogatory nature respecting honourable senators either individually or collectively. As a junior member of this House, I can say that if I ever had any preconceived ideas with respect to the matter, my rather brief experience here has convinced me that no men in any group, irrespective of age or other factors, are more desirous of giving of their very best talent for the general good of their country. I think that we should on every occasion refrain from saying anything which would have the effect of belittling the reputation of this Chamber, or which would convey to the people of this country that there is anything but a universal willingness on the part of members of this House to render the greatest service possible.

I should like to draw to the attention of honourable senators some of the suggestions that have been made respecting the constitution and functions of committees. Undoubtedly some honourable senators will have further suggestions to make.

It has been suggested that we have too many committees. Rule 78 of the Senate of Canada makes provision for 17 standing committees. Some of these are small, consisting of nine senators or less. Several such committees do not meet or transact business during the session. It is proposed that some of them be abolished, or as an alternative that they be given something to do.

Further, it has been suggested on several occasions by honourable senators that the Standing Commitee on Banking and Commerce and that on Railways, Telegraphs and Harbours are too large. These committees are composed of 42 and 50 members respectively.

Certain honourable senators are on too many committees. Some are members of all the important committees. This condition makes it difficult to arrange sittings of more than one committee on the same day; also on days when more than one committee is sitting it makes it difficult to secure a quorum. A recent survey shows that two senators are members of every committee; six are members of seven committees; six of six; sixteen of five; nineteen of four; fifteen of three; fourteen of two, and seventeen of only one committee.

Some honourable senators complain that they cannot get on committees to which the types of bills in which they are interested are referred. As all honourable senators know, the members of standing committees are nominated by a Committee of Selection appointed in accordance with Rule 77, which reads:

77. At the commencement of each session a Committee of Selection, consisting of nine senators named by the Senate, shall be appointed, whose duty it shall be to nominate the senators to serve on the several standing committees.

So far as I know this procedure has been followed: but it might be better to give the Committee of Selection more time in which to determine the individual qualifications and desires of honourable senators with respect to serving on the different committees.

The suggestion has been made that more business should be transacted in the Committee of the Whole House, and that fewer bills should be sent to standing committees. The effect of having the Committee of the Whole do work now being done by standing committees would be to give more publicity to the business of the Senate, and to afford opportunity for the expression of individual points of view. On the other hand, the sending of bills to a standing committee provides an opportunity for the hearing of witnesses and the receiving of representations from the public.

The following changes were proposed in the names of standing committees:

(a) That the word Fisheries should be added to the name of the Committee on Agriculture and Forestry, or a change of name should be contemplated that would refer to the primary industries generally.

(b) That the name of the Committee on Railways, Telegraphs and Harbours should be changed in some way to include reference to aviation.

Question has been raised as to whether or not new committees should be constituted. Inasmuch as one of the original purposes for which the Senate was created was that it should be particularly concerned with the rights of provincial minorities, it was suggested that this honourable body should seriously consider the constitution of a standing committee to consider Dominion-Provincial relations.

I am interested in hearing the views of honourable senators as to the desirability of referring matters of national importance to various committees in anticipation of forthcoming legislation, so that honourable senators

may familiarize themselves with the subject matter before specific legislation is introduced. This procedure has been adopted in two instances during the present session. In addition to referring the Estimates to the Standing Committee on Finance before the introduction of the Supply Bill, there have been tabled in this House reports of very great national interest, namely:

The Report of the United Nations Monetary and Financial Conference.
The final Act of the International Civil Aviation Conference.
The proposals of the Government of Canada before the Dominion-Provincial Conference on Reconstruction.

In two instances, the Bretton Woods Conference and the International Civil Aviation Conference, there is indication already that certain legislation will come before us which will require our consideration. As to the white paper on Employment and Income, the Government has announced the desirability of the export trade of Canada in the post-war years reaching a figure of not less than one and three-quarter billion dollars annually at current prices for merchandise and non-monetary gold. In dollar value this would represent an increase of about 60 per cent over the pre-war level, and about 15 per cent in the amount of goods exported. This is a question of great importance, one with which the Senate must concern itself directly or indirectly, and I for one should like to know the views of some honourable senators on having it referred to the Committee on Trade and Commerce for investigation and study.

There is a further question as to how far we should go in the matter of inquiries by special committess, similar in principle and purpose to the special committee now conducting an inquiry into the workings of the Income War Tax Act. If honourable senators think favourably of the proposal, I would suggest that a special committee be set up for the purpose of reviewing the constitution and functions of the standing committees of the Senate. I should like honourable senators, particularly those who have had long experience in this House, to give the committee the benefit of their views on the suggestions I have outlined. In this way the Senate will better avail itself of the great abilities of all its members, especially of the newcomers.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to speak at any great length. It is my intention to move adjournment of the debate to allow as much time as possible for the discussion of another important subject.

I do wish to say, however, that this honourable House will never occupy the place the Fathers of Confederation intended it to take until we have a greater number of the members of the Government of the day sitting in this Chamber. One man representing the Government in this House is not sufficient, especially when that man does not occupy a cabinet post as a minister of a department. There is no doubt that all bills dealing with money or taxation should normally arise in the House of Commons, the members of which are elected; but there is an increasing amount of legislation coming in from time to time which has nothing to do with money matters, and on which men of mature judgment should have an opportunity to express themselves. In my short experience of a little more than ten years as a member of this House I have always felt that the Senate lacked the necessary ministerial responsibility to enable it to play the important part intended for it in the scheme of Confederation. Furthermore, the idea of the Fathers of Confederation was that the Senate should be a reviewing chamber, functioning so as to give the people a chance for second thought in matters of legislation.

Once you have more than two parties in an elected house you are bound to have long debates. I speak with some authority on that. For many years I had the pleasure of being a member of an elected house, and for fifteen of those years no fewer than five parties were represented in that house. No matter what careful arrangements you made in an attempt to have a debate concluded in one or two days, just when you thought it was finished you would find a representative of one of the parties which had not yet made its views known getting up and starting the discussion all over again. That is what is going on in the House of Commons now, and I am persuaded that it is a condition which may last for some time. While it lasts there will be long-drawn-out discussion on every subject that comes before the House, and I defy anybody to prevent it. For the last five years there has been a coalition government in Manitoba, with only two parties in the legislature. As a result, the length of the sessions has been cut down forty per cent. I am sure that if Manitoba has a three or four or five party system again, the sessions of its legislature will stretch out considerably. Exactly the same thing is true of British Columbia and Saskatchewan.

The House of Representatives in the United States had to adopt a system that in reality amounted to closure. I mean they set a

limit to the length of time for the discussion of a bill. There is a similar system in effect in Great Britain.

It is a good thing for the Senate to have a discussion on the income tax, as we have had for some time in one of our committees. I notice that a periodical published in Toronto is advocating that the Senate discuss the labour problem. Well, I am not clear as to whether that would be a good thing or not, but I do know there is one subject we should discuss here, and that is divorce. Those of us who have been on the Divorce Committee for many years realize that we are doing a hard and disagreeable job. But I do not see how we can get out of it. We cannot say to the Province of Quebec: "You must establish a divorce court. If you do not, we will force it on you." We cannot say that, because eighty per cent of the people of that province are opposed to divorce. Some people say that the Quebec divorce cases should be turned over to the Exchequer Court. The problem is one that this House should try to solve. We are trying to solve the income tax problem; why not the divorce problem? The divorce laws of Canada are out of date. An old country like Great Britain was able five or six years ago to bring in a divorce Act that has worked well.

The question of how to deal with divorce applications from Quebec is a live one in this country. As a member of the Senate Divorce Committee I want to thank honourable members of another place—especially the honourable gentleman from Hull, who is a minister of the Government, and the honourable gentleman from West Calgary—for what they said about the work of our Committee. They were very kind. However, as the Minister of Finance said in another place when honourable members were objecting to the present system of dealing with Quebec divorces, there is no use in simply making criticism; the thing to do is to suggest a better method of dealing with the problem. Divorce in this country, as elsewhere, is one of the features of modern civilization, and it is a feature that is here to stay.

Now I come to the motion of the honourable leader of the Government (Hon. Mr. Robertson). I welcome it. His suggestion is that the whole question of the constitution and functions of our standing committees be referred to a special committee, which should report back to the House. That is in accordance with the practice in the House of Commons and in our provincial legislatures. A bill is given first and second readings, then sent to a committee and reported back, and finally it reaches the third reading stage. If you are desirous of saving time, the bill can be referred to the Committee of the Whole rather than to a standing committee.

The only place where a minister who has a seat in the House of Commons can explain a bill to the Senate is in one of our committees. Then, groups and institutions who wish to express their views on any proposed matter before Parliament are facilitated in being able to send delegations to our committees.

The first year that I became a member of the Senate I was appointed to the Committee of Selection. The then Government leader, the late Senator Dandurand, made a suggestion that has ever since been carried out—it may have been suggested before for all I know—that when a vacancy occurred on a committee the Government of the day would select a successor. Senator Meighen, who was then leading this side, agreed to the proposal, and the practice has worked extremely well ever since. For many years I was a member of the Committee of Selection in the Manitoba Legislature, and I know that we used to have an awful time, with rows about who should be appointed to this or that committee. I have never seen any rows here over that question during the ten years of my membership in the Senate. However, as the honourable leader pointed out, the Committee of Selection is often in doubt as to new senators; they are not known; and there is question as to which of them should be appointed to which committee.

I heartily agree that the membership of the committees should be checked over. To say that a man is a member of six committees does not necessarily mean much, if included among them is the Tourist Traffic Committee, the Committee on Public Buildings and Grounds, and the Committee on Public Health. I do not know whether the last mentioned committee has met lately, but for years it did not meet at all. It would be a good thing to check up on the memberships of all committees with a view to making a better division of the work. I think the leader of the Government and the leader on this side of the House should be members of all committees, so they may be kept in touch with what is going on.

There are several other things about which I should like to say a word or two, but in view of the business to come before us this afternoon I will now move the adjournment of the debate.

Hon. C. C. BALLANTYNE: Honourable senators, before the motion for the adjournment of the debate is carried, I have a word or two to say. I find myself generally in sympathy with what the honourable leader of the Government has stated. I wish to point

out, however, something that he knows full well. He himself, being a member of the Privy Council, holds the key to the situation. When a new session opens and the legislation is forecast in the Speech from the Throne, my honourable friend, with his great prestige in the Cabinet, might say to the Prime Minister and his other colleagues: "Why cannot the Senate handle this and that piece of legislation?" I know, from my experience as a member of the other place and as a member of the Government, that my honourable friend will run up against the desire of ministers to introduce their own bills; but I still think the honourable leader could exercise a good deal of influence to have legislation initiated in this House.

I do not find myself altogether in agreement with my good leader on this side (Hon. Mr. Haig) when he advocates that some ministers should have seats in this Chamber.

Hon. Mr. HAIG: My honourable friend misunderstands me. I advocated that a number of senators should be appointed to the Government.

Hon. Mr. EULER: That is the same thing.

Hon. Mr. HAIG: No, that is not what my honourable friend has in mind.

Hon. Mr. BALLANTYNE: What I understood the leader on this side to say was that he is in favour of senators holding some portfolios.

Hon. Mr. HAIG: Correct.

Hon. Mr. BALLANTYNE: Well, I am sorry that I do not find myself in accord with that view. There is a great aggregation of ability in the other House and also in this House. Those who have been members of this Chamber for a number of years will remember a fact that I have pointed out before, that during the regime of the Bennett Government the most difficult legislation that ever came before Parliament was introduced in and dealt with principally by the Senate. The Shipping Act, on which we spent weeks and weeks, is one instance that comes to mind, and there were important insurance bills and railway bills. In the Senate we have members—some of them young and others advanced in years—who possess the experience and ability required to study bills with as much exactitude and thoroughness as can be applied to that task in the other House.

The whole matter boils down to this question: Can we prevail upon the Government to see that a certain number of bills are initiated here instead of in another place? We can go as far as we like in reforming our committees, but if the present system continues and Government and public bills are initiated in the other House exclusively, I do not know that anything we do about our committees will be of much importance.

I have great faith in the honourable leader of the Senate (Hon. Mr. Robertson). He is young, vigorous, and intelligent. I am sure that he will be able to persuade the Prime Minister and his other colleagues to arrange for the introduction in the Senate of various bills which, if the present system were to continue, would be initiated in another place. I will not take time to enumerate bills that might quite properly and even advantageously have been introduced here this session. I will close my remarks by simply stating that I am in sympathy with what the honourable leader has said about our committees, but I do hope he will use his influence along the line I have indicated.

Hon. Mr. EULER: Honourable senators—

The Hon. the SPEAKER: Honourable senators, it is moved by Honourable Senator Haig that the debate be adjourned. Is it your pleasure to adopt the motion?

Hon. Mr. EULER: Is this motion debatable?

An Hon. SENATOR: No.

The motion of Honourable Mr. Haig was agreed to, and the debate was adjourned.

SITTINGS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, to avoid any uncertainty as to the dates of adjourning and reassembling, I might say that it is my intention to move on Friday afternoon that we adjourn until next Monday evening.

CENTRAL MORTGAGE AND HOUSING CORPORATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 23, an Act to incorporate the Central Mortgage and Housing Corporation.

He said: Honourable senators, I would ask the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) to explain this bill.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I thank the honourable leader for the honour he has done me in requesting me to undertake the task of explaining Bill No. 23. It is a task of considerable magnitude

if the explanation is to equal the requirements. It is natural for one to consider the task which he undertakes a very important one. In this instance may I say in extenuation that I know of nothing likely to come before the Senate this session which will involve as much in the way of human relations, the building up or tearing down of human fibre, as the subject matter of this bill. There will be few acts which we will be called upon to consider involving larger sums of public and private money than are involved in the legislation effected by this bill.

The purpose of the bill is to set up the operating machinery necessary for the proper functioning of other bills now upon the statute books. That being so, there is imported into this discussion other legislation which will be administered by the institution set up under the bill before us, which covers the whole problem of housing in its various relationships and historic aspects. Under these circumstances if I take a little longer than I would otherwise do, I trust that honourable senators will bear with me.

The shortage of housing is no new problem in the Dominion of Canada. A place to live is a primary need in a cold climate. The first task of the pioneer settlers was the building of their log houses, and for many years the progress of a community and the success of its individual members has been judged by the capacity and quality of its housing.

In the early days the struggle was against nature and a genuine scarcity. Only in more recent years has the problem become economic, one manifestation of poverty in the midst of plenty. That, of course, is its character today. The productive power of the Canadian people, with an army of a half million warriors withdrawn from production, has been in the neighbourhood of eight to ten billion per annum. Taken at eight billion, this is sufficient to erect 1,600,000 houses worth $5,000 each, or one for every seven people. That is to say, were our full producing power, functioning at the rate at which it has been functioning during the war, directed entirely towards housing, in a single year we could build a sufficient number of $5,000 houses to accommodate our entire population.

This statement, of course, is not a fair one, for the entire producing power of a nation can never be directed towards a single objective. The statement does, however, illustrate the undoubted fact that in normal times of peace a shortage of a few thousand houses could certainly be met were the economic difficulties removed. It is an insult to this nation to say that the production of a sufficient supply of houses is beyond our capability.

I am speaking of the continuing shortage of houses, which runs on from year to year through good times and bad, and which leaves its debt of discomfort, disease, degradation and human wreckage.

The immediate housing situation from which we are suffering has an additional element—that of crisis. House building has been virtually suspended during the war, and now thousands of men are coming home from overseas faster than the house building industry can supply their needs. The multiplication of families is a subject for congratulation, and not a matter of regret; we rejoice in each new hanging of the crane; the resultant housing emergency will be met. My own hope is that the measure now taken to meet the emergency will be such as to completely solve the problem when the emergency is over.

It is important to estimate the magnitude of the housing needs which actually exist. Various estimates have been made. Making no allowance for needs arising after 1946, the Curtis Report of March 1944 estimates the requirements for sub-standard and slum clearance, the elimination of overcrowding and the meeting of building deficits up to 1946 as, urban 320,000, non-farm rural 22,000, and farm-rural 125,000—a total of 467,000 houses. To this figure must be added the accumulating requirements of 435,000 for the next ten years, or a final objective over the coming years of 902,000 houses. The present objective of the Dominion authorities is 50,000 units this year, and it is a reasonable prediction that that number will have been constructed, or at least will be under construction, during the year ending June 1946.

The Minister of Munitions and Supply gave some interesting figures on war production up to V-Day. Canadian war production as measured in the purchases of his department amounted to $3,600,000,000, a sum sufficient, if applied to housing, to represent a building programme of 1,000,000 houses at $3,600 each.

Should we build houses during the next ten years at one-half the rate at which we produced munitions of war, we will have coped with the present deficiency in housing and met as well the accumulating requirements of the forthcoming decade.

The three essentials of human existence are food, clothing and shelter. There can be no fair share of happiness enjoyed by those condemned to excessive overcrowding or slum conditions. Sub-grade housing has a serious effect upon the health of its victims. Mrs. Gladys Strum, speaking in the House of Commons recently, said:

Every time we examine crime we are forced back to the source, and inevitably we come back to slum conditions in the cities, towns, and villages—those places where human life has not a chance to flourish.

The speaker need not have confined her remarks to urban life, for there are slums of the country as well as of the city, and one need but read the newspapers to observe the fruit of that unhealthy tree. Bad housing has a most serious effect upon morals, particularly of the rising generation.

The effect of house building on business conditions is not always recognized. When the building trades are active all other trades and industries thrive. You will never suffer extremity of depression when the sound of the hammer is heard in the land. The actual erection of houses is allied with the making of furniture and furnishings, and the three together constitute a major portion of human activity.

In view of the importance, both human and economic, of housing, it is regrettable that houses are our most heavily taxed commodity. Tariffs and sales tax take their toll before the house is assembled; then it is subject to an annual, recurring municipal tax of about 3 per cent per annum. There is no other commodity which in the course of consumption is subject to a heavy annual, recurring tax. This is only one of the reasons that houses are scarce and costly. It is a matter of regret that so important an industry as that of home-building should find it necessary to walk with the crutch of Government assistance.

The first public act in Canada designed to promote the building of houses was passed in the Province of Ontario in 1913, so a housing shortage serious enough to bring about Governmental interference is of considerable age and standing. That Act permitted municipalities to guarantee up to 85 per cent of the bonds issued by housing companies. The city of Toronto was the only municipality to take advantage of its provisions, when it guaranteed the bonds of the Toronto Housing Company, as a result of which 330 houses were built.

Then there intervened the first Great War, that of 1914-18, when, as in the war just closed, many of our people were overseas and all were much too busy to give attention to the need for housing. On the close of the war the housing shortage became acute for the same reasons that it is acute now, and in 1918 a Royal Commission on Industrial Relations, under the chairmanship of Mr. Justice Mathers, made a report in which these comments appear:

Another cause of unrest which we met with at practically every place we visited was the scarcity of houses and the poor quality of those which did exist. In nothing has production so signally fallen off during the four years of war as in the building of dwelling houses. The existing condition of the worker is affected not only by the absence of sufficient housing accommodation, but also by the inadequacy of those that are in existence. Poor sanitary conditions and insufficient rooms are the chief complaints. The high price of building land and of building material have made it impossible for the worker to provide himself with a home, and some means should be adopted, with as little delay as possible, to remedy this defect.

A National Industrial Conference had previously asserted that current industrial unrest and unsatisfactory social conditions were, to a considerable degree, the consequence of "land speculation, poor and insufficient housing and high rents." Action by the Dominion Government became necessary and inevitable.

May I digress for a moment to say that the provision of houses is a two-fold problem, involving (a) the erection or construction of the building and, (b) the securing of the land upon which it must stand. No attempt has been made by any of the governments concerned to ameliorate what Mr. Justice Mathers refers to as "the high price of building land," and what the National Industrial Conference called "land speculation." Such, apparently, is the influence of the landed gentry that this important feature of the problem has been rarely even discussed.

What the Dominion Government did was to advance money to municipal governments with which to buy out the landholder and to pay the high price of construction. Loans amounting to $25,000,000 at 5 per cent interest and 25-year maturity were made under authority of the War Measures Act, and in the course of four years 6,242 houses were built in 179 municipalities. This was the Dominion Government's first attempt to cope with the building problem, and unfortunately the experience was not particularly happy. According to a Census monograph of 1941, with but one or two exceptions the "records showed mismanagement of funds and inefficient administration of the projects by the municipal authorities."

The promotion of housing by means of grants or loans by Dominion to province and province to municipality proved a dismal failure, the reasons being: (1) high prices of land, (2) high prices of materials, and (3) jerry-built houses.

The Curtis report points out:

No more unfavourable period could have been chosen, because land values, building materials and other costs were still at a greatly inflated level induced by the war, and the subsequent decline of prices left the properties carrying excessive burdens of fixed charges.

The average loan amounted to approximately $4,000 and the actual cost was in the neighbourhood of $5,000 per unit. These figures compare most unfavourably with the average loan under the Housing Acts from 1935 to 1943 of $3,305. This attempt at public housing has been described as a dismal failure, and certainly it was a serious black eye to all such attempts. The experience gained should not be forgotten at the present time, for conditions are very similar to those prevailing at the close of the previous war. The price of materials is high.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: The rapacity of the landlords has not mitigated.

Hon. Mr. HAIG: No, that is not true.

Hon. Mr. ROEBUCK: While the experience is valuable, it should be seen in its true perspective and assessed at its true value. The shortage of houses was acute, as it is today, and the enterprise did, as I have said, provide over 6,000 houses. Then as now people could not be left without shelter, or in crowded slum conditions, waiting for prices to come down or for the vacant lot holders to loosen up, although something might have been done to deal with the landed gentry. But I submit nothing was done.

The general result was that no further parliamentary action took place until the "hungry thirties," when the combined pressure of idle men and housing shortage again compelled attention. A special committee of the House of Commons reported that there was no apparent prospect of the low-rental housing need being met through unaided private enterprise building for profit.

Then in 1935 Parliament passed the Dominion Housing Act, under which the Government embarked upon the general policy of housing assistance which it is following today. The Government undertook to advance 20 per cent of the value of land and building to an approved lending institution, which in practice meant largely insurance, loan and trust companies. The lending institution was to advance 60 per cent, which made the total advance 80 per cent of the value, a marked contrast to the usual 60 per cent then obtainable on first mortgage. The lending institution paid 3 per cent to the Government and charged 5 per cent on the whole loan, thus making a profit of 2 per cent on the Government's share of the advance. Moreover the repayment of principal was amortized at 20 years, and the principal, interest and taxes were collected by the lending institution on a monthly basis. The inclusion of tax payments in the amounts collected for amortization of the house was an innovation, and it worked with remarkably good effect. The taxes were collected by the financial institutions and paid over to the municipality, so that very few houses erected with the financial assistance of the 1935 Act have ever had arrears of taxes charged against them.

Lending institutions and home builders were somewhat slow in taking advantage of this Act, and unemployment, which house building might have relieved, grew to disastrous proportions. In 1937, in consequence of the public situation the Dominion Government passed the Home Improvement Loans Guarantee Act, permitting individuals to borrow from banks and lending institutions amounts up to $2,000 without collateral or note endorsement, for the rehabilitation of private homes, the Government guaranteeing losses to a maximum of 15 per cent of the aggregate amounts loaned by each lending company.

Hon. Mr. HAIG: The banks too could lend.

Hon. Mr. ROEBUCK: Yes, the banks too could lend, but I think that for the most part the lending was done by institutions other than banks. However, I am not clear about that.

Hon. Mr. HAIG: No, the banks too lent under this Act.

Hon. Mr. ROEBUCK: The loans were repayable in periods up to five years, and the effective interest rate was about 6 per cent. A total of $50,000,000 had been advanced under this Act at the end of October, 1940, when, due to the war and widespread employment, loans were discontinued.

Then followed that important Act known as the Dominion Housing Act, 1938, under which the amount advanceable in the case of a single family dwelling constructed by an owner for his own occupation, and costing not more than $2,500, was increased to 90 per cent of the value of land and building. The former interest rates of 3 per cent and 5 per cent were continued, and the Government guaranteed losses up to 25 per cent. The 1935 Act was an experiment and loans made under it totalled $4,400,000, as compared with more than $80,000,000 under the Act of 1938.

It is to be noted that building took place under the 1935 and 1938 Acts, when costs of land, materials and labour were low, in marked contrast to the conditions just prior to and following the first Great War. Values have been rising ever since the 1938 Act went into effect, and as a result of these favourable

conditions the total losses upon advances of over $85,000,000 made under the Acts of 1935 and 1938 have been less than $1,000. There are very few cases where payments have not been kept up. Of course, there is much still outstanding, for the loans were for 20 year periods, and we are not yet out of the woods.

In 1939 the Dominion Government passed the Central Mortgage Bank Act, constituting a body politic and corporate, with a share capital of $50,000,000 to be subscribed in full by the Dominion Government, and the right to issue debentures guaranteed by the Dominion to an amount of $200,000,000.

The function of the bank was to readjust mortgages by the reduction of interest and the lengthening of terms of repayment. The act was proclaimed, but due to the outbreak of the war, did not go into effect. Bill 23 now contains a section for its repeal.

Hon. Mr. LEGER: Is that the only Act that is to be repealed?

Hon. Mr. ROEBUCK: That is the only Act to be repealed.

Hon. Mr. LEGER: Under this present bill?

Hon. Mr. ROEBUCK: Yes. You see, the Acts of 1935 and 1938 are no longer effective so far as the making of loans is concerned. However, the responsibility for the administration of those Acts still exists because business transacted under them will not be concluded for a period of twenty years. They remain in existence and are to be considered at the present time because the obligations, responsibilities, powers and immunities they conferred upon the Minister are transferred under Bill 23, along with the most recent Act, to the corporation which is now being set up.

The Housing Act which is affected, and the terms of which we are asked to deal with specifically, is the National Housing Act of 1944. I have taken the liberty, honourable gentlemen, of placing before you twenty-five copies of the Act.

The Housing Act which is of greatest interest at the moment is the one recently passed and known as the National Housing Act of 1944. It is the only Act under which housing loans are now being made, though there are responsibilities still outstanding under the former Acts. Under this Act encouragement to house ownership is still more generous than it was under former acts, which it consolidates and enlarges.

Part I is entitled "Housing for Home Owners." Again the amounts advanceable are increased. It will be noted, honourable gentlemen, that by Section 4 advances may be made up to 95 per cent of the first $2,000 of lending value of the house.

Hon. Mr. McRAE: Does that include the value of the lot?

Hon. Mr. ROEBUCK: Yes, it does.

Hon. Mr. McRAE: That is the cost?

Hon. Mr. ROEBUCK: Not exactly the cost. The lending value is slightly different. Under unusual circumstances the cost could be less than the lending value; and certainly one could imagine circumstances in which the lending value would be less than the cost. Usually however the cost would be the lending value. Advances will be made up to 85 per cent of the next $2,000 of lending value, and 70 per cent of the amount by which the value exceeds $4,000.

The rate of interest payable by the borrower has been lowered from 5 per cent to 4½ per cent, though the rate payable to the Government by the lending institution remains at 3 per cent. However, when the lending institution's profit on the Government's share of the advance is added to the returns obtained by the lending institution on its own share of the advance, the resulting rate to the lending institution on its own share is about 5 per cent.

Repayment of the loans is amortized in some cases for periods as long as thirty years, though the general term is twenty years. There is special encouragement to the making of loans in remote districts, (a) by grants to loaning institutions to compensate for the extra expense of going into the country, and (b) by larger guarantees on loans in the less desirable districts as well as on lower-cost houses. Thus the guarantee increases as the cost decreases, and with remoteness. This effort to give service outside of the cities and towns has so far not been very successful, due in part to restrictions on wartime staff.

Section 4, sub-section 3, is an effort to encourage co-operative housing projects by providing loans for family units in joint enterprises on terms similar to those extended to other house owners. The Act provides under this home owners' part that the Minister may make loans and pay losses up to $100,000,000 out of the Consolidated Revenue Fund.

Part II of the Act is an attempt to encourage housing projects for rental purposes and for slum clearance. On ordinary commercial rental-house projects the loan may be up to 80 per cent of the value, of which the Government advances 25 per cent. The interest charged cannot exceed 4½ per cent and the

period for repayment of principal is twenty years, or with proper zoning it may be twenty-five years. The monthly instalments include taxes—a very beneficial provision, and one which is quite satisfactory to the municipalities. The Government stands good for 15 per cent of the lending institution's aggregate losses. That does not mean 15 per cent of each individual loan. In some cases it may mean the whole loan, but 15 per cent of the aggregate amount advanced by the loaning institution.

Section 9 provides that the Government will advance to limited dividend corporations as much as 90 per cent of the value of low-rental housing projects.

Hon. Mr. LEGER: Section 9 of the proposed bill?

Hon. Mr. ROEBUCK: No, not of the bill, but of the Act of 1944, copies of which I distributed.

Hon. Mr. HAIG: How many have built under that provision?

Hon. Mr. ROEBUCK: I will give the figures on that in a few minutes. This question of limited dividend corporations has hardly become operative yet.

Hon. Mr. HAIG: It was in the 1944 Act.

Hon. Mr. ROEBUCK: Yes, that is true, but as yet it has scarcely become operative. I will give some figures on it in a few moments.

Hon. Mr. LEGER: I do not wish to interrupt my honourable friend, but under the National Housing Act of 1944, the loans were made from different corporations, were they not?

Hon. Mr. ROEBUCK: Not municipal corporations.

Hon. Mr. LEGER: I mean from the lending institutions.

Hon. Mr. ROEBUCK: That is correct, the lending institutions.

Hon. Mr. LEGER: And under the new act the loans will come from the Central Mortgage and Housing Corporation?

Hon. Mr. ROEBUCK: No, loans will not be made by the Central Mortgage and Housing Corporation, except to the lending institutions which in turn will make loans to individuals.

Hon. Mr. LEGER: The Housing Corporation will lend the money to the lending institution, and the lending institution will lend it to the individual?

Hon. Mr. ROEBUCK: Yes, that is correct. That was the principle of the operation set up in 1935, continued in 1938 and followed in 1944.

I am now speaking of the special provision in Section 9 of the 1944 Act with reference to limited dividend corporations. The Government will advance as much as 90 per cent of the value of low-rental housing projects to limited dividend corporations, at 3 per cent, and for terms as long as fifty years when the houses are needed by reason of overcrowding and congestion, or by reason of the substandard character of existing accommodation in the area where the project is situate. Dividends are limited to five per cent.

This is a most interesting attempt at bringing about still lower rents, for the 5 per cent dividend limit is upon the limited dividend corporation's own advance of 10 per cent of the cost of the project, while the Government advance of 90 per cent bears interest at only 3 per cent.

Hon. Mr. BALLANTYNE: I am sorry to interrupt, but I suppose my honourable friend knows that a large company in Montreal put up 10 per cent, got back part of its money, but suffered considerable losses?

Hon. Mr. ROEBUCK: That has not deterred other companies from active participation at the present time. I suppose that war conditions were the cause of the fizzling out of that project.

Hon. Mr. BALLANTYNE: No.

Hon. Mr. ROEBUCK: At all events we are emerging from war conditions to-day, and I see no insuperable obstacle in the way of the company putting up 10 per cent while the Government puts up 90 per cent on a limited dividend set-up of 5 per cent.

Hon. Mr. LEGER: I am sorry to interrupt my honourable friend, but I am trying to understand this proposition. Under the National Housing Act the financial institutions were lending the money and the Government was guaranteeing a certain amount.

Hon. Mr. ROEBUCK: It was advancing a certain amount and guaranteeing certain losses if they occurred.

Hon. Mr. LEGER: Are those institutions so short of funds today that the Government has to lend them money?

Hon. Mr. ROEBUCK: Apparently they are short for this purpose, because we have not had the building activity which the demand requires. It seems to be the consensus of opinion in the House today, and in the days

gone by, that the Government must offer assistance if we are going to supply adequate housing.

Hon. Mr. EULER: Do you expect individuals rather than companies to lend under those circumstances? No man would.

Hon. Mr. ROEBUCK: They would not lend under the low rate of interest.

Hon. Mr. EULER: And the chance of loss, with no security.

Hon. Mr. HAYDEN: And tying up capital for long periods, with the possibility of loss.

Hon. Mr. ROEBUCK: Quite so. Fancy putting up money, as I have just stated, on a fifty-year basis. That is a man's life-time —if he is fortunate enough to live that long. What about twenty-year advances under mortgages? No private individuals will make such a loan as that at 5 per cent interest.

Hon. Mr. HAIG: Sure they will.

Hon. Mr. ROEBUCK: Not very many of them. Certainly they have not done so in the past in amounts adequate to meet the demands of the public for housing.

Hon. Mr. LEGER: Do you not think that if the Government would lift the control over the landlord there would be more housing accommodation?

Hon. Mr. ROEBUCK: Well, at one time landlords were not subject to any restrictions, and the records prove conclusively that there was a shortage of houses then.

Hon. Mr. LEGER: Not to the degree that there is at present.

Hon. Mr. ROEBUCK: Perhaps not, although the deficiencies after the last war, when there were no restrictions, were not much less than those of today. Of course, it goes without saying that if you allow rents to rise, owners will be encouraged to build. But the drastic features of the present shortage are due not so much to the lack of incentive to build as to the fact that during recent years we have devoted such a large part of our energies to the war effort that materials and labour for house building have been unobtainable.

Now let me come back to what I have described as an interesting attempt to bring down rents by promoting building. As I pointed out, the Government is prepared to advance to these limited dividend corporations 90 per cent of the value of the building, at 3 per cent interest, and the dividends the corporations may make are limited to 5 per cent. So, once a sufficient amount has been accumulated to satisfy the 5 per cent on the cost of operation, the balance must go into reduced rents. That at least is the hope.

I may add that the purpose of this legislation is not to enrich builders, or owners of sub-standard property, but rather to promote satisfactory housing at low rates of rent.

It should also be mentioned that no project under the Act has been approved up to date. That I think is the answer to the question asked by the honourable gentleman from Winnipeg (Hon. Mr. Haig).

Hon. Mr. HAIG: I knew that was the answer.

Hon. Mr. ROEBUCK: I understand that some projects are now ready for approval, or at least for consideration, but that none have as yet been finalized.

Hon. Mr. BALLANTYNE: But the people who did lend 10 per cent lost a considerable part of their money.

Hon. Mr. ROEBUCK: I know that no advances have been made under this section of the Act. Somebody may have made an abortive attempt to operate under the Act, but no project has so far been approved.

If honourable senators will look at section 11 they will see that a further effort is made to effect rental savings by giving to insurance companies under Dominion jurisdiction the right to invest in housing projects an amount equivalent to 5 per cent of the companies' assets in Canada, which would total roughly $125,000,000 for all life companies combined. It is hoped that the companies will make their advances through limited dividend corporation subsidiaries.

Hon. Mr. EULER: Can they go into business without forming these subsidiary companies?

Hon. Mr. ROEBUCK: I think they can, but they do not get the 90 per cent advance except through a limited dividend corporation.

Hon. Mr. HAYDEN: Would they still not face the problem of complying with the provisions of the Insurance Act as to what is proper for investment by a life insurance company?

Hon. Mr. ROEBUCK: Generally speaking, yes; but the legislation now contemplated will remove the difficulties arising out of the Insurance Act to this limited degree.

Hon. Mr. HAYDEN: That is why these subsidiary companies are being formed, is it not?

Hon. Mr. ROEBUCK: No. Even if subsidiary companies were formed it is very doubtful if an insurance company could, under the terms of its charter, advance money to enable such a concern to make loans that are not permitted under the Act.

Hon. Mr. HAYDEN: But an insurance company can buy the debentures or bonds secured by the real estate of such a subsidiary company.

Hon. Mr. ROEBUCK: Here, however, direct permission is given to the insurance companies to invest a small proportion of their funds. As the moneys of insurance companies are somewhat in the nature of trust funds and every assurance is due to the policyholders, the Government will guarantee the full return of the investment, and 2½ per cent interest for the life of the project; that is to say, up to fifty years.

Hon. Mr. McRAE: That is pretty good.

Hon. Mr. ROEBUCK: Indeed it is. That means that loss is virtually impossible.

Hon. Mr. HAIG: The Government is taking the rap.

Hon. Mr. ROEBUCK: This permits the use of insurance trust funds to promote building projects. While the subject is now governed by section 11 of this Act, supplemented by Order in Council, I understand that a special Act is to be introduced shortly to clarify and consolidate the law with respect to insurance companies. Furthermore, I understand that the insurance companies are actively co-operating. They have incorporated a company under the name of Housing Enterprises, Limited, to be owned by all the insurance companies jointly. Projects will shortly be submitted, but none are as yet approved.

Now I want to turn to slum clearance, which I realize is a difficult and important subject. Slum conditions are a disgrace to modern civilization. In the congested districts of our cities they are a by-product of land speculation, and at least in main part the result of our municipal system of taxation. In order to assist in the clearing of these blighted or substandard areas, and without inconvenience to the land speculators, the Government under section 12 will make to municipalities grants of 50 per cent of the net cost of clearing such areas as are suitable for low-cost rental projects. The municipality is expected to acquire the land, clear it, and then sell it to those who will use it for house building purposes, whereupon the net loss will be divided equally between the municipality and the Government.

Another subject dealt with in this bill and one that is incidental to its main purposes is home improvement. There are provisions whereby loans made by banks and credit agencies for home improvement or extension may be guaranteed up to 5 per cent of the aggregate of the loans, when the rate of interest charged to the borrower is not more than 5 per cent. But this part of the Act has not yet been proclaimed.

Hon. Mr. LEGER: That would be 5 per cent of the aggregate loans. That is, if one loan was defaulted, a claim could be made on 5 per cent of the total.

Hon. Mr. ROEBUCK: That is right. If it were only 5 per cent of each individual loan the guarantee would be of small value. The guarantee is 5 per cent of all the loans which any lending institution has made.

This legislation follows the Home Improvement Loans Guarantee Act of 1937. Under that Act there have been made to date 125,000 loans, and the Government's loss rate is about 1 per cent. Should all of the now outstanding loans fail, it is estimated that the Government's loss would not exceed 2 per cent of the amounts advanced. The Act went out of effect, and because of the present shortage of materials and labour the corresponding sections of the 1944 Act have not yet been proclaimed.

Part V of the 1944 Act gives the Minister authority to investigate housing conditions, gather information, prepare plans, and engage in technical research. This is purely administrative, so I pass on.

Now I come to the measure itself which deals with all these important matters that I have described. That is Bill 23, which is now before us. Up to the present time the Dominion Housing Acts from 1935 to 1944 inclusive have been administered by the Department of Finance. There are many things in these Acts which the Minister is required to do personally. Many important documents are to be signed by him, and negotiations with lending institutions, banks and insurance companies frequently involve him personally. There is very considerable correspondence. The scope of the 1944 Act is considerably greater than that of the former Acts. This did not matter much during the war years, as house building was not encouraged and was at a minimum. But now the war is over, and men's minds are turning to this important subject of providing adequate and satisfactory shelter. Accordingly the work is growing and the present staff is altogether inadequate.

Under wartime restrictions loans have been made for the construction of single-family dwellings only. Altogether 476 municipalities

have taken advantage of the Act of 1944 and loans made under the Housing Acts and the Home Improvement Act between 1933 and the outbreak of the war aggregated about $100,000,000. This is but a portion of the capital so invested, for the owners made contributions on their own account. These figures indicate a very considerable business, and with the close of the war they will increase rapidly.

The subject of housing is vastly important from many points of view. The Government's business in this regard must be handled adequately, effectively and efficiently. Something must be done about it. The question is what. Obviously the housing question must not be left as a personal burden on an overworked Minister of Finance and an inadequate departmental staff. It could, of course, be referred to a Commissioner, as is immigration in the Department of Mines and Resources. That is the solution which I think I would prefer. As I said recently, I do not like government by irresponsible boards, commissions and Crown companies. One wonders when this practice will end, and where it is leading. However, be it observed that in other instances in which the Government deals in money with the individual it delegates its functions to a body politic and corporate, which may contract on its own account, sue and be sued, and act in all respects as an artificial person. The first instance of this is to be found under Section 5 of the Bank of Canada Act, 1938, which makes clear that the bank is a body politic and corporate dealing in Government money with individuals. The second is in the Industrial Development Bank Act, recently passed by this House, which set up a body politic and corporate to make industrial loans. The third instance appears in the Canadian Farm Loan Act, by which a board is established a body politic and corporate, and the Dominion is to subscribe $5,000,000 of its capital shares. The Central Mortgage Bank Act of 1939 also sets up a body politic and corporate, with power to issue $200,000,000 in Government guaranteed debentures, the purpose being to ameliorate, by way of refunding, the rates and terms of mortgages. This Act was proclaimed, but because the war broke out it did not go into operation. Now it is to be repealed by Bill 23.

On the other hand, we have the Veterans' Land Act, under which is transacted the business of buying land and selling it to veterans. This business is conducted by a director. The problem dealt with here is a personal one, the rehabilitation of the veteran, and the land transactions are merely incidental. The personal elements under that Act could not, in the nature of things, be referred to a Crown company.

Under the measure before us the Government is going into the money-lending business, in connection with which personal credits, the value of property and the risk factor must be appraised. Policy, as distinguished from administration, is taken care of under this measure. The National Housing Act of 1944 sets out specifically just what can be done—the terms and conditions under which a loan can be made, rates of interest, and the period for repayment. The corporation is not given carte blanche to loan money. Parliament determines the policy and for a small fee the corporation administers the loaning functions, within strict limits. That this is the wisest policy is open to argument; but something must be done, and this is the method selected. The need for housing is so great that I would not delay the making of loans a single day by arguing over details of the methods to be employed. I therefore support the principle involved in the bill.

The explanatory notes to Bill 23 are very short. It will be noted that this is a bill to establish, under the name of Central Mortgage and Housing Corporation, an organization which will have three main functions: (a) To act in place of the Minister in the operation of the Housing Acts, except for the payment of moneys out of the Consolidated Revenue Fund, or the making of grants for slum clearance; (b) to provide discounting facilities for lending institutions; (c) to conduct research into the business of lending money on the security of mortgages.

The paid-up capital of the corporation is to be $25,000,000, to come out of the Consolidated Revenue Fund. For its housing functions the corporation will have moneys already appropriated under the Housing Acts. For discounting purposes the corporation has $25,000,000 capital and a reserve fund of $5,000,000.

There are to be ten directors, including a President and a Vice-President, each appointed for a seven year term; three officials holding office during pleasure, the Governor of the Bank of Canada, the Deputy Minister of Finance and the Deputy Minister of Reconstruction; and five other directors, rotating in three year terms. The purpose, I understand, is to have one director from each main economic region of Canada—Ontario, Quebec, the Maritimes, the Prairie Provinces and British Columbia. Each region will be represented by its own director.

A directorship is apparently intended to be no great plum, for the directors who are appointed by virtue of the offices they hold receive no remuneration as directors; and the fees receivable by all the other five directors are limited to $10,000 per annum. For five directors, that is an average of $2,000 each per annum, apart of course, from expenses. The management of the business of the corporation is to be in the hands of an Executive Committee composed of four directors, the President, the Vice-President, the Deputy Minister of Finance, and one other to be selected by the Board. Thus the directors living at a distance need not be plagued with too frequent meetings.

Section 14 provides that the officers and employees of the corporation will not be servants of His Majesty. This means that the corporation will be responsible for their acts within the scope of their employment, and that they may enjoy the luxury of being sued and having their wages garnisheed. The corporation may establish its own pension fund; and if employees have rights under the Civil Service Superannuation Act they are preserved.

By Section 17 the capital of the corporation is to be $25,000,000, paid out of the Consolidated Revenue Fund. There are to be no shares, shareholders or shareholders' meetings, and there will be no dividends.

All profits of the corporation after the establishment of a reserve fund of $5,000,000 are payable to the Consolidated Revenue Fund. It is intended that about $14,000,000 of the capital will be paid to the Crown immediately, to purchase the Crown's equity in loans now held under the housing Acts. This money is to be immediately returned to the Corporation as an advance. Section 23, subsection 1, authorizes the Minister to advance to the corporation the aggregate amount owing under the housing Acts, which is the amount to be paid to the Crown under Section 20. Section 23, subsection 1, paragraph (b) enables the Minister to advance to the corporation amounts equal to the total moneys payable to His Majesty in respect of loans made to date under the National Housing Act of 1944. This is a complicated way of saying that the loaning activities of the corporation shall be financed out of the Consolidated Revenue Fund, and that the $25,000,000 capital shall remain intact for use in the discounting business of the corporation. There are a half dozen complicated sentences that mean just what I have said in a few words.

Hon. Mr. ROEBUCK.

By Section 24 the corporation is required to repay to the Crown any outstanding advances in excess of the aggregate amounts owing to the corporation.

Section 25 however provides that the Crown stands liable for the losses of the corporation, and the Minister shall reimburse the corporation for payments made and losses incurred in connection with loans made and guarantees given, or to be made or given, under the Housing Acts, the Home Improvement Act 1937 or any contract entered under these Acts.

By section 26 the loans and guarantees of the corporation are limited to the amounts appropriated by Parliament and made available for such purposes. I call attention to that section because it contains a very wise precaution. The moneys must be appropriated by Parliament.

Under section 18 the rights, powers, duties, liabilities and functions of the Minister of Finance are transferred to the corporation with two exceptions only. The Minister retains his authority to make payments out of the Consolidated Revenue Fund, and the corporation is to be financed by advances made to it out of the fund by the Minister. Grants for slum clearance under section 12 of the National Housing Act are in the nature of gifts, and the authority to make them is therefore retained by the Minister.

Section 19 provides that contracts already entered into under the Housing Acts are to be performed by the corporation; and Section 21 authorizes the corporation to make loans or payments which formerly were made by the Minister under the Housing Acts. By Section 22 amounts owing the Crown under the Housing Acts are made payable to the corporation.

Section 27 provides for a central organization to make research in relation to the loaning of money on mortgage security. There is little information of that kind in existence today, and an organized study will be of advantage to the public, the mortgage companies and this new corporation. Provision is made for an exchange of information between the new corporation and lending institutions.

The discounting powers of the corporation provided for in Section 29 are very important. Conditional on the willingness of the lending institution to exchange information with the corporation, the corporation may purchase mortgages from the lending institution; and, if the lending institution is a trust or loan company. the corporation may lend it money on the security of an assignment of, or agreement to assign mortgages. If the lending

institution is a trust or loan company, the corporation may buy the company's debentures or other evidences of indebtedness, or its guaranteed investment receipts or guaranteed investment certificates. At the present time loan and trust companies are in a highly liquid position so that the capital of the corporation of $25,000,000 will likely be adequate for the discounting business of the immediate future; but the prospective housing programme will involve financing on an unprecedented scale, and further applications to Parliament for additional funds are to be expected from time to time.

The purpose of re-discount facilities may be summarized as follows: first, to make mortgages a more liquid and desirable investment for lending institutions, thus tending to reduce mortgage interest rates; second, to provide additional funds to lending institutions, thereby enabling them to meet the anticipated demand for long term mortgage loans on real property; and third, to promote the provision of housing.

When reading an Act one likes to observe not only what is in it, but what is not in it. It is to be observed that no rate of interest on advances to trust and loan companies has been set, as this should be left to be determined from time to time in accordance with the circumstances of each case.

Section 30 gives to the company ancilliary powers, such as to foreclose, hold property, pay taxes and so forth.

I now come to Section 31. Honourable members will note there is no provision that the Minister shall make good to the corporation the losses it may sustain in connection with its discount business. For this reason it is thought desirable to establish a reserve fund of $5,000,000 maximum before the profits of the corporation become payable to the Receiver General.

The last provisions deal with the audit. These are extremely important and I trust honourable members will read them. The audit provisions are said to be substantially those found in the Bank of Canada Act and the Central Mortgage Bank Act, but it seems to me that they should be strengthened in some particulars. I suggest that the auditors should be chartered or public accountants, if it is possible to frame a definition along that line. I presume the reason why this is not specified is that so far governments have always appointed these men. But this has to do with protection of Parliament and the people, not protection of an executive to whom the auditors' reports are made. In view of all the circumstances, the large amounts involved, the complexity of the business to be transacted and the importance of housing in general, I submit that the auditors should be the best qualified men obtainable in Canada. I further submit that they should be required to report to the Minister, and through him to Parliament, periodically, not when somebody wishes to call for an audit. They should make audits every so often.

Hon. Mr. McRAE: Annual audits.

Hon. Mr. ROEBUCK: Semi-annual audits may be required, but certainly the audits should be made at least once a year. That would satisfy me, but they must be full audits. A report by the corporation, certified by the auditors, is not sufficient. The auditors should make an independent report. Further, the form of the report should not be left to be prescribed by the corporation's by-laws, even though these are approved by counsel. My point is that these audits are for the protection of the public, not for the protection of counsel.

Hon. Mr. McRAE: And there should not be too many exceptions in the auditors' certificate.

Hon. Mr. ROEBUCK: Let us have no exceptions. It should be settled by the Act that the report must include certain things such as are usually set forth in a detailed balance sheet of assets and liabilities and operating account.

The fiscal year of the corporation is the calendar year. The corporation is required within ten weeks after its close to transmit to the Minister a statement, in form prescribed by its by-laws, of its accounts for the past fiscal year. This the Minister publishes in the Canada Gazette and lays before Parliament. A mere statement of the accounts of the past fiscal year is entirely inadequate to present the financial affairs of the corporation.

I presume that this measure will be referred to a committee for thorough examination, particularly as to the provisions for audit and for continued control by Parliament over the operations of this Crown company. I have tried to make clear the general principles of the measure and to describe its more important features as well as the general conditions under which it will operate. Perhaps I have given more detail than it is customary to give when explaining a bill, and I wish to thank honourable members for their great patience in listening to me so long.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Honourable Mr. Robertson moved that the Bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

OTTAWA AGREEMENT BILL

MOTION FOR SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 161, an Act to authorize a certain Agreement between His Majesty the King and the Corporation of the City of Ottawa.

Hon. NORMAN P. LAMBERT: Honourable senators, it has been my privilege to speak on previous bills authorizing an agreement between the Dominion and the City of Ottawa, and I should like to refer briefly to this one. The measure consists of one short clause, followed by a schedule in which the new agreement is set out. It may be remembered that a little more than a year ago a joint committee of the Senate and House of Commons was appointed to investigate and report upon the relations between the federal Government and the municipal authorities of Ottawa, and that that committee presented a unanimous report to both Houses. The report was in two branches, one relating to the cost involved in the services rendered by the municipality to the Dominion Government, and the other relating to the operations and scope of the Federal District Commission. I think it would be well for honourable senators to bear in mind that this bill has nothing whatever to do with the Federal District Commission area, or with the proposed Greber report, or the plan for the beautification of the capital and the development of Gatineau Park and other areas outside of Ottawa. This bill simply authorizes the Dominion Government to increase from $100,000 to $300,000 the annual grant to the municipality for water, street maintenance, police and fire protection and other services extended to Dominion Government buildings.

Hon. Mr. EULER: Does the Government not pay for the water?

Hon. Mr. LAMBERT: Not all of it. Clause 2 of the agreement on page 3 of the bill states that the annual payment of $300,000

> shall be in full payment, satisfaction and discharge of all claims and demands by or on the part of the Corporation on the Government, in respect of water supplied for street sprinkling, for fire protection by the Corporation to any of the buildings or premises owned or occupied by the Government . . .

Clause 9 of the agreement, on page 5 of the bill, reads:

> The Government agrees to pay the Corporation for a supply of water from the water works of the Corporation for use in and on all buildings and parts of buildings, lands and premises in the City of Ottawa now or hereafter owned and occupied by the Government any time during the period of years commencing the first day of July, 1944 . . .

Hon. Mr. EULER: The Government does pay extra for that water.

Hon. Mr. LAMBERT: Yes, it pays a special rate for that, 13 cents per 100 cubic feet.

The recommendation for the increased grant is not the result of any strict accounting between the city and the Government. The sum of $300,000 has been arrived at largely as a compromise between the amount that has been paid for a number of years and the amount claimed by the city.

If honourable senators take the trouble to read the very brief report reviewing the evidence heard before the joint committee, they will see that the city of Ottawa really asked for $1,597,000.

Hon. Mr. ASELTINE: Was not $300,000 recommended by the committee?

Hon. Mr. LAMBERT: The amount recommended by the joint committee after hearing the evidence was $300,000. It was a compromise between the $100,000 formerly given and the amount asked. Two members of the committee from the other House moved that the grant should be half a million dollars. In the final analysis the committee unanimously decided upon $300,000.

I wish to point out that in addition to the proposal to grant half a million dollars there were two other recommendations. They are not dealt with in this bill, but they represent very important factors in the relationship between the Government and the municipality. One was for the construction of a sewage disposal plant in this city, a utility which is badly needed if the plans for the future are to be carried out. The other was that a union terminal company should be formed to plan and manage the entrance of railways into this city and to eliminate many of the cross-town lines which embarrass the handling of traffic in and out of the city. These two suggestions were based on the idea that there should be financial co-operation between the municipality and the Government, and I believe they were factors in enabling the committee to reach a unanimous conclusion regarding the $300,000 grant.

No doubt some other honourable senators desire to speak on this bill. I would remind

honourable senators that bills based on this agreement will come before the Senate again in the usual way, and we will be asked to pass them as we have done in the past. In the meantime I do not think I need elaborate further on this bill.

Hon. Mr. PATERSON: May I ask the honourable senator a question in regard to this bill? When a property in the city is sold to a legation it immediately goes off the tax list. Is this bill intended to provide payment to the city to reimburse it for the loss of taxes?

Hon. Mr. LAMBERT: My understanding is that this bill has nothing whatsoever to do with the question the honourable senator has just asked. This bill simply provides for an agreement on which future grants will be based. Since 1925 the grants have been $100,000 each year. It was decided uanimously in committee, as I explained, that the grant should now be $300,000.

Hon. Mr. PATERSON: I understand that all right; but is it a fact that properties purchased by legations go off the tax roll immediately? Does the city lose the revenue from those properties as a result, and does the Dominion Government assume responsibility for the loss?

Hon. Mr. EULER: Yes, but properties go off tax rolls in other countries where we have legations.

Hon. Mr. LAMBERT: If I understand the honourable senator's question correctly, when a property holder in the city of Ottawa sells to the Government he is immediately relieved of taxes on that property.

Hon. Mr. PATERSON: Legation property as well?

Hon. Mr. LAMBERT: The moment the properties are purchased by the Dominion or provincial governments they are free from taxation. That is provided for in Section 125 of the B.N.A. Act.

Hon. Mrs. WILSON: The legations are exempt from taxation, but they are not the property of the Government.

Hon. Mr. LAMBERT: When a legation is set up in this city a definite assessment is established. There is a fixed assessment, and the Government of Canada pays taxes to the city on the basis of that assessment. There is a reciprocal arrangement between Canada and the countries where our ambassadors are residing.

Hon. Mr. EULER: How is that fixed assessment arrived at?

Hon. Mr. LAMBERT: By agreement between the Public Works Department and the City of Ottawa.

Hon. W. R. DAVIES: Honourable senators, I should like to make a few comments in support of this bill. I feel that the joint committee of the Senate and House of Commons have arrived at a very reasonable compromise. It would be ungracious of me to oppose a bill brought in as the result of the deliberations of a committee on which there were five members of this House, and, of which an honourable senator was chairman. I think, as the honourable senator from Ottawa (Hon. Mr. Lambert) has said, the committee did a very good job.

The city of Ottawa asked for $1,597,000. After the matter was considered over a period of days in committee, the member of the House of Commons for Ottawa moved that the amount be increased from $100,000 to $500,000. An amendment was offered, and the figure of $300,000 was arrived at. I read every word of the report, and I desire to commend the honourable senator from Ottawa (Hon. Mr. Lambert) and the other members of the committtee who live in this city on the fair approach they made to the problem which confronted them.

Now I wish to say a few words about the city of Ottawa, and offer a few comments about other municipalities. There is an old saying that sometimes you cannot see the forest for the trees. I am of the opinion that occasionally people of Ottawa cannot see the forest of Canada for the trees of Ottawa. They seem to be so circumscribed in their viewpoint that all they think about is the city of Ottawa and what it should receive from the Government. Under this bill Ottawa is going to get $300,000 a year by way of a grant or, it is claimed, in payment for services. In addition, it will get $132,357 a year for water. What the city really wanted was 28 per cent of its rateable assessment on property occupied by Federal Government buildings and which, it was claimed, amounted to $1,597,000.

The situation that obtains here obtains in every municipality where there are Government buildings. There is no complaint to be made on that score. However, I cannot altogether agree with the honourable senator from Ottawa (Hon. Mr. Lambert) when he says that the grant to the Federal District Commission has nothing to do with the city of Ottawa. The Commission gets about

$350,000 a year from the Government, 71 per cent of which is spent within the municipality. The citizens of this city benefit, at least indirectly, from the beautiful parks, driveways and other projects which are set up and maintained by the Federal District Commission. It seems to me, therefore, that when the city claims that it should be reimbursed by the people of Canada for services to Dominion public buildings, there is a failure to recognize that here in the city of Ottawa the country maintains the greatest industry in the whole of Canada, an industry which many cities would gladly welcome.

There are 40,000 civil servants or more residing in the city of Ottawa. Taking a low average salary of $70 a month, which is a little better than 36 cents an hour, the payroll is $2,800,000 a month, or $33,600,000 a year. That money is paid to the people who live here and is spent in the city. I do not think the authorities of the city of Ottawa or its citizens generally realize what great benefit it is to them to have the seat of the Government here. Alderman Coulter in speaking before the committee pointed out how very fair was the claim of $1,597,000. He suggested that if everyone in Canada contributed three four-cent postage stamps a year, it would meet that claim. Speaking for myself, I can see no reason in the world why the people of Canada should buy three four-cent stamps a year to help pay the taxes of the city of Ottawa. In any event, the city got one-fifth of what was asked for, so the citizens of Canada are each of them going to contribute a two-cent postage stamp to provide this $300,000.

Now I wish to say a word or two about the Ottawa Journal. I am a great admirer of the Ottawa Journal; as a newspaper man I think it is one of the brightest papers in the Dominion. The cardinal sin of a newspaper is to become dull. The Journal is never dull; it is always edited well, and for the information of this honourable body I may say it is the most quoted newspaper in Canada. I do not always agree with its editorials—some I agree with and others I do not—but I always enjoy them.

On Tuesday, August 14, 1945, the Ottawa Journal published this editorial:

> Sometimes we think that if more people understood more clearly that the Government has no money of its own, that everything it spends for harbours or post offices or social security services, must be paid for by the people themselves, there would be less enthusiasm for expenditures and services—and lower taxes. Unfortunately, very many people don't reason that way. They seldom think, if they think at all, about where Government gets its money, or about where the national income comes from, or about what might happen if that national income should become mortgaged too heavily. Their idea seems to be that the Government has some mysterious money source of its own, that it doesn't have to cut its financial coat according to its financial cloth; as a consequence all sorts of proposed expenditures, just so long as they are advanced in the name of "progress" or of "reform," are hailed with acclaim—with consequent inevitable growth of bureaucracy, and costly overhead, and taxes.

Now we are going to contribute an additional $200,000 a year to the city of Ottawa. I shall be interested to see what the Ottawa Journal will have to say about that.

Another way the Ottawa Journal treated this matter was as if Parliament had nothing to do with it at all. During the last week or two there has been a lot of debate in another place about the supremacy of Parliament. I am in thorough agreement with those who maintain that Parliament is supreme, but I do not think the Ottawa Journal feels that way. In a front-page story dealing with the joint committee's report, the Ottawa Journal on the 2nd of August, 1944, referred to the committee's proposal for increasing the grant to $300,000 as being "sure of acceptance by both Houses."

But I do not think that is quite as bad as the editorial of November 15, 1945. It is headed "That extra $200,000 a year," and is about the most naive editorial that I have read in many a long day. We were told last year that the city of Ottawa was having a very difficult time, that 28 per cent of its rateable property was occupied by the federal Government and exempt from taxes. The Mayor and members of the Ottawa Board of Control estimated that a grant of $1,597,000 was required to reimburse the city for its services and enable it to get by. Incidentally, I might point out that the Ottawa tax rate was 32½ mills. Well, the rate in the city of Kingston was 34½ mills, and during the depression years it went up to 42½ mills. But let me come to this editorial in the Ottawa Journal of November 15:

> The city of Ottawa henceforth is to receive $300,000 a year from the Dominion treasury instead of $100,000 as in the past.

Never mind what the House of Commons might do, or the Senate; the Ottawa Journal concludes that the city undoubtedly will receive that money. The editorial goes on at some length, but I think the best part of it is this:

> The Journal would like to see Board of Control and Council give serious thought to making a better use of this federal grant. Out of it $100,000 properly could go into current revenue, in accordance with the established practice. But as to the remainder, the amount of the increase, why shouldn't it be set aside in a special fund out of which to help meet the cost of civic buildings and other permanent improvements?

Saving $200,000 a year, for example, and letting it earn interest, in five years we could build a million-dollar city hall without a cent of debt—and without adding meanwhile to the burden of the taxpayers.

Now, honourable senators, if that is not naive I do not know the meaning of the word. We were told that the city needed $1,597,000 to reimburse it for the cost of services supplied to Dominion Government buildings. Now it is admitted that the tax rate can be maintained at 32½ mills and $200,000 of the proposed new grant can be set aside for the building of a new city hall. When we see the new city hall being erected, we shall know how the money was provided.

May I make a brief comparison between Ottawa and one or two other municipalities? Ottawa claims that 28 per cent of all the assessed property in the city is occupied by the Dominion Government. For the benefit of honourable senators I might state that the Dominion Government occupies a much larger percentage of rateable property in the city of Halifax, but that city receives no compensation whatever. The total rateable assessment in Halifax is $52,803,100, and the total federal Government exemption is $32,591,348. In other words, federal Government buildings represent 61·72 per cent of the city's total assessment, but pay no taxes. I believe that in making grants to the city of Ottawa for services rendered the federal Government is establishing a precedent that will have to be followed in other municipalities.

If honourable senators will allow me I should like to read a letter written to me on the 5th of August, 1944 by the Deputy Clerk Treasurer of the city of Kingston:

Dear Senator Davies, I have the honour to forward you the following resolution which was passed unanimously at a meeting of City Council held yesterday.

"That whereas the Senate of Canada is at present considering a request from the City of Ottawa for a substantial increase in the annual grant made to that city in lieu of taxes, and

Whereas federal buildings and Crown operated companies require municipal services to the same extent and in the same manner as privately-owned buildings and the statutory exemption of such federally-owned property therefore constitutes an inequitable burden on privately-owned real estate and business.

Be it therefore resolved that the Senate be respectfully requested to consider the recommendation that all governmentally owned and controlled property be made subject to municipal taxation and that copies of the resolution be forwarded to the Honourable Senator W. R. Davies and the Honourable Angus Macdonald, representative for this constituency."

The city of Kingston has a total rateable assessment of $21,151,960. The assessment on federal Government buildings is $1,338,835. On the percentage basis put forward by Ottawa, Kingston is entitled to $45,000 a year from the Dominion Government. At Kingston's present rate of 34½ mills, if regularly assessed, the Government would pay that city $46,189.81. On the same basis that the $300,000 is granted to Ottawa, Kingston would receive $10,000 a year. This is not a large sum, but it would be quite a help to a small city like Kingston. Like a good many other municipalities, Kingston has had to furnish certain services to buildings erected by the Government during the war. For instance, hospitals, munition plants and buildings for the housing of soldiers have been constructed. We were glad to get these buildings, and I never heard a single complaint about them. But I will say this, that in one section of the city we had to instal a new pumping station and storm sewers at a cost of $500,000, yet we got no assistance on that account from the federal Government.

I do not agree with the honourable senator from Ottawa (Hon. Mr. Lambert) that Ottawa receives no benefit from the Federal District Commission.

Hon. Mr. LAMBERT: Will the honourable senator allow me to point out that I made no such statement? What I said was that this bill had nothing to do with the Federal District Commission.

Hon. Mr. DAVIES: I beg the honourable gentleman's pardon. This bill has nothing to do with the Federal District Commission, but the fact is nevertheless that Ottawa does benefit a great deal from the grant which the Government makes to that Commission. The Commission suggests the creation of a Union Terminal Company, and the elimination of grade crossings and much trackage within the city. Does it contemplate the erection of a new Union Station? Well, if the present beautiful station in Ottawa can be taken down stone by stone and shipped to Kingston, it would be very welcome there, because for about fifteen years we have been trying to get a building where the people of the city and surrounding district could shelter from the wintry weather when waiting to board a train. But I do not suppose any such building will be provided for our accommodation. Some honourable senators may be surprised to know that although chair cars are now running between Toronto and Ottawa you cannot buy a ticket for a chair anywhere along the route. The tickets are sold in Toronto. If you are in Kingston or Brockville or some place like that and want to reserve a chair you can wire to Toronto, but you will not have any luck. You will find the Toronto senators and others travelling in comfort in chairs—

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DAVIES: We are glad to see them. I do not mind that kind of thing a bit; I am simply referring to one of the disadvantages experienced by people who live in a small place.

Hon. Mr. LACASSE: Outside Toronto.

Hon. Mr. DAVIES: When Vice-President Pringle of the Canadian National Railways was appearing before Kingston's Railway Committee on one occasion he said, "You must remember you are only a way station."

If I may be permitted, I wish to say something about Mr. Greber's scheme of beautification of Ottawa. Probably I am not in order in referring to this. I feel that the scheme should be postponed for a few years. Much as Ottawa needs beautifying, I cannot see that we should contemplate spending several million dollars on that work just now, when federal taxes are very high and, as we have been told, people all over the country are crying for houses. The people of Kingston are trying to build a memorial centre in memory of those who lost their lives while serving in the armed forces. No financial assistance will be contributed by the Dominion Government towards the cost of this memorial or of any other civic improvement in Kingston.

Before closing I want to say a word or two about the little village of Portsmouth, which has fewer than 1,000 people. Its total rateable assessment is $157,770, and the tax rate is 62 mills. There is a penitentiary right smack in the centre of the village. It employs 175 people, but only 30 of them reside in the village. The penitentiary property is worth, I suppose, $300,000, but no taxes are paid on it. It does admittedly contribute something in the way of street lighting, but this probably amounts to only $500 or $1,000 a year. That small village, with a total tax income of $17,388 and a tax rate of 62 mills, asked the federal Government for a grant of $2,000 to help pay for a fire hall that cost $4,000, but no grant was made.

The proposed agreement between the Government and the city of Ottawa is to last for five years. In due course this matter of a grant to Ottawa will come up again, and I feel that at that time, or even before then, the whole question of reimbursing municipalities for the services they supply to federal buildings should be considered by a commission or a committee of both houses of Parliament.

Hon. Mr. GERSHAW: Honourable senators, I beg to move the adjournment of the debate.

Hon. Mr. HAIG.

Hon. Mr. MURDOCK: May I have about five minutes, Mr. Speaker?

The Hon. the SPEAKER: There is a motion for the adjournment of the debate.

Hon. Mr. COPP: Does the honourable gentleman want to speak on this bill?

Hon. Mr. MURDOCK: Yes.

Hon. Mr. COPP: A motion has been made for adjourning the debate.

Hon. Mr. MURDOCK: Are we going to meet this evening?

Hon. Mr. ROBERTSON: No; tomorrow afternoon.

Hon. Mr. MURDOCK: I wanted to have my remarks appear right after those of the honourable gentleman from Kingston (Hon. Mr. Davies).

The Hon. the SPEAKER: Can the honourable gentleman not wait until the debate is resumed?

Hon. Mr. MURDOCK: But I wanted my remarks to follow immediately after those of the honourable gentleman from Kingston.

Hon. Mr. DUFF: Go ahead.

Hon. Mr. EULER: Mr. Speaker, I was refused the right to speak today after a motion had been made to adjourn the debate. I would protest against any discrimination.

The Hon. the SPEAKER: There is a motion, which has been seconded, for adjournment of the debate. Is it your pleasure, honourable senators, to adopt the motion?

The motion of Hon. Mr. Gershaw was agreed to, and the debate was adjourned.

DIVORCE BILLS

SECOND READING

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill H6, an Act for the relief of Frances Gladys Ruth Leveille Williams.

Bill I6, an Act for the relief of Dorothy Ada Greenwood Pringle.

Bill J6, an Act for the relief of Edward Vaughton Molson.

Bill K6, an Act for the relief of Elizabeth Jean McKay Hepplewhite.

Bill L6, an Act for the relief of Alfred Henry Gray.

Bill M6, an Act for the relief of Dante Antonio Olak.

Bill N6, an Act for the relief of Josephus Barzyk.

Bill O6, an Act for the relief of Florence Mardi Harding.

Bill P6, an Act for the relief of Ernest Lavoie.

The motion was agreed to, and the bills were read the second time.

CANADA'S NATIONAL FLAG

MOTION

On the Order:

Consideration of a message from the House of Commons with respect to the following resolution adopted by that House:—

"That in the opinion of this House, it is expedient that Canada possess a distinctive national flag and that a Joint Committee of the Senate and the House of Commons be appointed to consider and report upon a suitable design for such a flag."

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate, I move:

That in the opinion of the Senate it is expedient that Canada possess a distinctive national flag. That the Senate do unite with the House of Commons in the appointment of a joint committee of both Houses to consider and report upon a suitable design for such a flag. That the honourable Senators David, Davies, Gershaw, Gouin, Howden, Johnston, Lambert, Léger, McRae, Quinn, Robinson and White be appointed to act on behalf of the Senate as members of the joint committee.

That the said committee have power to send for persons, papers and records.

That a message be sent to the House of Commons to inform that House accordingly.

I would ask the honourable senator from Ottawa (Hon. Mr. Lambert) to speak to the motion.

Hon. Mr. MURDOCK: I rise to a point of order. When his Honour the Speaker put the motion, I thought it was a motion to adjourn the Senate.

The Hon. the SPEAKER: To adjourn the debate.

Hon. Mr. MURDOCK: I was prepared to speak for five minutes on the motion before the House. Under the rules of the Senate I had the right to do so. The honourable senator from Kingston (Hon. Mr. Davies) referred five or six times to the Ottawa Journal. I wanted to read a few remarks from the Journal. I would not have taken very long. This is just a case of squelching discussion.

The Hon. the SPEAKER: The honourable gentleman is entirely out of order. A motion to adjourn is always in order.

Hon. Mr. MURDOCK: Of course, but that was not a motion to adjourn. I have been sitting here for quite a while, and I have not heard the motion put. I have not heard a motion of that kind put in this Senate before.

Some Hon. SENATORS: Oh yes.

Hon. Mr. LAMBERT: I move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, November 21, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRANS-CANADA AIR LINES BILL

REPORT OF COMMITTEE

Hon. A. B. COPP presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 21, an Act to amend the Trans-Canada Air Lines Act, 1937.

He said: The Committee have examined this bill and now beg leave to report the same without any amendment.

PRIVATE BILL

REFUND OF FEES

Hon. Mr. HOWARD moved:

That the fees paid upon a proposed Bill to incorporate Siple Air-Transport Company, Limited, be refunded to Messrs. Gameroff and Fenster, Montreal, solicitors for the petitioners, less printing and translation costs; the proceedings on the said Bill having been discontinued.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third readings of the following bills:

Bill H6, an Act for the relief of Frances Gladys Ruth Leveille Williams.

Bill I6, an Act for the relief of Dorothy Ada Greenwood Pringle.

Bill J6, an Act for the relief of Edward Vaughton Molson.

Bill K6, an Act for the relief of Elizabeth Jean McKay Hepplewhite.

Bill L6, an Act for the relief of Alfred Henry Gray.

Bill M6, an Act for the relief of Dante Antonio Olak.

Bill N6, an Act for the relief of Josephus Barzyk.

Bill O6, an Act for the relief of Florence Mardi Harding.

Bill P6, an Act for the relief of Ernest Lavoie.

The motion was agreed to, and the bills were read the third time, and passed, on division.

OTTAWA AGREEMENT BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill 161, an Act to authorize a certain Agreement between His Majesty the King and the Corporation of the City of Ottawa.

Hon. CHARLES L. BISHOP: Honourable senators—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BISHOP: —as one who shares the high honour of representing the capital city in this honourable House, I feel it my duty to say a word about, and in support of, this bill.

This is an Ottawa bill. It relates to a project with which I have long been familiar. I was in the near neighbourhood of this honourable House when Parliament originally sanctioned the grant of $60,000. It stood at that for a considerable period. Then, it was made $75,000. Finally, it was increased to $100,000 and for a long time seemed hopelessly bogged down at that figure. Now the growth of the grant is more promising, and in time it will fill out and be of a size that befits its age.

This bill implements a report of a committee of the two Houses which made a most painstaking inquiry. The city, I believe, claimed $1,500,000 a year. By way of temporary compromise, the committee recommended an advance payment of the $300,000 provided for in the agreement, of which sanction is now sought.

In my opinion the grant is none too generous. Government property in the city is valued at about $65,000,000. It is all exempt from taxation, and always has been. Moreover, this property is being added to steadily. In war time the expropriation of new properties was continuous; and properties once taken over by the Crown become and remain Crown properties. As such, they pay no taxes—and never have. Nevertheless, the city of Ottawa provides fire protection, and in many other ways plays its full part in the upkeep of the national Capital.

The grant of $300,000, so far as it goes, is acceptable as a payment on account, but it does not call for a receipt in full. The city will determine how the money should be used. Personally, I hope some of it may be spent on the erection of a new police station to replace the present unsightly structure. Part of it could well be used to make a contribution to the County of Carleton toward the erection of a new Court House. The present one, I believe, dates back to the days of Colonel By and Bytown.

As my honourable colleague from Ottawa (Hon. Mr. Lambert) pointed out, this measure has no relation to the larger plan for the beautification of the Capital and surrounding district. It is simply a local business transaction by which the Government pays, in part, for the value it receives.

I fear we will have to wait some years before much money is spent on the more comprehensive scheme of a Federal District; it is so broad in vision that it calls for careful, long-range planning. That, precisely, is what is being prepared for now. It is all that is being prepared for. What is planned ultimately is the beautification of Ottawa and surrounding districts, not as so many municipalities, but as the Capital of Canada. Every part of the country should take pride in such an undertaking because the Capital belongs to all just as much as it belongs to Ottawa or the surrounding area. There is no room for the petty jealousy of which we detect the odd symptom.

The preparation of plans is not primarily a job for an architect or for an artist or for a poet. It is a job for an authority on town planning, and, in Mr. Greber I think we have the most eminent of all such authorities. I understand, however, that he invites, and will be ready to receive suggestions from anybody who is competent to submit constructive ideas.

Meanwhile, the grant is acceptable as a substantial payment on account, and the city is becomingly grateful for it, but it can hardly be regarded as a complete discharge of the Government's obligation to reimburse the city for the sacrifices it has made and the services it has rendered.

Hon. JOHN T. HAIG: Honourable senators, I will not delay the House at length in speaking to this motion. I am in favour of the bill, for it is my conviction that the people as a whole should assist in making Ottawa a capital worthy of our nation. In the years ahead there will be a great migration of tourists into Canada from south of the line, and many of them will want to

see our national capital. Their desire to see it will have been strengthened because of what has happened during the war. I heartily approve of the agreement that has followed upon the investigations made by the joint committee. In fact, to tell the honest truth, I am surprised that the committee was able to bring about such a good arrangement.

The main point I want to make is that this whole question of municipal taxation of Government buildings will have to be gone into. Please do not misunderstand me. I do not think municipal taxes should be levied on buildings used for parliamentary, legislative or actual government purposes. In my own home city of Winnipeg we have the Manitoba legislative buildings, and I do not think they should be taxed. But the Province of Manitoba is engaged in the liquor trade, and has large liquor warehouses and a number of retail stores in Winnipeg. A very large profit is made out of the business done in these places, and although the province has voluntarily agreed to pay a sum estimated to be equal to a fair municipal rate, I think these properties should be taxed.

The Dominion Government is now in the housing business, the money-lending business, and all sorts of business in addition to what is ordinarily understood as government business. Whenever the Government takes over a building in which to carry on any of these operations it immediately claims exemption from municipal taxes. This is a very serious matter. I was delighted to hear the honourable senator from Kingston (Hon. Mr. Davies) refer to the fact that 62 per cent of the assessable property in the city of Halifax is occupied by Dominion Government institutions, and not subject to taxation. If the Government of Canada is going to engage in business enterprises it ought to pay taxes just as any private enterprise does.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. HAIG: Provincial governments also should pay taxes on their business institutions. There is no more reason for the federal treasury to make a grant of money to Ottawa because Dominion Government buildings are located here, than there is for it to make a grant to Winnipeg. I do not want any misunderstanding. I am not suggesting that the agreement with Ottawa is unfair. Speaking personally—and I can only speak personally, for this has nothing to do with the leadership of a party—I am heartily in favour of making Ottawa a beautiful capital city. I say that quite candidly, although I know a number of people do not share my view. But I submit that the Government must face up to this issue of paying taxes on the business institutions it operates. In the Banking and Commerce Committee this morning we dealt with a bill to increase the capital of Trans-Canada Air Lines from five million to twenty-five million dollars. That concern is carrying on a private mercantile business, and it will have offices all over the country.

Hon. Mr. SINCLAIR: It is a public utility.

Hon. Mr. HAIG: Yes, and wherever it has offices it reduces municipal tax receipts. I think the Government and the Parliament of Canada, especially the House of Commons, ought to face up to this issue, which is a very serious one for many municipalities.

Some of the provincial governments are in the business of developing and supplying hydro-electric power. In Winnipeg a whole building is occupied by the Hydro-Electric system. True, the system is owned by the city and hands over to the city treasurer as much money as would be paid in taxes. But this is done voluntarily.

Hon. Mr. ASELTINE: Does the system pay income tax?

Hon. Mr. HAIG: Oh, no. There is no reason why you or I or anybody else owning a private house should have to pay extra taxes just because certain government buildings are located in the cities where we live. If I were conducting a private business of supplying hydro-electric power in the city of Winnipeg I should have to pay taxes. Why should a government institution which is in competition with private firms be exempt from taxes? I have already mentioned the provincial liquor business as a case in point. The provincial government has large liquor warehouses in Winnipeg, on which for years there was no municipal tax paid, and the people of the whole province benefited financially because the services to these buildings were supplied by the city of Winnipeg.

At one time the amount of the annual grant by the Dominion to Ottawa was $60,000, and for a good many years, as we know, it was $100,000. Now the proposal is to increase the grant to $300,000. It was pointed out in the debate here yesterday that the amount which Ottawa claimed should be paid to it annually by the Dominion was $1,597,000. Well, when a claim of that size is put forward seriously it is time we woke up and considered this question of Government-owned property in various municipalities all across the country. I was

not a member of the joint committee, but apparently it did not think the claim proposed by Ottawa was well founded.

I intend to rise here every time there is any measure before us having to do with tax exemptions on Government-owned property. I am here to fight for private enterprise. The majority of the people of this country believe in it. They said so on the 5th of June. I am not going to hamper private enterprise by encouraging the practice of relieving public utilities and other Government-owned businesses from municipal taxation.

Hon. JAMES MURDOCK: Honourable senators, just before we adjourned last evening I wanted to take four or five minutes to add a few remarks at the end of the very fine speech made by the honourable senator from Kingston (Hon. Mr. Davies). Kingston, a former capital of Upper Canada, is a city that for many years has had military institutions and a penitentiary in its midst, and the fact that the Government has made no grant to compensate that municipality for non-payment of taxes on those properties would possibly give the honourable gentleman an opportunity to talk against this bill. I am in the unfortunate position of not being able to vote on the bill, according to Senate Rule 53, because this $300,000 might make a difference of one mill in the rate of taxes that I shall have to pay. I do not know whether it would.

Last night the honourable senator from Kingston made several references to the Ottawa Journal. In last Monday's issue of that paper there was an editorial, which I was hoping he would mention. It indicates what this is all about and how much it involves for Ottawa. It seems to me that this information should be on the record, for the benefit of all concerned. The editorial is captioned "Properties on the free list," and reads as follows:

> Some members of Commons, discussing the Ottawa bill, urged that the B.N.A. Act be amended to make possible the taxing of all Dominion Government property for municipal purposes. In this connection, Mr. Boucher of Carleton pointed out that if the Government paid taxes to Ottawa as private property-owners pay, the city would receive $2,177,727 annually from the federal treasury. That is a little more than one-third of our tax revenue.
>
> It is interesting to explore this subject a little. Last year Ottawa's total assessment, taxable and exempt, was $273,676,550, but exemptions cut the taxable part of the total to $165,711,463. Dominion Government properties were assessed at $66,674,230—the total now will be somewhat higher, because of properties acquired in 1945 and thus removed from the tax rolls.

But the Dominion Government, while the leading beneficiary from tax exemptions, is by no means the sole property-owner to benefit from the present tax system. It is interesting to look at some of the other exemptions:

Churches	$ 4,241,730
Educational institutions	9,802,125
Property used for charitable and welfare purposes	1,706,925
Corporation of Ottawa	11,755,197
Hospitals	5,074,900
Federal District Commission	3,644,837
Ontario Government	348,100
Ottawa Hydro-Electric	1,865,900

These and smaller items bring total tax exemptions in Ottawa to $107,965,087—as compared with the total assesment of $165,711,463 on which taxes are paid—about two-thirds of the tax-free property being owned by the Dominion. And what a nice easy tax rate we could have if everybody paid!

I thought that article should go on the record in connection with this bill.

Hon. THOMAS VIEN: Honourable senators, there are so many angles to the question that has arisen in this debate that it is difficult to follow the line of argument developed by the honourable senator from Winnipeg (Hon. Mr. Haig). The question before the Chair is simply whether the $100,000 contribution which the Federal Government has paid to the city of Ottawa for a number of years, in lieu of taxes or in compensation for the public services rendered by the city, shall be increased to $300,000 a year. The services supplied include waterworks, sewage disposal, police station, pavements on the streets and many other municipal undertakings of which the Government is the beneficiary.

The suggestion has been made that the Government should pay taxes. It probably would be futile to develop that line of argument, unless we are prepared to suggest an amendment to the British North America Act. Section 125 of that Act reads as follows:

> No lands or property belonging to Canada or any province shall be liable to taxation.

This applies to Crown property whether provincial or federal. Therefore, if it were decided that Government property should be taxable, the proper procedure would be to move to eliminate Section 125 of the British North America Act.

I think it behooves a nation to take care of its capital. I don't believe there is a country in the world which claims to be civilized and progressive that is not proud of its capital, and consequently fails to take care of its beautification and development. Let us look, for instance, at Paris, London, Buenos Aires, Rio and Mexico City. For more than 120 years Washington has had beautification plans

such as are now proposed by Mr. Greber for the city of Ottawa. The development and beautification of the city of Washington has continued for a century and a quarter, and sums larger in proportion than Canada has spent on Ottawa have been expended for such improvement. I am therefore in favour of an increased contribution to the city of Ottawa.

I believe municipal services rendered by this city to the Dominion Government are well worth $300,000 a year. It has been said frequently over a long period of time, both in the House of Commons and in this Chamber, that some definite solution of this problem will be reached. The most reasonable solution, according to the concensus of public opinion, is the creation of a federal district under direct Government control, somewhat similar to the District of Columbia in the United States. I believe that sooner or later in the plan for the development and beautification of the capital of Canada, we shall come, in one form or another, to the creation of a federal district.

The honourable senator from Parkdale (Hon. Mr. Murdock) quoted from the Ottawa Journal a recent article which made reference to taxes on schools and churches. We are a Christian community. It was Blackstone, I think, who said that Christianity is part and parcel of the Commonwealth of England. Whether we be Anglican, Methodist, Roman Catholic, Presbyterian or Baptist—I do not wish to omit anyone—we all go to church, and we send our children to school. If churches and schools are taxed, we shall have to add the amount of their taxes to our donations and gifts to the church and our contributions towards education. The school commission does not grow money as we grow apples or wheat; it has to go to the pockets of the taxpayers to get the funds required to meet its expenditures. If we increase the bills that the school commission and the church wardens have to pay, we shall have to disgorge more money in gifts to the church and taxes to the schools to maintain those institutions. Therefore, in setting up the value of non-taxable property, I do not believe it is sound to include schools and churches.

As to public utilities, I do not believe the subject-matter before the Chair lends itself to a discussion on the question of public ownership. If we embarked on such a discussion, it would probably continue for a few weeks to come.

During the debate on the proposal to increase the capital of Trans-Canada Air Lines, it was suggested that the construction of an airport would remove certain taxable property from the tax roll and would be disadvantageous to the municipality concerned. I believe that a municipality in which Trans-Canada Air Lines propose to construct an airport should stop and consider well which is better for it—to lose a few dollars in taxes or to get the benefit of an institution of that kind within its limits. If consideration were given to that question the decision would be prompt, and it would be in favour of forgoing the taxes and getting the benefit of the Government institution. The construction of an airport would involve the employment of a number of people and the bringing in of supplies which would be purchased locally. I think that a community would derive more benefit from the establishment of an airport in its territories than from the taxes that would be paid on the farm land to be occupied by such a public institution.

It is true that the city of Ottawa has been for a number of years claiming a greater amount than it has received from the Federal Government. Both the Senate and House of Commons in considering the grant of public money to Ottawa from year to year have always taken into account the benefits that the city of Ottawa derives from the fact that the seat of Government is in this city. If you remove the seat of Government from Ottawa, you will remove from the city's income a sum much greater than the amount of taxes that would be collectable on the properties that have been acquired by the Government. Therefore, there is a certain equilibrium to be maintained between the demands of the city of Ottawa and the fair and reasonable contribution which the Government should pay for the public services that are being rendered.

I repeat what I said in my opening remarks, that this is only a temporary measure. It cannot be a permanent solution of the problem. The Government cannot go on paying $300,000, $500,000 or even a million dollars to the city of Ottawa without adjusting the situation with the city on a more reasonable foundation. I think that a more reasonable foundation would be to do what is now being done by the Government—call in a professional landscape architect to make a general plan of the capital of Canada, and establish a system for the administration of a federal district without causing the city of Ottawa to lose its autonomy as the city of Washington has done. A definite system of a permanent character would enable the Federal Government to exercise proper supervision over the affairs of a federal district with respect to beautification and enlargement as time goes on, and would prevent the city from having

to come to Parliament year after year to discuss the adequacy of our contribution for municipal services.

I am all in favour of the bill now before the House, and think that we should have been paying $300,000 a year to the city of Ottawa for a number of years. This bill is long overdue.

Hon. FELIX P. QUINN: Honourable senators, I concur in the remarks of my honourable leader and the honourable gentleman who has just preceded me (Hon. Mr. Vien). I have every sympathy with this bill, and do not wish anything I say to appear critical of it.

Much has already been said about the position occupied by the city of Halifax. I was not present when the honourable gentleman from Kingston (Hon. Mr. Davies) referred to it, and stated that over 60 per cent of the real estate in Halifax was exempted from taxation.

Anyone familiar with the history of Halifax knows that it was founded in 1749, mainly for the purpose of making a headquarters for the British Army and the British Navy and for the defence of this country. The Imperial authorities continued until the early part of this century to occupy a very large portion of the land, located principally in the central part of the city. There is an enormous fortification, known as Citadel Hill, in the very center of the city. It is an old fort, and has never fired a gun in the defence of the city or of this continent. It is not used for any military purposes, but it remains there as Crown property. It is situated right in the heart of the city, and for some reason which I could never understand, the Department of National Defence refuses to concede any portion of that property. If the outer lands of the Citadel could be turned over to the city of Halifax, they would be used for building purposes. I do read however in my local newspaper that negotiations are now taking place for the turning over of some of these properties; but Halifax has had to bear that tremendous load over a very long period.

In addition to the Citadel there is an immense tract of land known as "the Common" at the northern part of Citadel Hill. The city is built all around those two large open spaces. Sewerage, water service, lighting, police and fire protection and various other services have to be extended beyond these areas in order to reach the homes surrounding them.

I maintain that Halifax is as deserving of consideration from this Government as is the city of Ottawa. If the contribution that Halifax has made during the last six years were generally known it would amaze the ordinary citizens of this country. Some articles have been written on the subject, but they have not been widely published. In view of the enormous value of federally-owned property in the city of Halifax—property which is, of course, tax exempt—I submit that the Government should consider extending to that city treatment similar to that accorded to Ottawa. I trust that the Government will not regard this suggestion as something to come in at one ear and go out of the other, but that steps will be taken to see that appropriate compensation is given to Halifax.

Hon. CYRILLE VAILLANCOURT (Translation): Honourable senators, may I add a few words to what has already been said about the tax exemption granted on government properties.

One of my colleagues has just stated that police and fire protection and so forth must be given to these buildings. That is why the Government, through the bill which is now before us, wishes to compensate the city of Ottawa for certain services rendered. There is another angle that should be considered. It can be said, in reply to those who believe that the Government should pay the same taxes as are paid by any private institution, that if the capital of this country is Ottawa, the citizens of this city have had nothing to do with it. Ottawa was chosen because it seemed to be the most central location. Therefore, the citizens of the whole country should not be penalized by being made to pay taxes exclusively reserved for the city of Ottawa. On the other hand, in erecting here government buildings subsidized by the whole of Canada, we are developing the city of Ottawa; we are bringing here a considerable number of workers. Those people build houses and consequently pay taxes to the city. If there were no Parliament buildings, would the city of Ottawa be what it is? By increasing its grant from $100,000 to $300,000 the Government compensates, in part at least, the city of Ottawa for the expenditures it has to incur for the protection it gives and the other services it maintains in connection with government buildings. The principle that applies here holds true in the case of Toronto, Quebec, Winnipeg or any provincial capital in Canada.

The motion was agreed to, and the Bill was read the second time.

SENATE STANDING COMMITTEES—THEIR CONSTITUTION AND FUNCTIONS

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of Honourable Mr. Robertson:

1. That a special committee of the Senate be appointed to review the constitution and functions of the Standing Committees of the Senate and to make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient.

2. That the said committee be composed of the Honourable Senators Buchanan, Foster, Haig, Hayden, Horner, Howard, Lambert, Leger, McRae, Robertson, Sinclair, and Vien.

Hon. JOHN T. HAIG: Honourable senators, although the Order for resuming this debate stands in my name, I do not wish to add to the remarks I made yesterday. In explanation I might state that my reason for adjourning the debate after finishing what I wanted to say was to advance the Central Housing and Mortgage Bill and the Ottawa Agreement Bill. The honourable leader (Hon. Mr. Robertson) requested me to make the motion, as he feared that if the debate continued at that time it might take up the whole afternoon.

Hon. W. D. EULER: Honourable senators, I had hoped that the honourable leader opposite (Hon. Mr. Haig) might have something more to say. My purpose in rising is twofold. In the first place, I wish to support the motion of the honourable leader of the Government (Hon. Mr. Robertson). I listened carefully to what he said, and I am not going to enlarge on his remarks, because I am convinced that there is a reason for this motion and that it is time something was done by way of realignment of our committees. I myself happen to be Chairman of the Standing Committee on Commerce and Trade Relations, as I believe it is called. Naturally it had nothing to do during the war, and never met. I should like, though, to say now to members of that committee—at least to those who know they are members—that I hope it may be convened and render some service.

My other purpose in rising was to refer to a suggestion made yesterday by the honourable leader on the other side (Hon. Mr. Haig), that senators should hold portfolios in the Dominion Cabinet.

Hon. Mr. HAIG: Some senators.

Hon. Mr. EULER: I do not for a moment suppose that he wants all of us to be members of the Cabinet. I am just wondering what portfolios he would put into the hands of senators. There might be great competition among gentlemen who wished to come over here, where they would have safe seats.

Hon. Mr. HAIG: Will the honourable gentleman allow me? Would there be any more competition here than there is in the House of Commons?

Hon. Mr. EULER: I am not so sure.

Hon. Mr. HAYDEN: You cannot have more than 100 per cent competition.

Hon. Mr. EULER: If I may be pardoned for referring to ancient history, I should like to read a few extracts from a speech I made in the House of Commons away back in 1919. I think some honourable gentlemen opposite were also members of that House at the same time, and they will understand why I am definitely opposed to the suggestion of my honourable friend. I moved at that time:

"That in the opinion of this House, all Ministers of the Crown should be members of the House of Commons—

I really meant all Ministers of the Crown holding portfolios.—

"or become such within a period of three months after their appointment to the Cabinet."

Of course, I have no objection whatever to the Government leader in the Senate being a member of the Cabinet. He is a member without portfolio. I quite appreciate, as I am sure everyone else does, that there must be some kind of liaison between the Senate and the Cabinet. In fact, I think the liaison is still too slender, because at present the Government leader in the Senate is the only connecting link between this House and the Government itself, and in consequence he has to shoulder a load so heavy that I am surprised it can be carried by one man as well as it has been in the past. I do not want to use violent language, but I consider it is hardly less than an outrage that the leader should have the responsibility of sponsoring the legislation coming from sixteen or twenty departments of the Government, and that, although this work probably necessitates his giving up certain private interests, he serves without any extra remuneration. I think his responsibility is just as great as, and perhaps greater than, that of some ministers who hold portfolios, and in my opinion he deserves the salary of a Cabinet minister.

Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: Salary and allowances.

Hon. Mr. EULER: Yes, including the proposed tax-free allowance of $2,000. I would add, quite frankly, that I think the leader of

the opposite side in this House is also entitled to extra remuneration, as is given to the leader of the Opposition in the other House.

Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: Perhaps those of us who have been members of the Commons bring with us from that House certain prejudices. Now I have one or two convictions—whether they be prejudices or not—about our method of dealing with legislation, and I am going to mention one in particular. In the House of Commons a great deal of the legislation is considered in Committee of the Whole, but I cannot remember the Senate ever having gone into Committee of the Whole during my five years of membership here.

Hon. Mr. HAYDEN: It did once.

Hon. Mr. EULER: Well, I was not present on that occasion. I think a very good purpose would be served by our considering legislation in Committee of the Whole. I will admit it is quite proper to refer a good many bills to standing committees, but I am convinced that there are also many bills which could be more fittingly taken up in Committee of the Whole. The press would give more publicity to the Senate if the whole Chamber went into committee on bills, and thereby the people at large would learn more of what we are doing. Another point occurs to me, though perhaps it is not very important. We occasionally hear it said that the Senate is an obscure and unimportant body, and some people actually base this opinion upon the fact that the Senate Hansard is much smaller than that of the other House. But, as we all know, a great deal of discussion in the Commons takes place when bills are in the committee stage, and these discussions are reported by Hansard, whereas the principal discussion of bills by senators is done in standing committees, whose proceedings are not reported.

Hon. Mr. BUCHANAN: May I ask the honourable gentleman whether he would be in favour of having a minister, deputy minister or other departmental official sitting on the floor of the Senate and taking part in the discussion when a Government measure was being considered in Committee of the Whole?

Hon. Mr. EULER: I thank my honourable friend. I was going to make a suggestion, which may perhaps be pretty revolutionary. I see no reason why, when an important Government measure is in Committee of the Whole here, the minister responsible for administration of the bill should not come into this Chamber, and take part in the debate. It seems to me the public interest would be served if that were done.

Hon. Mr. QUINN: There is nothing objectionable about that.

Hon. Mr. BENCH: Would the honourable senator suggest that the permission, if that is the proper word to use, be a standing permission rather than special invitation on occasion only?

Hon. Mr. LEGER: Special invitation would be all right.

Hon. Mr. EULER: I am not sure that I have any definite opinion with regard to that question. I think there should be a standing invitation, because legislation that passes through the House of Commons has to come to the Senate in any case, and no man should be better informed on the implications of that legislation than the minister himself. If the ministers and the members of the Government were convinced that the senators could really offer some valuable contributions on the legislation, I think that such ministers might well come to the Senate in good faith and accept the contributions offered to them. After all, many honourable senators have been members of the House of Commons. I propose to make reference to what my honourable friend the leader opposite (Hon. Mr. Haig) said the other day. Since I cannot quote his exact words, would the honourable gentleman mind telling me what it was he said?

Hon. Mr. HAIG: Do you mean as to ministers?

Hon. Mr. EULER: Yes.

Hon. Mr. HAIG: I suggested that there should be more than one Cabinet minister of the Government in this House. What I had in mind, quite candidly, was that there should be three members of the Government.

To be quite clear, I was not thinking so much of a portfolio as of the need of members of the Government to bring the Government viewpoint to this House.

Hon. Mr. EULER: The reason I took a special interest in what my honourable friend said the other day was that I made a speech on the same subject in the House of Commons in 1919.

Hon. Mr. FARRIS: You should be wiser by this time.

Hon. Mr. EULER: I will not burden the House by reading everything I said at that time. I have already read the resolution indicating that ministers of the Crown should be members of the House of Commons.

Hon. Mr. LEGER: Do you contend that that is constitutional?

Hon. Mr. EULER: At least it is reasonable and natural, in my opinion.

Hon. Mr. LEGER: It would be reasonable, but not constitutional as far as we are concerned.

Hon. Mr. EULER: I am not saying now whether it is legal or constitutional for members of this House to be members of the Cabinet, but I do not think it is democratic. Democracy means the people have the privilege of expressing their desires through their votes. While I do not wish to offend the sensibilities of any honourable member of this House, I feel that ministers should be elected.

Hon. Mr. ASELTINE: May I ask the honourable gentleman a question? When that motion was made in 1919 how many members of this House were Cabinet members or holding portfolios in the Government?

Hon. Mr. EULER: There were three. I am coming to that question. While I do not desire in any way to be offensive, I should like to read from what I said in 1919, the fundamentals of which I still believe.

"Frankly, Mr. Speaker, the resolution which I have offered has for its object the debarring from the Cabinet of members of the Senate, for what I consider to be the sufficient reason, that members of the Senate, not being elected, are not representative of, and not responsible to, the people."

I will omit those portions that may be considered of an irrelevant nature.

The responsibility and power of the ministry are very great. During the past two years the power of the Cabinet has been greater even than the power of Parliament itself. That was during the war. As a matter of fact, the War Measures Act is still in force and the Government still retains that power.

Hon. Mr. LEGER: That is still true today.

Hon. Mr. EULER: Quite so, and I am not defending it.

But even after the War Measures Act becomes null and void the power and influence of the Cabinet will still remain very great. Members of the Cabinet who are of sufficient calibre to deserve a position as responsible as that, wield a tremendous power not only in the formulating of policies, but also in the administration of the departments over which they have control.

The appointment of senators to the Dominion Cabinet is entirely subversive of the principle of responsible Government.

At that time we had three members of this House in the Cabinet. The three members were, the leader of the Senate, the late Sir James Lougheed, who was Minister of Soldiers' Civil Re-Establishment; the late Gideon Robertson, who had been Minister of Labour; and third, the Honourable P. E. Blondin, then Post Master General. It seems to be subversive of responsible Government that men who have been rejected by the people should be put in the responsible position of a minister of the Government. In fact, there is one illustration, and in citing it I do not wish to be offensive in any way: the last mentioned honourable gentleman was defeated at the polls by some 6,000 votes out of 6,500 cast. I say what I do because members of this House are not the elected representatives of the people. I am quite willing to admit that they have functions to perform, but I do say that they should not be responsible ministers in charge of portfolios. It seems to me that that right is entirely reserved for the members of the House of Commons.

While what I have to say may not be particularly welcomed by the members of this House, it is my opinion that the men who are administering portfolios, and who have control over immense sums of money, should be responsible elected members of the House of Commons. One suggestion I desire to make is that ministers from the House of Commons should with consent appear on the floor for the Senate Chamber. They do appear occasionally before Standing Committees of this honourable House. For instance, Honourable Mr. Howe appeared this morning before one of the committees of the Senate. These ministers should not be members of this Chamber, in my opinion, but should on occasion appear here, take part in the debates, and get the benefit of the views of honourable senators. But it remains that they are members of the House of Commons and thus elected representatives of the people.

Perhaps, honourable members, I have not made myself too clear, but I do want to emphasize the point that, believing in democratic representation, I cannot see how members of an appointed body can be truly representative. Fortunately during the last few years there has not been a Cabinet Minister with portfolio a member of this honourable House. Of course we are more concerned with the practical service of public interest than in the observance of any hoary precedent. While it might be constitutional for members of this House to occupy a number of seats in the Cabinet, it would not be strictly in conformity with democratic practice.

Some Hon. SENATORS: Hear, hear.

Hon. J. W. de B. FARRIS: Honourable senators, it was not my intention to take part in this discussion, but one or two remarks of the last speaker prompt me to make some comment.

In the first place, I think the idea of democratic representation is sometimes based on a false premise. In my judgment there is a fundamental difference between democracy and mere majority rule. As I understand it, democracy in its essence is, as was said by Abraham Lincoln, government of the people, by the people and for the people, not government by a majority of the people for a majority of the people. In the practical operation of parliamentary government it is necessary to accept the majority principle as the best way of giving representation; but I think it is recognized as complementary that the majority give full representation to all the people.

Hon. Mr. LEGER: That is as it should be.

Hon. Mr. FARRIS: I think my honourable friend from Waterloo (Hon. Mr. Euler) has confused responsible government with representative government. The practice of representative government as we have it, is to have representatives from different constituencies. Those constituencies embrace a very small portion of the great population. My honourable friend mentioned late Honourable Mr. Blondin, and the irony of him having a seat in this House when he had been defeated at the polls. Why, the Prime Minister of Canada was defeated in the last election; but no one thought that in any way disqualified him from continuing as Prime Minister of this country.

Hon. Mr. EULER: He had to be re-elected.

Hon. Mr. FARRIS: He had to be re-elected in order to speak in the House of Commons; fundamentally, he was a representative of the people whether he was elected in Prince Albert or any other constituency.

Responsible government means that the government is responsible to the House of Commons, and can continue in office only as long as it commands a majority in that House. If the theory of my honourable friend were to be carried to the extreme limit, it would mean that all deputy ministers would be members of the House of Commons as well, because in many instances they have more to do with the business of the Government than have the ministers. So long as the ministers continue to be ministers, and the Government can command a majority in the House of Commons, that constitutes responsible government.

I believe it would be a good thing to have more ministers in this House. In my opinion the Government of Canada would be strengthened by the injection of a little more of that independence which would come from representation in a body of this kind. If that change were made it would not in any way weaken our system of responsible government, because no senator could continue as a minister if the government to which he belonged was defeated in the other House.

Hon. THOMAS VIEN: Honourable senators, like the honourable gentleman who has just taken his seat, I shall not detain the House long.

I believe that we should not allow to go unchallenged the statement that sound principles of democratic and responsible government do not permit a minister holding a portfolio to sit in this House. These principles would not in any way be violated if the head of a government department were a senator. As was clearly pointed out by the honourable senator from Vancouver South (Hon. Mr. Farris), the government is responsible to the representatives whom the people elect to the House of Commons. If a senator held a portfolio and a majority of the members of the Commons did not like the way he administered his department, they could ask the government to dismiss him, and if the government failed to do so it could be voted out of office. Therefore, I repeat, no fundamental principle of responsible government would be violated by giving a ministerial portfolio to a senator.

The theory that a minister of the Crown must hold the confidence of the electorate in a constituency is, I believe, no longer valid. Formerly when a member of the House of Commons was appointed to the Cabinet he had to go back to his constituency and seek re-election as a minister of the Crown. This was necessary, not in order to conform with the principles of responsible government or of democratic institutions, but because at that time there was a rule that any member of the Commons who accepted a position of emolument under the Crown thereby vacated his seat. That rule has since been repealed, and a member no longer has to seek re-election before his appointment as a minister of the Crown can be confirmed.

I agree with the honourable gentleman from Vancouver South (Hon. Mr. Farris) that it would be in the interests of sound government to have a number of Cabinet portfolios given to members of the Senate. If in practice it was found necessary that a a minister who was a member of the Senate should be present in the Commons when his estimates were under consideration there, it would be just as easy for that House to extend to him the privilege of explaining his bill there as it is for the Senate to extend a like privilege to ministers who have seats in the Commons. Under our constitution there

is no reason why a minister from the other House should not have a seat on the floor of this Chamber while his estimates or other departmental measures are being debated here. The whole matter is one of procedure only and could be regulated by the rules of both Houses. In France a cabinet minister may be a member of either the Senate or the Chamber of Deputies, and he has the privilege of sitting in either house.

Hon. Mr. EULER: Is the Senate appointed or elected?

Hon. Mr. VIEN: In France the Senate is elected—not by the electors at large but by the municipal councils; which are called the conseils generaux. Senators are elected for seven years, and they have the privilege of sitting in either House. They may speak in the Chamber of Deputys only when legislation coming under their respective departments is being considered.

Hon. Mr. EULER: My objection to senators being members of the Cabinet is based entirely on the fact that they are not elected.

Hon. Mr. VIEN: My honourable friend's point is, I understand, that a minister should be directly responsible to the people. With all deference, I suggest that my honourable friend has confused the principle of responsible government with another principle. Responsible government does not depend upon whether ministers hold seats in one House or the other. The principle is that a government cannot continue in office unless it possesses the confidence of the elected representatives of the people. But there is nothing in that principle to prevent a member of the Cabinet from holding a seat in the Senate.

My honourable friend believes that Cabinet members holding portfolios should be elected by the people. That is a viewpoint for which I have the utmost respect, but there are other aspects that may be considered. As was pointed out by the honourable gentleman from Vancouver South, the Government might be strengthened by having some of its portfolios filled by members of the Senate, who are not subject to the whims of the electorate. That is also my opinion.

The motion before the House is for the appointment of a committee to determine upon more effective procedure for carrying on the work of the Senate. I think the motion is most appropriate, and I support it fully.

Hon. ARTHUR W. ROEBUCK: Honourable senators, as a newcomer I suppose I should apologize for taking up the time of the House on two successive days, but there is a phase of this question of government representation in the Senate which I should like to discuss briefly. The British system of cabinet government has been growing up over a long period of years, and sometimes we in this generation forget that it is still growing. The cabinet government of today will not be the cabinet government of thirty, forty or fifty years from now, and certainly it is not the cabinet government of 1867, when the framework of our constitution was laid down.

Now, what light does the evolution of cabinet government throw upon the question we have been discussing here? If you will go back to the early days, to the days before that evolution began,—to the time, say, of Charles II—you will find a House of Commons devoted entirely to the passing of substantive law. According to the political philosophy of those days it was unsafe to have matters of administration and patronage dealt with by the House of Commons. Those matters were left to the king. That situation continued until cabinet government was pretty well under way.

If you will look at the constitution Great Britain had when, say, she lost the American Colonies, when the kingly George was on the throne—

Hon. Mr. DUFF: The time of the Boston Tea Party.

Hon. Mr. ROEBUCK: Yes—you will find that at that time all matters of patronage and of administration were in the hands of the king; all appointments to the civil service, to the army, the navy and the church were made by him. There was then no thought of taking administrative authority out of the king's hands, because the political philosophy of those days was that the function of administration should be kept separate from the function of law-making.

From that time until now the executive has been gradually stealing the powers of the other branches of our system. For instance, parliament first took over the right to name the prime minister; and then, with the backing of Parliament, the prime minister acquired the right to choose the other members of his cabinet. That cabinet then set about over the years to rob the king of all his powers until today, under the constitution, the king reigns but does not govern. All patronage, all administration has been taken out of his hands and acquired by the cabinet.

If you will watch what is going on at the present moment you will find that the executive, having robbed the king of all his functions, is now proceeding to rob parliament of its functions.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: It was stated here this afternoon that were we to have representatives of the government sit in this Chamber, the government would thereby be strengthened. That is undoubtedly true. But the government would be strengthened at the expense of this Chamber. If you will observe what is going on today in parliament, both in Great Britain and in Canada, you will see that the executive is extending its influence and power over one and then another, and the circle of those who are bound to the executive is gradually increasing. Here in Canada we recently appointed a number of parliamentary assistants, and in that way added another half dozen or dozen to the number who are bound to the executive by official position and emoluments. The percentage of the number of members of the House of Commons who are tied to the executive is gradually increasing, and every time the influence of the executive is increased in this way the legislative independence of parliament is decreased.

Honourable senators, I submit it is better to perform well the functions that are ours than to seek new functions that are perhaps slightly beyond our control. If a number of senators were appointed to the cabinet the power of the government would undoubtedly be increased, but the change would seriously interfere with that independence which is the pride of this Chamber. It would increase the influence of the executive over the members of this House and create here a new atmosphere of governmental control, the absence of which makes the Senate strong and independent. If you will observe the position of the member of parliament in the House of Commons, I think you will be struck with the fact that the man who would remain altogether independent of the executive and answerable only to his constituents must put out of his mind the possibility of his holding executive office. He must resign himself to the work of representing his constituency, and that work only, for just so soon as the golden plum of executive office, power and emoluments dangles before his eyes—well, where a man's treasure is, there will his heart be also.

It would be better for this honourable Chamber to retain the uninfluenced independence that it enjoys today than to permit these men who hold power to have any privileges here. Let them be far distant from us. Honourable senators can learn about proposed bills without having representatives from the other House present in this Chamber; legislation can be analyzed much more freely and independently in their absence.

Hon. Mr. VIEN: Will the honourable senator permit a question? Does he not believe that the Senate would have greater influence if three of its members sat at the council table?

Hon. Mr. ROEBUCK: I have just been arguing, honourable gentlemen, that under such circumstances the Senate would have less influence.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: If you allow the executive a place in this Chamber, the Senate will exercise less influence in the public mind than it now does, utterly independent and free of the executive, in carrying out the function which was given to it by the Fathers of Confederation. The function of this honourable Senate is to exercise second thought, to review legislation, unbounded and uinfluenced by executive power and emolument.

Some Hon. SENATORS: Hear, hear.

Hon. A. C. HARDY: Honourable senators, I think the debate has drifted far from the tenor of the resolution. Unfortunately I was not in the Chamber yesterday, and since Hansard is not at hand I do not know just what was said.

This resolution calls for the appointment of a special committee to review the constitution and functions of the standing committees of the Senate and to make certain recommendations. Honourable senators have been discussing the general status of the Senate as a parliamentary body, and the question of whether the functions of the Senate would be improved by the presence of ministers. I think it is important that the actual words of the resolution should be considered; that is, we should inquire into the advisability of submitting our whole committee set-up to a special committee appointed to examine the workings of our standing committees and bring in recommendations.

The whole debate this afternoon has been on the question of the advisability of permitting ministers of the government on the floor of this House. The reason I am expressing myself in the matter is that I have long been of the opinion that this House has more or less abdicated its real powers to standing committees, and has not, as the honourable senator from Waterloo (Hon. Mr. Euler) has said, functioned as a Committee of the Whole. I have been a member of this honourable House for twenty-two or twenty-three years, and I can well remember the time when all bills

that did not require a very careful analysis, or intepretation through witnesses or experts from outside, were all debated in Committee of the Whole. Honourable senators on the other side who are senior to me will confirm what I say.

Recently, however, bills without number have been passed through this House without a word of debate. They simply go to the various committees, chiefly the Standing Committee on Banking and Commerce—a committee, by the way, which frequently considers bills that have nothing whatever to do with banking or commerce, but acts as an executive committee of this House. I am not finding fault with the members of the committee; they make a very thorough examination of the subject before them and go into matters very carefully. But when the report is brought in, consisting, maybe, of a couple dozen words merely reporting the bill without amendment, it goes through this honourable House without a word of debate.

I think that is why the Senate has fallen into a position of what I might call obscurity in the last ten or twelve years. As the honourable senator to my right has said, we have not sat in Committee of the Whole in the last four or five years. I remember an instance prior to 1940 when we did, but speaking generally we have considered next to nothing in Committee of the Whole since 1935.

Under the leadership and spirit of the late Senator Dandurand, and the very able parliamentarian who was then leader opposite, much of our proceedings consisted of general conversation between those two honourable gentlemen.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HARDY: I think five of the most enjoyable years I have spent in this honourable House were during the Bennett regime, under the leadership of Honourable Mr. Meighen. Many important bills were submitted to and thoroughly discussed by this House. In all matters where expert advice was not required discussion took place in Committee of the Whole.

I think the sooner we get back to that system the sooner we will put the Senate in a more respectable position in the eyes of the public. No matter what honourable senators may say, the country at large has lost its respect for the Senate.

Hon. Mr. HAYDEN: I do not think so.

Some hon. SENATORS: No, no.

Hon. Mr. HARDY: It is well known that the press generally passes upon us in a very summary way. The Senate has been getting a little more publicity during the present session; but publicity, in the general meaning of the word, is not what we should seek. At least something should appear in the press to inform the public of what goes on in this Senate; but if everything is submitted to a committee and discussed in the little room down the corridor, as time goes on people will know less and less about what we are doing.

I propose to introduce this subject again at a time when there is a bill before us that does not require figures or the advice of a minister from the other place. There are several bills of that nature before the House of Commons at the present moment, and when they reach this House I hope honourable senators will think very seriously about getting back to the real function of the Senate and the desirability of discussing public matters in a public way.

Hon. Mr. ROEBUCK: Hear, hear.

Hon. J. J. BENCH: Honourable senators, I desire to speak for a moment in support of the suggestion, which first came from the honourable senator from Waterloo (Hon. Mr. Euler), that more of the work of this Chamber should be done in Committee of the Whole.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BENCH: May I be permitted to give an illustration in support of my statement? I believe that the public generally measure the value of the work done in this Chamber by the relative thicknesses of the Commons Hansard and the Hansard of this Chamber. On a previous occasion I found it necessary and desirable to make some statistical inquiry in that connection. I chose as the best test the debates which took place in this Chamber and in the House of Commons on the War Appropriation Bill of 1944. The resolution on which that bill was based was introduced in the House of Commons early in February of that year; it received third reading and left that Chamber about the middle of June. Something more than four months elapsed during which that legislation was under discussion.

Hon. Mr. HAYDEN: Not continuously.

Hon. Mr. COPP: Under consideration.

Hon. Mr. BENCH: I quite agree the discussion was not continuous. The report of the debate filled something like 1,833 pages in the House of Commons Hansard. Honourable senators will recall that the bill left the other House without a single change in any appropriation proposed by any department of the Government. It is fair to say,

though I am not criticizing, that only a very small portion of the debate in the other place could be regarded as strictly relevant to the bill itself. The bill was used as a springboard for discussion of every conceivable subject which happened to enter into the minds of members of the other House.

Honourable senators know that an average volume of the House of Commons Hansard consists of about a thousand pages. Think of a five-foot shelf containing the House of Commons Hansard, and visualize two volumes made up of debate on the War Appropriation Bill.

Now, what happened in this honourable House when that bill came before us? It was referred to the Standing Committee on Finance. It was considered in the committee room, and responsible ministers and officials of various departments were called to explain the purposes of the proposed appropriations. The Finance Committee studied the bill for several days; the debate in this Chamber was relatively short, lasting only two or three days. The consequence of this method of dealing with the bill was that absolutely no credit was given for all the work done in committee. The public feeling was that all the consideration that bill received at the hands of honourable senators was during the two or three days when it was discussed in formal session. I have taken the liberty of instancing this example in support of the suggestion of the honourable senator from Waterloo (Hon. Mr. Euler).

I very much like the proposal of the honourable gentleman that ministers of the Crown should at all times have access to this Chamber; that they should come here not only on special invitation, but whenever they wish to participate in discussion of bills or other measures in which they are interested. I think it is only natural that a minister should want to introduce and retain control of his own legislation, and it seems to me that as long as we keep the doors of the Senate barred to ministers we cannot very well complain if their bills are not initiated here. I think the other House has had before it this session two or three measures that in no way impose a charge on the public treasury, and which might very properly have been introduced in the Senate rather than in the other House. The Canadian Citizenship Bill comes to my mind at the moment as one that might have been handled in this way if it had been possible for the Secretary of State, who will be responsible for administering the legislation, to come here and explain it. I suggest that if that practice were adopted the work of Parliament as a whole would be materially lightened and the length of the sessions might be considerably shortened.

I desire to add only that I am entirely in favour of this motion. I think the appointment of the proposed committee will afford an excellent opportunity of considering our procedural arrangements and revising them in such a way as to facilitate the work of both Houses of Parliament.

Hon. W. A. BUCHANAN: Honourable senators, when the honourable gentleman from Waterloo (Hon. Mr. Euler) was speaking I asked him whether he was in favour of permitting a minister or deputy minister to have a seat on the floor of the Senate and take part in discussion in Committee of the Whole, and I understood him to say that he was. The disadvantage of the old system of having a minister or official seated in front of the Government leader, but not permitted to reply to questions except through the Government leader, is that too much work is thereby thrown on the leader. Would it not be wise to amend our procedure so that when bills are under consideration in Committee of the Whole we could discuss their provisions directly with the minister or his deputy?

Hon. Mr. COPP: When the late Senator Dandurand was Government leader it was a common practice to have a departmental official seated on the floor during discussion by Committee of the Whole.

Hon. Mr. BUCHANAN: I understand that, but the official was not permitted to make a direct reply to any question.

Hon. Mr. COPP: That is right.

Hon. Mr. BUCHANAN: I think it would be a good idea if the minister or his representative could take part in our discussion of a bill in Committee of the Whole, just as in one of our standing committees.

I should like to comment upon a situation that perhaps is not strictly within the subject-matter of the motion. It has long been the custom for important measures from the other House to come to the Senate in the closing days of the session, when, if we discuss them at all, we have to do so in a hurry. I think it is about time the Senate took a stand on this matter and said that it would give thorough consideration to all bills, regardless of when they were sent here, and would not yield to any intimation that Parliament must prorogue by a certain date. Every bill that comes before us should be given thorough consideration, either in Committee of the Whole or in one of our standing committees.

Personally I should prefer to have bills discussed in Committee of the Whole House, if we can arrange to question the minister or his deputy as we now do in our standing committees, because in that way all our members would be kept in touch with what is being done. As a rule, when a measure is discussed in a standing committee senators who are not members of that committee do not attend its meetings. And, as was pointed out, when a bill is reported back by a committee it is not our practice to discuss its details on the floor of the Senate. So when a bill is considered in committee those who have not been present at the time have no means of knowing just what explanation has been made by representatives of the department that will administer the bill.

I feel that the special committee proposed by the honourable leader of the House could perform a very useful service by reviewing our present procedure in the handling of legislation, and by making recommendations for amending that procedure so that a larger part of our discussion of bills will take place on the floor of the House. If that change were made the people of the country as a whole, many of whom are inclined to criticize, would have a better opportunity of understanding the function of this Chamber.

Hon. T. A. CRERAR: Honourable senators, as was pointed out, a good deal of the discussion has been aside from the motion which we are considering. I am not criticizing that. It appears to me that on the whole the debate has been a very good one. As yet I am not very familiar with procedure in the Senate and the manner in which business is handled through various committees; but if I understood the leader of the Government correctly, he said that the set-up of committees today is practically the same as it was a good many years ago. Therefore it seems to me that some very useful result might come from the proposed re-examination of procedure by a special committee. I am wholly in favour of the motion.

As to another aspect of the discussion, I find myself largely, if not entirely, in agreement with what was said by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) and the honourable gentleman from Waterloo (Hon. Mr. Euler). It is necessary that the leader of the Government should be a member of the Cabinet and thus act as a liaison officer between the Government and this House; but the Senate must in every way possible guard against surrendering any of its independence, lest it slip away entirely.

Reference has been made to the feeling that the Senate has lost popularity in the country. I do not agree with that view.

Hon. Mr. McLENNAN: Neither do I.

Hon. Mr. CRERAR: But I am going to say that I believe the institution of Parliament as a whole is not held in such high esteem throughout the country today as it was twenty-five years ago, and certainly fifty years ago. I think it is very important that Parliament should search out the reasons why that is so. I am basing my statement on comments made to me, not by irresponsible people, but by good thoughtful citizens who take an interest in their country's affairs. It is unfortunate that some people should feel as they do about Parliament. There is a responsibility resting upon every member of both Houses to consider this matter, because in a civilized community no institution is more important than the one by which the community governs itself, whether it be a parliament, a legislature or a municipal council.

I sometimes think that the three chief institutions in our country are: the government, the church in all its varied activities—

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CRERAR: —and the school. If we keep the welfare of these three institutions clearly before our minds there is not much danger that we shall go far wrong.

As to the Senate—I speak as a new member—it does seem to me that it has an important part to play in the government of the country. It has been described as a chamber of sober second thought. As such the Senate fulfils a very useful and important function, and that, I understand, was the function conceived for this body by the Fathers of Confederation. I am not going to deny that in some respects the Senate might be improved; but great care should be taken to ensure that in the process of making improvements there is no sacrifice of that independence which this body must have in order to carry on its work most effectively. In other words, with independent thinking we will have a clearer judgment on matters that come before us. We will not always be right; sometimes we may be wrong; but at any rate, we will have the opportunity of reviewing proposed legislation in a somewhat calm atmosphere. That is why I am bound to say that I share the view so ably expressed by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HARDY: May I be permitted to say one word in reply to my honourable friend concerning the obscurity or unpopularity of the Senate? Only yesterday I was asked if some time next month I would address a meeting in my home town on the topic of the Senate. The one reason my friend gave for asking me to speak on that subject was that he had heard so much abuse of the Senate, how useless it was and how senators did nothing but draw their salaries. In my part of the country there are many people with radical views, who would like to abolish the Senate. I have found that attitude all across the country.

The motion was agreed to.

CANADA'S NATIONAL FLAG

MOTION

The Senate resumed from yesterday the adjourned debate on motion of Hon. Mr. Robertson:

That in the opinion of the Senate it is expedient that Canada possess a distinctive national flag. That the Senate do unite with the House of Commons in the appointment of a joint committee of both Houses to consider and report upon a suitable design for such a flag. That the honourable Senators David, Davies, Gershaw, Gouin, Howden, Johnston, Lambert, Léger, McRae, Quinn, Robinson and White be appointed to act on behalf of the Senate as members of the joint committee.

That the said committee have power to send for persons, papers and records.

That a message be sent to the House of Commons to inform that House accordingly.

Hon. Mr. HAIG: Before the debate is resumed by the honourable gentleman in whose name this order stands (Hon. Mr. Lambert), may I propose the substitution of the name of Honourable Mr. Aseltine for that of Honourable Mr. McRae? I have spoken about this to the leader of the Government (Hon. Mr. Robertson) and he has consented. With leave, I would move this amendment.

The amendment was agreed to.

Hon. NORMAN P. LAMBERT: Honourable senators, this resolution makes two simple recommendations: first, that Canada should possess a distinctive national flag; and secondly, that a joint committee of both Houses of Parliament should be set up to report upon a suitable design for such a flag. In the brief remarks that I intend to make, it is not my purpose to anticipate the work which I think really belongs to the committee which will be set up by this resolution.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: If the words of the resolution mean anyhting at all, they imply that Canada does not now possess a distinctive national flag.

While the resolution passed almost unanimously in the other place, I was struck by the number of speakers who during the debate spoke as if Canada already had a distinctive flag, and said that with the addition of a few details, such as the maple leaf, a beaver or a shield in the fly, we might well adopt the so-called red ensign, now at the masthead of these buildings.

In September last an order in council was passed permitting the red ensign with the shield bearing the Canadian coat of arms in the fly to be flown over all public buildings. The question therefore arises, does Canada possess a distinctive national flag? I do not think she does. To that extent I am in agreement with the implication of the first part of the resolution before the House.

I was intrigued by the use of the word "expedient" in the resolution. Upon inquiry I learned that those who drafted the resolution attached no special significance to the word, and that it is a stock word commonly used in the introduction of resolutions. However, it had impressed itself upon my mind because the more natural word it seems to me, would have been "desirable". If that word had been used, the resolution would read: "It is desirable that Canada possess a distinctive national flag." I for one had long cherished the hope that Canada might have a flag of her own, and I know that many of my friends shared that hope.

Upon considering the matter further and reading the speeches delivered on the subject in the other House, I came to the conclusion that "expedient" was the proper word to use. "Expedient" is defined as "apt and suitable to the end in view" and also as "characterized by mere utility rather than principle." The word is derived from the Latin "expedire", which literally means "to free one caught by the foot", to extricate, set free, relieve of impediments or disentangle. If we say it is "expedient" that Canada should possess a national flag, the use of that word implies that this country by adopting a national flag would thereby be freeing itself from some kind of encumbrance, and presumably would be relieved of impediments to future growth and development. I leave it to honourable senators to draw their own conclusions from this course of reasoning; but I believe the measure of expediency involved in this resolution is associated with the progress of the Dominion toward a clearer realization of its

status as a nation. How far that status may be symbolized in our national ensign remains to be seen. In some form or other that idea will have to be represented. Again I do not now presume to instruct the proposed joint committee as to the details of the design it should adopt.

An Hon. SENATOR: Hear, hear.

Hon. Mr. LAMBERT: That is pre-eminently a subject for serious thought and discussion within the confines of the committee. I have every confidence that the joint committee will approach its work in a spirit of patriotism, and that a sincere attempt will be made to reflect the aspirations of the Canadian people in the report which will finally come out of the committee. The work to be done will not be easy; there will be many differences of opinion and many sectional points of view. Let us hope that in the end the committee may present a unanimous report, a report characterized by a spirit of national unity and harmony.

Over a year ago we had a most interesting discussion in this Chamber on a resolution submitted by the honourable senator from Sorel (Hon. Mr. David), recommending a Canadian history textbook to be used in common by all the schools of our nine provinces. At that time I took the liberty of quoting a passage from a critical essay written by a brilliant young Canadian, Dr. E. K. Brown, as a means of indicating some of the difficulties in the way of preparing such a book. Because that passage is so appropriate to the subject now before us, I quote it again:

> Canada is not an integrated whole. The Maritime Provinces recall the days, only seventy-five years in the past, when they were separate colonies; Nova Scotia, for instance, has re-established its colonial flag, dating from the 18th century, and flying now from the Province House at Halifax; French Canada is a civilization apart; Ontario unconsciously accepts itself as the norm of Canadian life; the Prairie Provinces are steeped in their special vivid Western past; and British Columbia has a strong sense of its pre-Confederation life and of its continuing separate identity. Geography confirms this influence of history. There is little doubt that the Fathers of Confederation, or the majority of the leaders among them, expected and planned for a much more unified whole than has so far come into being. In time of war the tendency to self-aggrandizement on the part of the provinces is arrested, and even reversed; but there is ground for fearing that the return to peace will start it into vigorous being once more. Among most Canadians there is little eagerness to explore the varieties of Canadian life.

With that vision of the founding fathers of this country, to which Dr. Brown alludes, most of us are familiar; and, like him, we know that as yet it has not been fulfilled. We remember that it was Macdonald who in the beginning of his work on Confederation envisaged a Kingdom of Canada; and that Cartier said:

> Shall we be content to maintain a mere provincial existence, when by combining together we could become a great nation?

D'Arcy McGee declared:

> I hope to see the day when there will be no other term for our patriotism but Canadian, without the prefix either French or English.

Howe from Nova Scotia predicted that there would arise:

> A spirit that "may lead North America to cast aside her colonial habiliments, to put on national aspects."

And Tupper was led to say:

> Canada takes her place side by side with other powers on equal terms.

Casting back to these words, perfect in their patriotic sentiment, one cannot help thinking how unfortunate it was that those great men while formulating a new federation for the northern half of this continent did not give us as well a symbol of it all in the form of a Canadian flag which would have been as definite as the nationhood of which they spoke.

It is for this Parliament, almost eighty years later, to take up this task in the spirit in which the Dominion was given birth. It seems to me that the demand which has arisen in Parliament at this time for an individualistic flag is traceable to two causes. In the first place, I think it is due to the part played by our armed forces abroad during the recent war, and particularly by the Army and the Air Force. We all know of the eagerness of those forces to adopt a distinctive Canadian symbol in the field, and we recall that permission was given to General McNaughton to adopt for the First Canadian Division a flag bearing the imprint of a green maple leaf in the fly.

I think the other impelling motive behind the demand for a national flag at this time is the desire of the new Canadian embassies abroad to fly a distinctive flag over their official buildings.

In his later years Joseph Howe said this:

> A wise nation gathers up its records, preserves its monuments, and fosters national pride and love of country by perpetual reference to the sacrifices and glories of the past.

It seems to me that at this time, as we in common with the rest of the world enter upon a new era of history, a Canadian flag should suggest these things increasingly to the mind of our people. It is this thought

which should be ever present with the members of the joint committee that will be appointed after the adoption of this resolution.

On motion of Honourable Mr. Duff, the debate was adjourned.

HYDRO-ELECTRIC DEVELOPMENT IN NEW BRUNSWICK

INQUIRY

Hon. Mr. DAVIES: Honourable senators, in the 1944 session a Senate committee made a report on the development of hydro power on the Petitcodiac River. In the House of Commons Hansard for Monday I noticed that a report on this matter has been made to the other House. As the matter originated in this House, I should like to ask why it has not been presented here.

Hon. Mr. COPP: In the absence of the honourable leader of the Government (Hon. Mr. Robertson) I am not able to answer the inquiry. The report may be ready to be laid on the table of the Senate, but it is not before me.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 22, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. S. A. HAYDEN presented the report of the Standing Committee on Miscellaneous Private Bills on Bill G6, an Act to incorporate Canadian Conference of the Mennonite Brethren Church of North America.

He said: The committee has not amended this bill.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. HOWDEN: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. SALTER A. HAYDEN presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill W2, an Act to incorporate the Catholic Episcopal Corporation of Whitehorse.

He said: Honourable senators, the Standing Committee on Miscellaneous Private Bills to whom this bill was referred back, have in obedience to the further order of reference of the 13th of November, 1945, again examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, line 9. For "Church of Rome" substitute "Roman Catholic Church."

2. Page 2, line 3. Leave out "whatsoever."

3. Page 2, line 4. After "granted" insert "mortgaged."

4. Page 2, lines 12 to 15, both inclusive. Leave out clause 5.

5. Page 2, line 33. for "lands" substitute "real property."

6. Page 3, line 6. For "estate" substitute "property."

7. Page 3, line 8. For "estate" substitute "property."

8. Page 3, line 40. For "security" substitute "securities."

9. Pages 3 and 4. For clause 13 (renumbered 12) substitute the following:—

"12. In case of any vacancy occurring in the said Vicariate or in case the Vicar Apostolic for the time being shall from absence, sickness, infirmity or any other cause become incapable or incapacitated to perform his duties in the said Vicariate, then the member of his clergy who, according to Canon Law, is selected to administer the Vicariate shall, during such vacancy, absence, sickness, infirmity or incapacity, have the same powers as are by this Act conferred upon the said Vicar Apostolic."

10. Page 4, line 10. For "Church of Rome" substitute "Roman Catholic Church."

Hon. Mr. QUINN: I do not know of any such church in the world as the Church of Rome.

Hon. Mr. HAYDEN: That is why the committee changed it to read "Roman Catholic Church."

Hon. Mr. QUINN: Oh, I thought the change was the other way around.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to adopt this report?

Hon. Mr. MURDOCK: Could this motion not stand until tomorrow, so that we may see the report in print?

The Hon. the SPEAKER: Stand.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill F6, an Act to incorporate Canada Health and Accident Assurance Corporation.

He said: Honourable senators, the committee report this bill without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. EULER: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill B4, an Act to incorporate Canadian National Slovak Benefit Society.

He said: Honourable senators, the committee have examined this bill and now beg leave to report the same with the following amendments:

1. Page 1, line 20. Leave out "National."
2. In the preamble, page 1, line 4. Leave out "National."
3. In the title. Leave out "National."

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. BENCH: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill Q6, an Act for the relief of Samuel Gardner Bradford.

Bill R6, an Act for the relief of Olive May Marks Sanderson.

Bill S6, an Act for the relief of Marie Regina Eliane Arcand Dorval.

Bill T6, an Act for the relief of Joan Frances Timms Couture.

Bill U6, an Act for the relief of Edith Louise Boutilier Snow.

Bill V6, an Act for the relief of Cyril James Morgan.

Bill W6, an Act for the relief of Joseph Adolphe Aime Berthiaume.

Bill X6, an Act for the relief of Molly Shusterman Percher.

The Bills were read the first time.

TRANS-CANADA AIR LINES BILL

REFERRED BACK TO COMMITTEE

Hon. Mr. COPP moved third reading of Bill 21, an Act to amend The Trans-Canada Air Lines Act, 1937.

Hon. S. A. HAYDEN: I desire to move that this bill be not now read the third time, but that it be amended as follows:

Page 1, line 19. Add to the bill as clause 3 the following, and renumber accordingly:

"3. Section thirteen of the said Act is repealed and the following substituted therefor:

'13. The books of the Corporation shall at all reasonable times be open to audit by an auditor to be named annually by Act of Parliament, and such auditor shall report annually to Parliament in respect of such audit'."

Page 3, line 48. Add to clause 10, renumbered as clause 11, the following:

"28. Every order in council made under this Act shall be laid before Parliament as soon as may be after it is made.

29. The Board of Directors shall make a report annually to Parliament setting forth in a summary manner the results of their operations and such other information as appears to them to be of public interest or necessary for the information of Parliament with relation to any situation existing at the time of such report, or as may be required from time to time by the Governor in Council.

30. The annual reports of the Board of Directors and the auditor, respectively, shall be submitted to Parliament through the Minister."

Honourable senators, may I make a brief explanation of the purposes of the proposed amendment? When this bill came before the committee yesterday I raised the question of making provision for an auditor and a report to Parliament, because the original Act simply provided that the Minister might appoint an auditor and that the auditor should report to the Minister.

During the period that this statute has been in force the Air Lines have been operated under the Canadian National Railway system. By reason of the provisions of the Canadian National Railway Act, under which an auditor is appointed by Parliament, reports are made to Parliament by the Board of Directors and by the auditor.

The bill now before us provides for enlarging the capital of the Trans-Canada Air

Lines, and there was some question as to whether the general provisions contained in the Canadian National Railway Act or some particular provisions would govern. The policy of the Government to divorce air line operations from any other method of transportation has been announced. Therefore, in my view, it becomes doubly important that the right to scrutinize the operations and accounts of the Trans-Canada Air Lines should be one which the public enjoys, and which should be in the hands of Parliament to exercise as it sees fit; and that each year reports should be received from the Board of Directors and the auditor. When I raised this question in committee yesterday there was some discussion on it, but no formal motion for an amendment was submitted. In connection with the operations of Crown companies I think there should be the same right of scrutiny by the public as exists in regard to the functions and operations of a department of the Government. Therefore, I submit, the Senate should make provision by statute that the public, through its representatives in Parliament, can obtain these reports on the operations of the company. For that reason I would move this amendment.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to accept the amendment?

Hon. Mr. CAMPBELL: When this matter was before the committee there was some suggestion that Section 13 of the Trans-Canada Air Lines Act should be amended. May I draw the attention of honourable senators to the wording of the proposed amendment:

> The books of the Corporation shall at all reasonable times be open to audit by an auditor to be named annually by Act of Parliament.

Section 13 of the original Act, passed in 1937, provides that the auditor shall be appointed by the Minister. It seems to me that we are departing from the practice if we accept an amendment providing that the auditor shall be named annually by an Act of Parliament.

Hon. Mr. HAIG: May I ask a question at this time? Are those words not incorporated in the Act relating to the Canadian National Railways?

Hon. Mr. CAMPBELL: I cannot answer that.

Hon. Mr. HAYDEN: Yes.

Hon. Mr. HAIG: I think they are.

Hon. Mr. CAMPBELL: I would point out that if this amendment carries it will then be necessary to enact legislation specifically naming an auditor for the Trans-Canada Air Lines Limited; whereas, in the case of the Canadian National Railways, I have no doubt that some such legislation is now on the statute books.

Hon. Mr. HAIG: No. The bill is passed every year.

Hon. Mr. HAYDEN: Every year.

Hon. Mr. HAIG: We have already passed it this year.

Hon. Mr. CAMPBELL: If the amendment carries, Parliament will be obliged to pass an Act specifically appointing the auditor for Trans-Canada Air Lines.

Hon. Mr. HAIG: Honourable senators, I have noted the words of the honourable senator from Toronto (Hon. Mr. Campbell); but the Minister said in committee that next session an Act will have to be passed dealing with the whole Trans-Canada Air Lines Act.

Every year since I have been a member of this honourable House an Act has been passed appointing an auditor for the Canadian National Railways. There is no hardship in that. What I am concerned about is the underlying principle involved in providing auditors for Crown or Government-owned companies. It has the effect, if I may use the term, of protecting Parliament. We have no doubt at all, at least I have not, that any government whatever that may be in power would try to run an organization of this kind honestly, fairly and properly in every respect. But it is our duty to see that the public is protected by having an audit of the business. Something that happened when I was a member of the Manitoba legislature made a strong impression on me. We had the right to appoint auditors for the University of Manitoba, but we did not provide that the auditors' report be tabled. The result was disastrous. The auditors did not catch the crookedness in the management of the university's affairs, and the university lost all its trust funds, more than $1,000,000.

It is our responsibility to see that there is a proper audit of this organization. The new business will not have started for some time yet, so the bill does not have to be passed this session. It could easily be put over to the next session, which will open in February or early March, and the whole thing could be discussed then.

Hon. Mr. CAMPBELL: May I ask my honourable friend whether he does not agree that if this amendment is carried there will

be no auditor properly appointed to audit the books of the Trans-Canada Air Lines, unless an appointment is made by Act of Parliament?

Hon. Mr. HAIG: It would have to be done by Act of Parliament.

Hon. Mr. CAMPBELL: Who would be the auditor in the meantime?

Hon. Mr. HAIG: There will not be anything to audit in the meantime, because the subsidiary companies will not be established.

Hon. Mr. CAMPBELL: Does my honourable friend not realize that this amendment has nothing to do with the bill before the House?

Hon. Mr. HAIG: I know that.

Hon. Mr. CAMPBELL: It is an amendment to the original Trans-Canada Air Lines Act. I submit that if this amendment carries there will be no auditor authorized to audit the books of Trans-Canada Air Lines, which company is now operating.

Hon. Mr. HAIG: It is still under the Canadian National Railways; this bill does not make any change in that regard. The bill gives the Government power to do certain things, but in committee the other day the Minister virtually told us that these things would not be done until the new bill was passed next spring. If my honourable friend has any doubt as to the auditing, I would suggest that the bill be referred back to the committee for further consideration.

Hon. Mr. MURDOCK: I understood the Minister to say in committee that this bill was intended only to amend the Trans-Canada Air Lines Act, and that although the bill contained no provision for an audit there would be an audit such as is proposed in the amendment of the honourable member from Toronto (Hon. Mr. Hayden).

Hon. Mr. HAIG: I would move that the bill be referred back to the Standing Committee on Railways, Telegraphs and Harbours, together with the proposed amendments, for further consideration.

Hon. Mr. COPP: If the bill is to be referred back, perhaps my honourable friend from Toronto (Hon. Mr. Hayden) will withdraw his amendment.

Hon. Mr. HAIG: No, that is not necessary. I am moving in amendment to the amendment, that the bill be referred back to the committee, and that the amendments be referred to the committee also.

Hon. Mr. VIEN: The honourable senator from Toronto (Hon. Mr. Hayden) has moved an amendment that the bill be not now read a third time but that it be amended. Now in amendment to the amendment it is proposed that the amendment be not concurred in, but that the bill be referred back to the Standing Committee on Railways, Telegraphs and Harbours.

Hon. Mr. HAIG: With the amendment.

Hon. Mr. VIEN: I think that is in order.

The Hon. the SPEAKER: It is moved by Honourable Senator Haig, as an amendment to the amendment of Honourable Senator Hayden, that this bill be referred back to the Standing Committee on Railways, Telegraphs and Harbours, together with the proposed amendments.

Hon. A. D. McRAE: For the benefit of honourable senators who are not members of the Committee on Railways, Telegraphs and Harbours, I may be allowed to say a word before we vote on this amendment to the amendment. To me this bill seems very simple. In brief, it provides for capital for the new company that is to be organized, and states that the Canadian National Railways will finance the Trans-Canada Air Lines. I do not know what the name of the new company will be, but let us call it Trans-Ocean Air Lines. Whatever provisions there may be for an audit of the Trans-Canada Air Lines will remain in effect if this bill passes, and any amendment that is made to the bill will, I think, apply to Trans-Canada Air Lines. As I see it, the bill does not create any new corporation; it simply specifies ways and means of providing $20,000,000 additional capital for this trans-ocean air line business we are starting.

I want to make a brief reference to this new business. I am in favour of the bill. I had hoped that our railways, which have long operated steamship services, would also be interested in trans-ocean air services; but we were told in committee that they are not. So it is left for the Government to branch out into this business. In so doing they will be following the plan adopted in Great Britain. In the United States the airways are privately financed and operated.

It is very important that Canada should not lose its opportunity to participate in the trans-ocean air business. We do not know how extensive its development will become. I have a feeling, though, that we shall be somewhat handicapped in competing with private enterprise, for governments are naturally slower to take action. They must come to Parliament for their money, and they have not the benefit of advice from a board of

directors sitting frequently to consider ways of improving the service. I predict that the American companies will probably provide the best service in the world. Their aggressiveness, their easier access to capital required for financing, and their more flexible system of operating under a board of directors, will give them an advantage over any government-controlled organization. However, the question of government control versus private enterprise is not an issue here, because we have no private company desirous of going into the business. So in the circumstances the Government must step in, and I am heartily in favour of that.

We should not take the matter lightly. True, by this bill we are providing $20,000,000, but no one can predict the future of air service, or say what competition will have to be met as to rates or whether the business will be profitable or otherwise. I do think we should enlarge our vision in the matter, because I am firmly of the opinion that at some future date we shall be asked to appropriate more money. It will not be disappointing to me if one or two years hence we are requested to increase the appropriation for trans-oceanic services by a good many million dollars. With our experience of progress and development in the field of transportation, I think we should anticipate that more capital will be required. With all this in mind, I am still in favour of the bill.

Hon. Mr. HORNER: Honourable senators, my understanding is not exactly that of the honourable senator from Vancouver (Hon. Mr. McRae). I thought it was a matter of Government policy to take over all air services in Canada—I am not certain of the trans-oceanic business—and also to refuse railways that privilege.

Hon. Mr. McRAE: May I say in reply to my honourable friend, that the Minister, I think in answer to a question I put to him, said the railways were not interested.

Hon. Mr. HORNER: They could not have been.

Hon. Mr. JOHNSTON: Mr. Howe's statement in committee yesterday as I recall it, was that when Trans-Canada Air Lines wanted to give ocean service, the railways were not willing or did not want to do so. That may not be the situation at the present time. Mr. Howe's statement applied to the commencement of overseas service.

Hon. Mr. HAIG: That is correct; that is what he said.

The Hon. the SPEAKER: Honourable senators, it has been moved by Hon. Mr. Haig that the bill be referred back to the Standing Committee on Railways, Telegraphs and Harbours, together with the proposed amendment.

The motion was agreed to.

OTTAWA AGREEMENT BILL

THIRD READING

Hon. Mr. COPP moved the third reading of Bill 161, an Act to authorize a certain Agreement between His Majesty the King and the Corporation of the City of Ottawa.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA'S NATIONAL FLAG

MOTION

The Senate resumed from yesterday the adjourned debate on motion of Hon. Mr. Robertson:

That in the opinion of the Senate it is expedient that Canada possess a distinctive national flag. That the Senate do unite with the House of Commons in the appointment of a joint committee of both Houses to consider and report upon a suitable design for such a flag. That the honourable Senators Aseltine, David, Davies, Gershaw, Gouin, Howden, Johnston, Lambert, Léger, Quinn, Robinson and White be appointed to act on behalf of the Senate as members of the joint committee.

That the said committee have power to send for persons, papers and records.

That a message be sent to the House of Commons to inform that House accordingly.

Hon. WILLIAM DUFF: Honourable senators—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: —the motion before the House is, in my opinion, unique in several ways. For instance, it says, as does the resolution passed in the House of Commons, "it is expedient that Canada possess a distinctive national flag."

I wish to call particular attention to the words "distinctive national". What do those words mean? I think you will agree with me that their meaning is very clear. "Distinctive" means characteristic, special, peculiar, distinct, outstanding or out of the ordinary. If that is true, before we discuss a distinctive Canadian flag, honourable senators, I think we should stop and consider where we are and who we are. The word "national" has a somewhat similar application. A national flag means the flag of a nation; the flag of a country that is a separate and distinct nation. We must consider, in my

opinion, those two words before we even decide to help the House of Commons by appointing a joint committee.

Before dealing further with those words, honourable senators will agree with me when I say that the consideration of a flag is of importance, not only today, but always has been a matter of importance. People who are loyal to the country and to the British Crown, but who live in the interior and do not come in as close contact with the flying of flags as do we who live on the Atlantic and Pacific coasts, are just as much interested in the flag, in at least one particular, as we are. We who were born on and by the sea, who have been raised to the sound of ocean waves breaking on the shore, lie awake at night when the wind blows and the storm rages. We wonder "Where is my wandering boy to-night?" During the war we realized, perhaps better than anyone else, the dangers faced by the lads at sea—on transports, corvettes, navy boats and other vessels; we also appreciated that the navy of Great Britain was behind them, and the flag was flying over them.

As I have said, the flag deserves a special place in the history of any country. It is an institution that goes far back into history. Go back, if you will, to the time 500 years before Columbus, when Eric the Red, flying the flag of the Vikings, came to the shores of Labrador and Nova Scotia. When John Cabot came from England to Nova Scotia in 1497, the first thing he did when he landed on the soil of this continent was to raise the flag of the Cross of St. George, which was the British flag of that day.

In 1801, after the Union of England and Scotland, when King James II of Scotland sat on the throne of Great Britain, the Cross of St. Andrew was added to the Cross of St. George. Shortly afterwards, when Ireland joined the union and the Kingdom of Great Britain and Ireland was born, the Cross of St. Patrick was added, and that was the beginning of the flag that today is commonly known as the Union Jack—the British Union Jack.

Great Britain has also adopted another flag, the Red Ensign.

These two flags, the Union Jack and the Red Ensign have two distinct purposes. It is quite true that they are not always used in their proper places. On my way up to the Parliament Buildings this morning I noticed on the flag pole over the Peace Tower the Red Ensign with the coat of arms in the fly. The Red Ensign is not the proper flag to be flown from the Peace Tower. The only proper flag to be flown over the Post Office, the Governor General's residence, Rideau Hall, and every other public building in Canada is the Union Jack, with the three crosses of St. George, St. Andrew and St. Patrick. Honourable senators may say that the Union Jack has a prominent position on the Red Ensign. That is true. It will be noticed that the Union Jack occupies the upper left-hand corner of the Red Ensign. The Red Ensign is intended to be flown on private residences, and on merchant ships which sail the seven seas on their lawful occasions, and enter foreign ports.

When we talk about having a distinctive national flag we must realize that we are still "daughter in our mother's house," even if we are "mistress in our own." May I say, that the only flag a merchant marine vessel may fly in a foreign port is the Red Ensign, without a crown, a maple leaf or anything else on it. The plain Red Ensign of the British Empire is the flag which is officially accepted in all ports of the world—in Buenos Aires, Pernambuco or anywhere else. If one of our ships goes into a foreign port flying any other flag, she is not allowed to dock until the Red Ensign is flying from her masthead.

I therefore say that before we start talking about having a distinctive national flag, we should first decide whether we are going to stay with the British Empire. If we want to become a separate and independent nation we have a right to a flag of our own; but as long as we are part and parcel of the British Empire we should fly the flag of the nation of which we are a part. During the last two wars I believe we were entitled to say that whilst we were not great in ourselves we were part of the British Empire. We are a Dominion in the British Commonwealth of Nations, and we have a perfect right to "the flag which braved a thousand years the battle and the breeze." We should think carefully before substituting a new flag for the one that so long has been our emblem.

If anybody wants to put a maple leaf or a fleur de lis or a beaver or a coat of arms or anything else on the flag that he flies over his own residence or private building, there is nothing to stop him; but over Government buildings in this country and over our embassies in foreign countries the only flag that can be flown is the Union Jack, with its three crosses; and the only flag that can be flown by our ships which sail the high seas is the Red Ensign.

Now, honourable senators, I am going to make a suggestion. In Nova Scotia we have had a flag since 1621. It is a pretty nice flag, as you will see when I show it in a minute

or two. This flag was granted to us under the charter of New Scotland, through Sir William Alexander, afterwards Earl of Stirling, by King James I of England, who was James VI of Scotland. That flag still flies in Nova Scotia. Of course, we know when to fly it and where to fly it. We put the Red Ensign at the top of the pole and the flag of Nova Scotia next to it. I think that our flag of Nova Scotia is older than either the Union Jack or the Red Ensign. My suggestion is that if for some reason or other Canada decides to have a distinctive national flag, it should adopt this one. On behalf of my honourable friend from King's (Hon. Mr. McDonald) and the other Nova Scotian senators present—

Hon. Mr. QUINN: Hear, hear.

Hon. Mr. DUFF: —I think I can say, without treading on the corns of anybody in Nova Scotia, that if the other provinces are willing to accept this as the distinctive Canadian flag we shall be glad to approve.

Hon. Mr. VIEN: For the purpose of the record, will the honourable senator describe the flag?

Hon. Mr. DUFF: I do not know if I can describe it properly or not. It has a white ground, as you see, with the Cross of St. Andrew stretching across it, in blue; and in the centre is the Scottish Coat of Arms, a lion rampant. It is a very beautiful flag. The Secretary of State said in Halifax that some six hundred designs for a Canadian flag had been submitted to his office. I suggest that instead of wasting time on considering any of those designs Parliament would do well to adopt this flag of Nova Scotia.

Hon. Mr. MURDOCK: May I ask the honourable senator how that flag could be kept clean if it were used much?

Hon. Mr. DUFF: Well, we use a lot of soap and water in Nova Scotia, perhaps more than people in Ottawa do.

Now, honourable senators, down in the Maritimes we also have one or two radio stations which give us some very interesting programmes.

Hon. Mr. COPP: Particularly on soap.

Hon. Mr. DUFF: There is a programme which I enjoy perhaps better than any other. It comes from the station in Charlottetown, Prince Edward Island. Honourable members need not fear that I am going to do any advertising. I am referring to the programme known as Don Messer and his Islanders, which is broadcast on Monday, Wednesday and Friday evenings at 7 o'clock. Just a few months ago, when our boys were climbing over the Normandy beaches and working their way towards Germany, a soloist on that programme, Charlie Chamberlain, sang a song which touched not only my heart, but the heart of everyone who heard it. It was a song about the flag. After listening to it I asked a lady friend of mine to write to Charlie for a copy of the song and music, and he was kind enough to send it. I am not going to sing the song for you, but I will recite it, for I think it is worth putting on the record. Here are the words:

THERE'S A UNION JACK FLYING OVER YONDER

There's a Union Jack still flying over yonder,
Bravely waving there amidst the shot and shell.
There's a Union Jack wherever you may wander;
When you see it you will know that all is well.

On that little Isle across the stormy ocean,
Our boys are fighting there for Liberty.
There's a Union Jack still flying over yonder,
And it means the world is safe for you and me.

There's a boy in khaki fighting over yonder,
Who left his home to keep this country free.
There's a boy in blue who didn't stop to ponder;
He didn't care just what the cost would be.

He's giving all he has for king and country,
To keep the dear ones safe across the sea.
There's a Union Jack still flying over yonder,
And it means the world is safe for you and me.

There's a boy in khaki fighting over yonder,
Where his dad once fought to keep this old world free,
Where the poppies bloom in Flanders by the crosses,
Where he gave his life to give us liberty.

There are crosses now beyond the cliffs of Dover,
On the shores of Dieppe and in Normandy.
There's a Union Jack still flying over yonder—
Keep it flying over there for you and me.

The metre is perhaps not as good as it might be, but I think the sentiment is wonderful. I feel now, as I felt when I heard the song over the radio—that, after all that the British Empire had meant to us for so many years, we should not be talking about a distinctive national flag at this time. Why should we discard the Union Jack and the Red Ensign? They have been good enough in the past. They have gone wherever our soldiers, sailors and airmen have gone to fight for you and me. The Red Ensign has been the emblem of protection for our commerce on the seven seas; and that was the emblem flown by the transports which carried our troops overseas. And let us never forget that not one of those

transports was lost at sea, nor was a soldier, airman or navy rating lost. The transports were, as we know, convoyed by vessels of the British and Canadian navies, and later on by American naval vessels also.

We of this age and generation should be proud of the fact that the Union Jack continues to fly over our heads while we are on land, and the Red Ensign when we are on ships at sea. Instead of experimenting with the idea of a distinctive national flag—and I am sure we shall not get beyond the experimental stage, for nobody will be able to choose among the six hundred designs—let us be satisfied to leave well enough alone. Whether we live in Canada or in New Zealand or in Australia or in any other Dominion, we are proud to be part of the British Empire. Then, I say, let us stand firm by the Union Jack and the Red Ensign.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, November 23, 1945.

The Senate met at 3 p.m., the Acting Speaker, Hon. Thomas Vien, in the Chair.

Prayers and routine proceedings.

MAPLE SUGAR INDUSTRY BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill F7, an Act respecting the manufacturing, inspection and sale of maple products.

The Bill was read the first time.

The Hon. the ACTING SPEAKER: When shall said bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

REPORT TABLED

Hon. WISHART McL. ROBERTSON: Honourable senators, I beg to lay on the table, copy of Report to Parliament on the United Nations Relief and Rehabilitation Administration.

The Act only requires the report for the fiscal year, 1944-1945, but it was felt the report would be much more valuable, particularly in connection with the estimates under war expenditures and demobilization, if it attempted to cover the field up to as recent a date as possible. The report therefore brings UNRRA operations and Canadian participation in them up to the end of September, the last date for which figures were available.

UNEMPLOYMENT INSURANCE FUND

INQUIRY

Hon. Mr. DUFF inquired:

1. How much money since the inception of the Unemployment Insurance Act until September 30, 1945, has been paid into the Dominion Treasury, or the Unemployment Insurance Fund, by employers of labour, or others, from all provinces of Canada?
2. How much has been paid in during the above period by the employees in different labour brackets?
3. How much has been paid into said Unemployment Fund, during the above period, by the Government of Canada?
4. What has been the cost, up to September 30, 1945, of carrying on the above organization in (a) salaries; (b) expenses of all kinds, including rents, stationery, equipment, etc., etc.?
5. How much has been paid out of said Fund, or out of the Dominion Treasury, up to September 30, 1945, to employees, out of employment, from said funds, and under the provisions of the Unemployment Insurance Act?
6. What is the balance in said Fund, or in the Dominion Treasury, up to September 30, 1945?
7. Is this amount kept in a separate fund or has it gone into the consolidated revenue?

Hon. WISHART McL. ROBERTSON: The answer to the inquiry of the honourable gentleman is as follows:

1. By employers..... $118,223,758 09
   By employees..... 131,763,077 33

   $249,986,835 42

2. The amounts paid are not broken down under different labour brackets.

3. $49,997,367.09.

4. April 1, 1941 to September 30, 1945—

Salaries	$12,541,571 83
Cost of Living Bonus and other Paylist Items....	1,533,159 65
Professional and Special Services	98,182 85
Commissions to Post Office Department	971,816 47
Printing and Stationery...	654,075 68
Supplies and Materials...	1,282 19
Unemployment Insurance Stamps	101,450 33
Unemployment Insurance Workers Books.....	177,233 74
Travelling Expenses.....	771,402 87
Freight, Express and Cartage	68,583 81
Equipment	596,891 52
Telephones, Telegrams and Postage	799,039 69
Lands and Buildings.....	264,162 77

Rents	864,187 44
Advertising and Publicity	145,781 58
Miscellaneous and Current Expenses	84,883 17
Provincial Employment Offices (temporary operation)	108,366 24
	$19,782,071 88

5. $11,439,330.77.

6. $304,961,438.16 (this amount includes interest).

7. A special account is kept in the Consolidated Revenue Fund, entitled the Unemployment Insurance Fund under Section 77 (1) of the Unemployment Insurance Act.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills.

Bill Y6, an Act for the relief of Harold James Chesterman.

Bill Z6, an Act for the relief of Emma Grace Kriticos.

Bill A7, an Act for the relief of Donald John Northey Armstrong.

Bill B7, an Act for the relief of Goldie Boltuck.

Bill C7, an Act for the relief of Irene Nelson Johnston.

Bill D7, an Act for the relief of Justinien Joseph Demase Gerard St. Amant.

Bill E7, an Act for the relief of Olive Pashley Mackie.

The bills were read the first time.

TRANSPORT BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 32, an Act to amend the Transport Act, 1938.

He said: Honourable senators, I have asked the honourable senator for Lethbridge (Hon. Mr. Buchanan) to explain this bill.

Hon. W. A. BUCHANAN: Honourable senators, the purpose of this bill is comparatively simple. It is to bring water transport in the area of the Mackenzie River Basin under the jurisdiction of the Board of Transport Commissioners. Heretofor the jurisdiction of the Transport Commissioners has been confined to the Great Lakes and the area as far east as the western boundary of the Island of Orleans, and has related solely to passengers and package freight. This bill provides for the inclusion of bulk freight as well as passengers and parcel freight. It affects all navigable waters in what is known as the Mackenzie River Basin, including the Athabaska river, and lakes such as Great Bear Lake and Great Slave Lake—in fact, all navigable waters running north from Fort McMurray to the Arctic.

I might explain the reason for the introduction of the bill. During the past year those who had to do with the development of mineral resources in the Great Slave Lake and Great Bear Lake areas complained about what they termed exorbitant shipping charges, and particularly about an increase from $20 to $30 a ton. Representations were made to the proper authorities and, since no relief was offered, this measure has been brought forward for the purpose of placing all rates charged by ships operating in this area under the Board of Transport Commissioners.

The shipping is confined very largely, as most people acquainted with the area know, to the products of the mines that are being developed, and to the oil which is being moved from the Fort Norman field to Yellowknife and the Great Slave Lake area, and to the Eldorado Mines in the Great Bear Lake area. It was largely in relation to the cost of moving that oil in bulk from Fort Norman to these areas that the complaint arose. Naturally the amendment would affect the rates on all types of freights moving in and out of the Mackenzie River Basin.

We are all familiar with the development that has taken place in this particular section of the Northwest Territories. There is a promise of very considerable development in the Yellowknife area. What has taken place up to the present has been most encouraging, and for all we know at the moment it may become one of the richest mining sections in the whole of Canada. We cannot say what the future holds for the Eldorado area, but the developments there too may become very successful. The interests operating in those fields want to be able to bring any complaints as to freight rates before some Government-created body having authority to inquire and determine whether the rates are fair or not. The purpose of this amendment to the Transport Act is simply to give to the Board of Transport Commissioners jurisdiction over the shipping by water in this area. I might point out that the Board's jurisdiction on the Great Lakes is only over ships of more than five hundred tons, but on the Mackenzie River its jurisdiction will be over all ships of more than ten tons. The vessel owners will have to submit their scale of rates to the Board, and shippers wishing to complain about rates will be able to make their objections and representations to the Board.

That, in brief, is the purpose of this bill, and I do not think I need say anything more about it.

Hon. Mr. ASELTINE: Has the honourable senator any information as to the number of ships there are, and as to other means of transportation from, say, Edmonton north into that country?

I have another question. If this amendment is passed, will it not drive out of business some people who have been operating vessels in the past and are unable to keep down their freight rates because of increased costs?

Hon. Mr. BUCHANAN: My understanding is that there are three large shipping companies operating in the area, but I do not know their names. Of course, there is a railroad running from Edmonton to Fort McMurray. This amendment, however, would apply not to the railroad but only to ships operating on the waters north of Fort McMurray. As to whether the three shipping companies are operating profitably or not at present, or whether their charges are reasonable, I cannot say. This amendment would require them to submit their rates to the Board of Transport Commissioners. If it can be established that rates are fair, they would be maintained, I presume; on the other hand, if producers in the area feel that rates are too high, no doubt they will appear before the Board and ask for a reduction.

Hon. Mr. McRAE: Honourable senators, it seems to me that the bill is a very good one. I will suggest a probable answer to the questions asked by the honourable gentleman from West Central Saskatchewan (Hon. Mr. Aseltine). At the moment the transportation facilities are very meagre and altogether inadequate to meet the requirements, but I imagine that more vessels will be made available in due course. I think we may leave it to the Board of Transport Commissioners to see that reasonable freight rates are established, and I can see no reason why the vessels in those waters should not be under the Board's jurisdiction.

The motion was agreed to and the bill was read the second time.

DIVORCE BILLS

SECOND READINGS

Honourable Mr. ASELTINE moved the second readings of the following bills:

Bill Q6, an Act for the relief of Samuel Gardner Bradford.

Bill R6, an Act for the relief of Olive May Marks Sanderson.

Bill S6, an Act for the relief of Marie Regina Eliane Arcand Dorval.

Bill T6, an Act for the relief of Joan Frances Timms Couture.

Bill U6, an Act for the relief of Edith Louise Boutilier Snow.

Bill V6, an Act for the relief of Cyril James Morgan.

Bill W6, an Act for the relief of Joseph Adolphe Aime Berthiaume.

Bill X6, an Act for the relief of Molly Shusterman Percher.

The motion was agreed to, and the Bills were read the second time.

The Senate adjourned until Monday, November 26, at 8 p.m.

THE SENATE

Monday, November 26, 1945.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

WAR EXPENDITURE AND DEMOBILIZATION APPROPRIATION BILL NO. 2

FIRST READING

A message was received from the House of Commons with Bill 172, an Act for granting to His Majesty aid for National Defence and Demobilization.

The Bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read a second time?

Hon. Mr. ROBERTSON: Next sitting.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY BILL

FIRST READING

A message was received from the House of Commons with Bill 173, an Act respecting the Department of Reconstruction and Supply.

The Bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read a second time?

Hon. Mr. ROBERTSON: Next sitting.

TRANSPORT BILL

THIRD READING

Hon. WISHART McL. ROBERTSON moved the third reading of Bill 32, an Act to amend The Transport Act, 1938.

The motion was agreed to and the Bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. W. M. ASELTINE moved the third readings of the following bills:

Bill Q6, an Act for the relief of Samuel Gardner Bradford.

Bill R6, an Act for the relief of Olive May Marks Sanderson.

Bill S6, an Act for the relief of Marie Regina Eliane Arcand Dorval.

Bill T6, an Act for the relief of Joan Frances Timms Couture.

Bill U6, an Act for the relief of Edith Louise Boutilier Snow.

Bill V6, an Act for the relief of Cyril James Morgan.

Bill W6, an Act for the relief of Joseph Adolphe Aime Berthiaume.

Bill X6, an Act for the relief of Molly Shusterman Percher.

The motion was agreed to, and the Bills were read the third time, and passed, on division.

SECOND READINGS

Hon. Mr. ASELTINE moved the second readings of the following bills:

Bill Y6, an Act for the relief of Harold James Chesterman.

Bill Z6, an Act for the relief of Emma Grace Kriticos.

Bill A7, an Act for the relief of Donald John Northey Armstrong.

Bill B7, an Act for the relief of Goldie Boltuck.

Bill C7, an Act for the relief of Irene Nelson Johnston.

Bill D7, an Act for the relief of Justinien Joseph Damase Gerard St. Amant.

Bill E7, an Act for the relief of Olive Pashley Mackie.

The motion was agreed to, and the bills were read the second time, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, November 27, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

HONOURABLE SIR ALLEN AYLESWORTH

BIRTHDAY FELICITATIONS

Hon. JOHN T. HAIG: Honourable senators, before his Honour the Speaker calls the House to order, I should like to offer on behalf of all honourable senators on both sides, our most sincere congratulations to one of the most distinguished members of this Chamber, who today is celebrating his birthday. It is seldom that one has an opportunity to offer congratulations to a more outstanding member of this House than the honourable member for North York (Sir Allen Aylesworth).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: The honourable senator is without exception the most distinguished living lawyer in Canada today.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: May I introduce a personal note? I can recall a member of the firm with whom I studied law in Winnipeg, forty-two years ago, writing to the honourable gentleman for a legal opinion and remarking when it was received: "That is the law."

The honourable senator from North York (Hon. Sir Allen Aylesworth) gave this country most distinguished service in the Alaskan boundary dispute. With all due respect to the Commissioners who rendered judgment in that case, I say that the story would have been different on the west coast of Canada today if they had followed the advice and opinion of the honourable gentleman from North York. I also remember that in 1905, for a period of about one year, he was Postmaster General and Minister of Labour in the Government of that distinguished Canadian statesman, Sir Wilfred Laurier. Then he was Minister of Justice in that Government from 1906 to 1911, when he retired from active politics.

I am informed and believe that the honourable member does something that I imagine no other member of Parliament does—he reads every word of Hansard of the other place and every word of the Senate Hansard. In my humble opinion—I may not be a very good judge of the subject—his knowledge of constitutional law is as good as, if not better than, that of any other person in this House or outside of it; and I hope to have the great pleasure of hearing him speak on the question of which notice was given yesterday by my honourable friend from Central Saskatchewan (Hon. Mr. Johnston).

The honourable senator from North York is a pre-eminent member of this House. He has a clear mind. Unfortunately for us and for Canada, his ability to hear things that go on is limited; but his mind is just as keen and his memory is just as good as it was long years ago.

On behalf of myself and of all members on this side of the House, on my extreme left as well as on my extreme right—and I know I

may speak on behalf of honourable members opposite also—I wish to offer our heartiest congratulations to our honourable friend, and to express the hope that he may long be spared to be a distinguished member of this House.

Some Hon. SENATORS: Hear, hear.

Hon. ATHANASE DAVID: It is seldom, honourable senators, that a man is afforded the opportunity of reflecting a full century. Sir Allen Aylesworth is to-day ninety-one years of age. During his long and distinguished career he has always merited the unstinted admiration and respect of his compatriots of all creeds and all racial origins. The Senate is indeed highly honoured in having among its members so rare and so brilliant a personality.

A sincere and devoted friend of Sir Wilfrid Laurier, he was just as faithful to his leader in troubled days as in happy ones. For Sir Allen friendship was always a gift of the gods —a gift to be used not to further selfish interests, but solely to serve the friend who honoured him with his confidence. During the stormy years from 1909 to 1919 Laurier and Aylesworth were a symbol of unity, and their strong and unbreakable ties of reciprocal esteem were a constant example and inspiration to all Canadians.

Retiring from active politics in 1911, Sir Allen in 1923 greatly honoured this Chamber by becoming a dominating figure and one of its most eminent members.

Be assured, Sir Allen, we pray that He, the source of all true human grandeur, may grant us the privilege of retaining in this House one whom He has so richly endowed with this attribute. Be assured also that your dignified presence constitutes an example which we shall strive to emulate.

Could such a distinguished and useful life be summed up in a few words, I would say that it is the synthesis and materialization of loyalty, dignity, honour and intelligence. And, Sir Allen, I would ask you to accept this expression of our respectful admiration and our sincere desire that you may long continue to grace this Chamber and by your presence inspire us to serve our country with even greater pride, faith and loyalty.

Some Hon. SENATORS: Hear, hear.

Hon. WISHART McL. ROBERTSON: I need hardly say, honourable senators, that I am happy to associate myself with the very graceful tributes which have been paid to our distinguished colleague. In extending to him my very best wishes, may I add that I am proud to be a member of an assembly to which he adds such lustre.

Hon. Sir THOMAS CHAPAIS (Translation): Honourable senators, I cannot refrain from associating myself with the eloquent and well-deserved tributes that have been paid to our venerable colleague who has reached today the extremely advanced age of ninety-one.

I merely wish to state to this honourable House that for many years I have been one of the most sincere and enthusiastic admirers of this gentleman who, with his admirable personality and his powerful mind, is still active in the service of his country after so many years of trials and struggles crowned with outstanding success.

I am happy to join the honourable members of this House who have just paid such an eloquent tribute to our honourable colleague.

Honourable members of the Senate, being myself one of those among us who long ago passed the age when a man usually sits in the legislating bodies of his country, I feel an even deeper emotion when I observe the wonderful mental lucidity and superior knowledge which characterize the honourable senator whose ninety-first birthday we are today celebrating.

I have just one word to add before concluding. May Sir Allan Aylesworth long continue to grace this House, and may he long remain one of the most brilliant figures in Canadian parliamentary life.

Hon. Sir ALLEN AYLESWORTH: Honourable senators—

Some Hon. SENATORS: Hear, hear.

Hon. Sir ALLEN AYLESWORTH: Honourable senators, I should be either more than human or less than human if I did not feel deeply touched by the kindness and generosity of the references that have just been made to me. If I could have heard all that was said I should, no doubt, have been very much embarrassed in attempting to acknowledge what has been offered; but, in that repsect I have been mercifully protected by the infirmity which has prevented me from hearing more than a little of what has been said about me.

I cannot deny—if I had any wish to do so—the fact that today I am entering upon my ninety-second year. That is a circumstance in regard to which my only feeling is one of sincere thankfulness that I have been allowed to live so long. But I would not wish that anybody should look upon me as the oldest member of the Senate or of the present Houses of Parliament. We all know that the dean of the Senate, the member oldest in service, is the honourable senator from Wentworth (Hon. Mr. Smith). We all regret, I am sure, that he is not with us today, and has not been able to attend the meetings of the Senate for

some time. He is not only the dean of the Senate in years of service, but also in age. I am on the threshold of my ninety-second year; he is very near the completion of his ninety-second year. The anniversary of his birth, the 8th of December, falls this year on Saturday of next week, and though he may not be among us next week, I hope and trust the anniversary of his birth will not be overlooked by those of us who are here.

I can only say that I thank you, one and all, for your kindness on this occasion. It is but the same kindness in every respect that I have enjoyed during the twenty-two or twenty-three years that I have had the honour of a seat in this Chamber. I thank you all sincerely, and especially the honourable gentlemen who have expressed their sentiments of good will to me.

Some Hon. SENATORS: Hear, hear.

SPEECH FROM THE THRONE—ADDRESS IN REPLY

MESSAGE OF THANKS FROM HIS EXCELLENCY

The Hon. the SPEAKER informed the Senate that he had received a message from His Excellency the Governor General reading as follows:

I have received with great pleasure the Address that you have voted in reply to my Speech at the opening of Parliament, and thank you for it sincerely.

Athlone.

CANADA'S NATIONAL FLAG

FIRST REPORT OF COMMITTEE

Hon. NORMAN P. LAMBERT presented and moved concurrence in the report of the Joint Committee of the Senate and House of Commons appointed to consider and report upon a suitable design for a distinctive national flag.

He said: Honourable senators, the committee appointed to consider and report upon this subject beg leave to make their first report as follows:

Your committee recommend:

1. That the quorum of the Senate section of the Joint Committee be reduced to five members.
2. That authority be granted to the Senate section of the Joint Committee to sit during sittings of the Senate.

All of which is respectfully submitted.

Hon. Mr. HAIG: Honourable senators, before we concur, may I ask the honourable gentleman what is the quorum for the members of the House of Commons?

Hon. Mr. LAMBERT: It is ten.

The motion was agreed to, and the report was concurred in.

TRANS-CANADA AIR LINES BILL

REPORT OF COMMITTEE

Hon. A. B. COPP presented and moved concurrence in the report of the Standing Committee on Railways, Telegraphs and Harbours, on Bill 21, an Act to amend the Trans-Canada Air Lines Act, 1937.

He said: Honourable senators, the Standing Committee on Railways, Telegraphs and Harbours, to whom this bill was referred back, now beg leave to report the same with certain amendments.

The motion was agreed to, and the report was concurred in.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

DOCUMENTS REFERRED TO COMMITTEE

On Notices of Inquiries and Motions:

Hon. WISHART McL. ROBERTSON: Honourable senators will recall that before we considered the Charter of the United Nations and the resolution approving of Canada's participation in the Food and Agriculture Organization, there were two interesting and profitable committee meetings at which departmental officials appeared and answered questions. In due course we shall soon have before us two more matters of great importance—Canada's ratification of the United Nations Monetary and Financial Conference agreement, commonly known as the Bretton Woods agreement, and a measure to increase the amounts available under export credits for financing exports from this country. As these two matters will very materially affect Canada's export trade, it occurred to me that it might be well to have some discussion on them in committee before they are brought up for consideration in the Senate. Therefore, with leave, I would move:

That the United Nations Monetary and Financial Conference agreement and a White Paper on Employment and Income, presented to Parliament by the Minister of Reconstruction, April, 1945, be referred to the Standing Committee on Commerce and Trade Relations.

Officers of the Department of Finance and the Department of Trade and Commerce could

be invited to appear before the committee in order to answer any questions that honourable senators may wish to ask.

It could perhaps be argued that these documents would more properly be referred to the Committee on External Relations or the Banking and Commerce Committee. However, as the Bretton Woods Agreement has a very definite bearing on trade and commerce, this would seem to be a proper matter for reference to the Committee on Commerce and Trade Relations, which apparently has never yet held a meeting. That committee has a small membership, but I would remind all honourable senators who are not members that they will be none the less welcome to attend the Committee's meetings and to participate in the discusions.

The motion was agreed to.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, before the Orders of the Day are called, I should like to make a brief apology to the House for a situation that has arisen with respect to some of the business on the Order Paper. There are at least three measures before us for second reading, but the honourable senators whom I had asked to explain the legislation, owing to circumstances beyond their control, will not be prepared to do so until tomorrow. In view of this I would suggest that when the Senate adjourns we might get along with some of our committee work, particularly that of our special committee which is considering the constitution and functions of our standing committees. I should like to remind honourable senators who are not members of the committee that they are welcome to attend its meetings, where I can assure them their assistance will be appreciated.

Hon. Mr. HAIG: I have been asked whether or not the Senate is likely to adjourn over the week-end on Thursday or Friday. Perhaps the honourable leader of the Government is in a position to advise me on this.

Hon. Mr. ROBERTSON: I had intended to deal with the question of adjournment when we take up Order No. 11 for the second reading of Bill 172, an Act for granting to His Majesty aid for National Defence and Demobilization.

Hon. Mr. HAIG: Very well.

DIVORCE BILLS

THIRD READINGS

Hon. W. L. ASELTINE moved the third readings of the following bills:

Bill Y6, an Act for the relief of Harold James Chesterman.

Bill Z6, an Act for the relief of Emma Grace Kriticos.

Bill A7, an Act for the relief of Donald John Northey Armstrong.

Bill B7, an Act for the relief of Goldie Boltuck.

Bill C7, an Act for the relief of Irene Nelson Johnston.

Bill D7, an Act for the relief of Justinien Joseph Damase Gerard St. Amant.

Bill E7, an Act for the relief of Olive Pashley Mackie.

The motion was agreed to, and the Bills were read the third time, and passed, on division.

PRIVATE BILL

AMENDMENTS CONCURRED IN

Hon. Mr. HAYDEN moved that the amendments made by the Committee on Miscellaneous Private Bills to Bill W2, an Act to incorporate the Catholic Episcopal Corporation of Whitehorse, be concurred in.

The motion was agreed to.

THIRD READING

Hon. Mr. HAYDEN moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

WAR EXPENDITURE AND DEMOBILIZATION APPROPRIATION BILL No. 2

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 172, an Act for granting to His Majesty aid for National Defence and Demobilization.

He said: Honourable senators, doubtless you will recall that this is one of the appropriation bills of which a certain interim portion was granted last session and a further portion early this session. Following a procedure adopted in the past, I would suggest that if the Senate sees fit to give it second reading, this measure be referred to the Committee on Finance. That committee, as honourable senators know, has already given some consideration to the estimates of which this bill covers a portion. There will be a further meeting of the committee on Thursday morning, after which it may report the bill. For

the benefit of honourable senators who are not present at the meetings of the committee, I propose that the bill be then considered by a Committee of the Whole, when officials of the department will be available to supply any additional information that honourable senators may require. If at that time still further information is required, the bill might be given further consideration on Friday.

In answer to the question of the honourable leader opposite (Hon. Mr. Haig), I may say that it is desirable that this bill be passed in time to receive the Royal Assent on Friday, because the interim supply already voted will have been used up by the end of this month. If any information is still outstanding on Friday afternoon, we might arrange that it be furnished when the appropriation bill dealing with the civil estimates comes before us. This means of course that we cannot adjourn before Friday.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to indulge in what might be called a financial discussion of this measure. It has been very fully discussed in another place, and wide publicity has been given to that discussion. Normally, financial matters are discussed at greater length in the other House than here. But one of our duties with respect to any financial matters that come before us is to say to the Government and to the people that though we have no right to increase expenditures, we do have a right to suggest reduction. I have had the pleasure of being present at meetings of the committee when representations were made to us by the Ministers of Defence for the Army, for the Navy, and for Air; and today, in the absence of the Minister, by the Deputy Minister for the Navy. They stated fairly and reasonably the facts of the case. But I am not sure whether the Government really appreciates the widespread desire throughout the country that our expenditures should be drastically reduced.

We are spending a very large sum of money under this bill—$1,365,000,000. All the officials who have appeared before us have said, without exception, that part of that expenditure is a carry-over from the previous year and part is the winding-up of the present year. They explain that commitments and expenditures were being made up until V-E Day, which was the 8th of May, and that V-J Day came more suddenly than anybody expected.

I want to sound a note of warning. We are determined that the expenses of government in this country shall be reduced by a very large degree. Reconstruction will get nowhere until we can say to the taxpayers of Canada: "Your taxes are going to be reduced". These are no idle words.

If companies are obliged to pay out a large share of their profits in taxes, it means there is just that much less encouragement for them to take a chance. The same reasoning applies to individuals. This House can sound a warning much more effectively than can the other House, because when dealing with people it is popular to advocate the spending of money. The public thinks the Government gets its money from some secret mine. There is no such place. The money comes out of the pockets of the taxpayers of this country, and nowhere else. If the Government continues to burden the people with taxes—and the main source of revenue now is the income tax, which is a direct tax on energy and enterprise—the people will take fewer chances to make money. Many men and women will tell you, "If I earn more money I will go into a higher income tax bracket, and it means nothing to me."

As a member of the committee on taxation, I know that the Government has spent a great deal of money; but also I realize that the day of high expenditure in this country is over. If we do not appreciate that now, it will be forced upon us in much more painful ways.

Hon. Mr. ASELTINE: I think you are right.

Hon. Mr. QUINN: If it is not realized, it should be.

Hon. Mr. HAIG: It should be. If the Government does not recognize the problem the people will, and the country will be faced with unemployment. It is impossible today to get men to go to the bush; they will no longer take the hard, rough jobs. That is because they have been coddled in soft jobs. During the war many young men and women came from the farms throughout the country to work in industry. They enjoyed the theatres, the bright lights, the eight-hour day and lots of money, and they do not want to go back to their former way of life. I do not blame them. I would not want to go back either. But somebody has to do the rough work, and if the people of Canada are not prepared to do it, the barriers of immigration must be let down so that people who will do the work may come in.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAIG: Many Canadians have said that immigrants should not be allowed to come into this country until everyone here is employed. I am one who is old enough to have lived through the years following the

advent of the Laurier Government, when the bars were let down and people were allowed to come into this country. Our period of prosperity started about 1900 and continued for many years.

We shall have no enterprise in this country until our expenditures and taxes are cut down. Enterprise and industry are the only things that can give employment. Canada cannot sell goods even now. When we try to sell goods to Russia, she demands that the price be reduced. We cannot sell our goods on the world market because our prices are kept up largely by reason of taxation.

In my early days on the farm it took twenty of us to do the work one man can do today.

Hon. Mr. COPP: A poor man!

Hon. Mr. HAIG: I would refer the honourable gentleman to my honourable friend back here (Hon. Mr. Horner) who is familiar with farm operations. I will speak for the provinces of Manitoba and Saskatchewan, the two provinces I know best. With the advent of power-machinery one man today is able to produce as much food as twenty men did forty years ago.

I am asking the Government to drastically reduce expenditures in this country. They may think they have a life-time lease on power; but when people become unemployed things can happen very fast. All honourable senators can remember the 30's when we encountered the unemployment problem. No one at that time thought it would last very long. But it lasted eight years, and probably would have persisted if it had not been for the war. I have had this question put to me: "Why is it the country can do certain things in time of war that it cannot do in time of peace? How is it that the Government can get money for war purposes when it cannot get it for peace-time activities?" That is a question that is asked by the C.C.F. Great Britain in 1942 reached the bottom of the barrel; she had no more money to buy goods, her foreign securities had disappeared, her investments abroad had all gone. She reached the stage where, if the United States, Canada or some other country did not come to her assistance, she would be forced to stop buying. Let there be no misunderstanding about it; that was the situation reached by Great Britain in those days.

Hon. Mr. EULER: She did what we are doing now—borrowing.

Hon. Mr. HAIG: She had reached the stage where she could not borrow any more.

Hon. Mr. EULER: How about lend-lease?

Hon. Mr. HAIG: Lend-lease came from the United States and Canada, and all credit to us for what we did. We advanced large sums of money and gave goods on an exchange basis. The assets of Canada consist only of bricks and mortar once we lose the markets of the world and our securities. When we have no more securities to sell and nobody wants to buy our surpluses, we will have to start borrowing abroad. Our public debts indicate that we are working in that direction now. It is said by some that our obligation is payable to ourselves in a limited degree.

Honourable senators, I did not intend to speak so long on this question. I submit, however, once again that our responsibility in this matter is very great. We must challenge these expenditures to the limit. The budget that will come in next February or March must show a drastic reduction in taxation and expenditure or we will not be able to give employment to our people. C.C.F.'ers are saying that if industry cannot take care of unemployment, then private enterprise has failed. I say that no industry, if the life is taxed out of it, can take care of unemployment. If I were a member of the C.C.F. Party or a member of a C.C.F. government, I would tax companies and individuals to the limit, because I know that then they would soon be out of business. The government would not have to take them over; they would disappear. I am a believer in private enterprise. I believe it offers the greatest incentive to work and provides employment to the people of our country. However, it can only succeed if we treat it fairly in the matter of taxation—and that means our expenditures must be reduced.

I agree with the honourable leader of the Government that the matter under discussion should be brought before Committee of the Whole House. I was brought up in a legislature where great use was made of the Committee of the Whole. That was where we really did our work. The back-benchers—and I was one of them—had the chance of their lives. They were not on the big committees, nor were they members of the government or leaders of the opposition. They were just ordinary back benchers, but in Committee of the Whole they had just as good a chance as the fellows in the front row to make their views known. Therefore, I am more than pleased by the proposal of the honourable leader.

I conclude with this candid remark: if in six months time there has not been a drastic reduction in taxation and expenditure, and I still have the honour to be a member of this

House, I will ask the Senate to take steps to resist such spending as we have seen by the present Government.

Hon. NORMAN P. LAMBERT: Honourable senators, it is not my intention to prolong the discussion on this bill at the moment, because we will no doubt have ample opportunity to examine its proposals in greater detail when we have the bill before us in Committee of the Whole, or for third reading.

I think it proper at this time to refer to what the honourable leader opposite (Hon. Mr. Haig) has said about the desirability of reducing the cost of government. All honourable senators will agree in a general way with the view he has expressed, namely, that following the war the cost of government and particularly the cost of civil government should be reduced as much as possible. However, I would remind the honourable senator that we have just finished a very costly five or six years of war, and, whether we like it or not, this country must inevitably face a burden of taxation greater than that which existed before the war.

Hon. Mr. HAIG: I agree with that.

Hon. Mr. LAMBERT: I do not think that anyone who wishes to be fair can escape that conclusion. I would therefore suggest to my honourable friend that in his desire to have the cost of government reduced, and in his approach to this subject in the future, he endeavour to be specific.

We have just been examining the defence appropriations. It is known now that even according to the most conservative estimates that can be fixed, something like $300,000,000 a year will be required in future to maintain our Defence Department. That is ten times the cost of similar services before the war. Taking that situation as an example, if this country is to maintain the position it has achieved as a result of the war, I am quite sure that my honourable friend would not suggest at this time that the expenditure for that Department should be less. As a result of the war and Canada's position in relation to the world at large,, other departments of government must inevitably face great expenditures.

I rise now merely to emphasize the importance of specific and constructive criticism rather than a general denunciation of the appropriation bills and the Budget when they come before this House.

Hon. R. B. HORNER: Honourable senators, I am not sure that this is the proper time to make a few remarks in reply to the senator from Ottawa (Hon. Mr. Lambert). Personally, I am opposed to the huge expenditure of the Government for housing. I think that eventually 75 per cent of the amount will be lost. I do not think the expenditure is in the best interests of the men who are going to receive the houses. The houses are costing altogether too much, and in my opinion they are being put in places where it will be impossible for the occupants to earn a living within a reasonable distance of their homes. I do not think any proper consideration has been given to the question of where employment is to be found for the men who are to live in these houses. Time will probably show that housing is one thing on which money is being thrown away.

Hon. A. D. McRAE: Honourable senators, it seems to me that we discussed this bill pretty thoroughly in the committee. I want to say how pleased I was at the frankness of the ministers and officers of the three branches of the Department of National Defence in explaining the expenditures covered by this bill and forecasting those for next year. It was next year's expenditures that interested me chiefly, because the money covered by this bill has already been spent and we cannot do much more than approve it.

I agree with what has been said by my leader (Hon. Mr. Haig) with respect to taxation, but I am afraid the public will be disappointed in the reductions that can be made. As I recall it, the Minister explained that the budget to meet Army requirements next year will be very large. The total bill for the three services—the Army, the Navy, and the Air Force—will be pretty close to one and a half billion dollars. That is a lot of money. I believe that this large estimate will prove to be not far wrong. We may get along with one or two hundred million dollars less, but that does not seem to count for much any longer. So I repeat that while I agree with what my leader says as to the desirability of reducing taxes in order to get things going, it seems to me that we cannot hope for much reduction when we think of the heavy expenditures that still have to be made because of the war.

Hon. THOMAS VIEN: Honourable senators, we should bear in mind that this War Appropriation Bill is the one which, normally, would have been submitted to us in March or April, 1945. It will be recalled that the life of the last Parliament expired on the 16th of April. Up to that time we had passed only interim measures for war appropriations and ordinary supply. It seems to me that, in order fairly to judge the amounts involved in this bill, we should remember that in March and April the war was still going on. Hostilites with Germany ended on the 8th of May, and with Japan on the 15th of

August. But there was no immediate cessation of military expenditures. Hundreds of thousands of our men were still in Europe and elsewhere, and our naval vessels were at sea. So that there has hardly been any reduction of expense in that regard to this day, when our armed forces are far from being completely demobilized.

I agree with the honourable leader opposite (Hon. Mr. Haig) that the Government ought to cut down expenses. Great reductions have no doubt been made. I confess, however, that when I see so many men and women still in uniform on our streets, when I read of so many training camps being still in operation, I wonder whether expenditures could not have been reduced much more. Is there an urgent need for all the jeeps, military cars and trucks which one still observes being driven around by men and women of the Army, the Navy and the Air Force? I am willing to give credit to the Government and to assume that everything possible is being done. Let us hope the Government will heed the warning recently given in the other place, and repeated here today, and that all non-essential activities will be drastically cut down. We should, however, consider this bill now as if we were back in March or April, when, but for the circumstances to which I have referred, it would have been submitted to us.

I suggest that we proceed to the second reading now, subject to further discussion in one of our committees or in the Committee of the Whole.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Robertson, the Bill was referred to the Standing Committee on Finance.

AERONAUTICS BILL

FIRST READING

A message was received from the House of Commons with Bill 19, an Act to amend the Aeronautics Act.

The Bill was read the first time.

FISH INSPECTION BILL

FIRST READING

A message was received from the House of Commons with Bill 91, an Act to amend the Fish Inspection Act.

The Bill was read the first time.

The Hon. The SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, November 28, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

WAR SERVICE GRANTS BILL

FIRST READING

A message was received from the House of Commons with Bill 176, an Act to amend the War Service Grants Act, 1944.

The Bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

ALBERTA NATURAL RESOURCES TRANSFER BILL

FIRST READING

A message was received from the House of Commons with Bill 16, an Act to amend the Alberta Natural Resources Act.

The Bill was read the first time.

The Hon. the SPEAKER: When shall the Bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

WAR CHARITIES BILL

REPORT OF COMMITTEE

Hon. SALTER A. HAYDEN presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 13, an Act to amend the War Charities Act, 1939.

He said: The committee have examined this bill and now beg leave to report the same with the following amendments:

1. Page 1, line 22. Leave out the words "or is of a class that has been designated by regulation as a class of war memorials."
2. Page 1, line 27. Leave out the words "or as classes of war memorials."

The motion was agreed to, and the report was concurred in.

REFERRED TO COMMITTEE OF THE WHOLE

The Hon. the SPEAKER: Shall the bill be now read the third time?

Hon. Mr. LEGER: Honourable senators, I move that Bill 13, as amended, be not now read a third time, but that it be referred to Committee of the Whole for consideration at the next sitting.

The motion was agreed to.

CENTRAL MORTGAGE AND HOUSING CORPORATION BILL

REPORT OF COMMITTEE

Hon. Mr. HAYDEN presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 23, an Act to incorporate the Central Mortgage and Housing Corporation.

He said: The committee have examined this bill and now beg leave to report the same with the following amendments:

1. Page 10, line 33. Insert the following as new subclause (2) of clause 32:—

"(2) No person shall be eligible to be an auditor unless he resides in Canada, is an accountant who has for at least six years preceding the date of his appointment practised his profession in Canada, and is a member in good standing of an institute or association of accountants incorporated under the authority of the Legislature of any province of Canada.

2. Re-number subclauses (2), (3), (4), (5), and (6) of clause 32, as (3), (4), (5), (6) and (7).

3. Page 11, line 31. Add as subclause (3) of clause 34, the following:—

"(3) As soon as practicable after the end of each calendar year, the Board shall prepare a report with regard to the administration of the affairs of the corporation during the preceding calendar year, and the report shall be laid before Parliament at the same time as the copy of the accounts and report mentioned in the preceding subsection."

4. Page 13, line 49. After "Part II" insert "and section forty-two."

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Hon. Mr. ROBERTSON: Now.

Hon. JOHN T. HAIG: Honourable members, before the motion is put, may I say that I was present at the meeting of the committee this morning, and am entirely in accord with the amendments.

These amendments mean that the auditing shall be done by chartered accountants who belong to a regularly incorporated organization, and that the auditors' reports shall be placed in the hands of the Minister for tabling within a reasonable time after the opening of Parliament. It is also intended that the Board shall make reports, which will be tabled in Parliament.

I am in accord with the amendments because they are in agreement with the procedure followed in relation to other Crown companies, such as the Bank of Canada, and so forth. On the other hand, I am opposed to this procedure generally, as I think the auditors for such companies should be appointed by Parliament.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. HAIG: The auditors for the Canadian National Railways are appointed by Parliament, a method that has been found very satisfactory. I think the Government or some honourable member of this House should introduce a bill next session to provide that the auditors of all Crown companies must be chartered accountants, and that they shall be appointed by Parliament and shall report to Parliament.

Hon. Mr. SINCLAIR: Do you mean that the auditors should report to Parliament?

Hon. Mr. HAIG: The auditors should report to Parliament. As was said by the honourable member from Lincoln (Hon. Mr. Bench) in committee this morning—and I agree with him—the auditors of a business concern are appointed by the shareholders. As far as Crown companies are concerned, we, as members of Parliament, represent the people who own the shares, and we are the only ones who can act.

The Hon. the SPEAKER: Is it your pleasure to adopt the amendments.

The motion was agreed to, and the report was concurred in.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

TRUST COMPANIES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill P7, an Act to amend the Trust Companies Act.

The Bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

PRIVATE BILL

REFUND OF FEES

Hon. Mr. HOWDEN moved:

That the parliamentary fees paid upon Bill G6, an Act to incorporate Canadian Conference of the Mennonite Brethren Church of North America, be refunded to Messrs. Keith, Maybank and Keith, Winnipeg, Manitoba, solicitors for the petitioners, less printing and translation costs.

He said: Honourable senators, this motion requires really no explanation, as the refund of fees for a bill of this kind is in conformity with regular practice.

The motion was agreed to.

THE SENATE—HISTORICAL AND CONSTITUTIONAL POSITION

DISCUSSION

Hon. J. FREDERICK JOHNSTON rose in accordance with the following notice:

That he will call the attention of the Senate to certain matters relating to the historical and constitutional position of this honourable House, its functions and its record within the scope of the responsibilities assigned to this honourable House under our Constitution.

He said: Honourable senators, in giving notice that I would call attention to this matter I did not expect or presume that I would be able to bring much that was new, if anything, to the attention of the House. My hope was that I might refer to what the Senate has done, and to certain benefits that thereby have accrued to the taxpayers, particularly those resident in the prairie sections of Canada.

Before dealing with the last mentioned subject, I desire to place on the record certain quotations from the speeches of Honourable John A. Macdonald, as he then was, and Honourable George Brown, two outstanding statesmen who had most to do with bringing the provinces of Canada into Confederation in the year 1867. They made it clear that in their opinion the Senate had an important part to play in our parliamentary set-up, and I submit that the record of this House over the years since 1867 gives abundant proof that their judgment was sound. I now read from a speech made by Honourable John A. Macdonald on February 6, 1865, which will be found in the Parliamentary Debates, at pages 36 and 37:

There would be no use of an Upper House, if it did not exercise, when it thought proper, the right of opposing or amending or postponing the legislation of the Lower House. It would be of no value whatever were it a mere chamber for registering the decrees of the Lower House. It must be an independent House, having free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty or ill-considered legislation which may come from that body; but it will never set itself in opposition against the deliberate and understood wishes of the people.

The members of our Upper House will be like those of the Lower, men of the people, and from the people. The man put into the Upper House is as much a man of the people the day after, as the day before his elevation. Springing from the people, and one of them, he takes his seat in the Council with all the sympathies and feelings of a man of the people, and when he returns home at the end of the session, he mingles with them on equal terms, and is influenced by the same feelings and associations, and events, as those which affect the mass around him. And is it, then, to be supposed that the members of the upper branch of the legislature will set themselves deliberately at work to oppose what they know to be the settled opinions and wishes of the people of the country? They will not do it. There is no fear of a deadlock between the two Houses. There is an infinitely greater chance of a deadlock between the two branches of the legislature, should the elective principle be adopted, than with a nominated chamber—chosen by the Crown, and having no mission from the people. The members of the Upper Chamber would then come from the people as well as those of the Lower House, and should any difference ever arise between both branches, the former could say to the members of the popular branch—"We as much represent the feelings of the people as you do, and even more so; we are not elected from small localities and for a short period; you as a body were elected at a particular time, when the public mind was running in a particular channel; you were returned to Parliament, not so much representing the general views of the country on general questions as upon the particular subjects which happened to engage the minds of the people when they went to the polls. We have as much right, or a better right, than you to be considered as representing the deliberate will of the people on general questions, and therefore we will not give way." There is, I repeat, a greater danger of an irreconcilable difference of opinion between the two branches of the legislature, if the upper be elective, than if it holds its commission from the Crown.

Now I shall read what was said by Honourable George Brown on February 8, 1865. This may be found on pages 88, 89, and 90 of the same volume:

I have always been opposed to a second elective chamber, and I am so still, from the conviction that two elective houses are inconsistent with the right working of the British parliamentary system. I voted almost alone against the change when the Council was made elective, but I have lived to see a vast majority of those who did the deed wish it had not been done.

Honourable members will recall that at that time Upper Canada had a second chamber called the Legislative Council, which was elected. That is the body to which Honourable Mr. Brown was referring.

Then, speaking at a later time, he goes on:

I thought it would be well to provide for a more frequent change in the composition of the Upper House, and lessen the danger of the chamber being largely composed of gentlemen whose advanced years might forbid the punctual and vigorous discharge of their public duties. Still, the objection made to this was very strong. It was said: "Suppose you appoint them for nine years, what will be the effect? For the last three or four years of their term they would be anticipating its expiry, and anxiously looking to the Administration of the day for reappointment; and the consequence would be that a third of the members would be under the influence of the Executive." The desire was to render the Upper House a thoroughly independent body—one that would be in the best position to canvass dispassionately the measures of this House, and stand up for the public interests in opposition to hasty or partisan legislation.

The points to be noted in these quotations from the speeches of the Honourable John A. Macdonald and the Honourable George

Brown are that both gentlemen stressed the desire to have the Senate a thoroughly independent body. They also gave their reasons for favouring an appointive rather than an elective House. This last opinion, as pointed out by Mr. Brown, was one he had always held—an opinion in which he was confirmed by the experience gained from there being an elective council in the Parliament of Upper Canada at that time.

I hope honourable senators will bear with me while I deal as briefly as I can with certain matters relating to freight rates. Freight rates are very important in the economic life of Western Canada. We in the West are situated long distances from the seaboard, and freight rates enter into the question of our costs to a very marked degree.

Away back in 1898 the Canadian Pacific Railway Company was desirous of building a branch line from Lethbridge to the Crowsnest Pass in British Columbia. They approached the government of the day for financial assistance in the building of the line. The company had, I believe, approached the government in 1895 and 1896, but nothing was done. A new government came into office in 1896, and in 1898, as I say, the company approached that government for financial assistance in building the line. Assistance amounting to, I think, $3,400,000 was granted. In consideration of this assistance the Canadian Pacific Railway and the government entered into an agreement known as the Crowsnest Pass Agreement, by which they undertook to establish maximum rates on wheat and wheat products eastbound, and on farm implements and machinery, fruit and other commodities westbound. At that time British Columbia had not gone into the production of fruit to any extent. From the date of the agreement up to 1906 the farmers of the prairie provinces had the benefits of those reduced rates.

In 1906 the Government of Manitoba entered into a similar agreement with the Mackenzie and Mann interests. The rates under this agreement were somewhat lower than those under the Crowsnest agreement. The Canadian Pacific Railway reduced their rates to meet those under the Manitoba agreement. Consequently, from the year 1906 to the year 1918 Western Canada enjoyed the benefits of the rates under the Manitoba Agreement with Mackenzie and Mann.

In the year 1918 the cost of operating railroads and all other businesses in this country had increased very materially. I find in the Hansard of this House that the Honourable Senator Gideon Robertson, Minister of Labour, stated that the cost of living had increased 100 per cent. Another honourable gentleman interjected that the cost had gone up more than that. I think we will all agree that costs had advanced, and I think the railway companies were justified in asking for an increase in freight rates at that time. At any rate, the government of the day under Sir Robert Borden felt that something should be done, with the result that in 1918 the Board of Railway Commissioners ordered an increase in rates. I am not a lawyer and I have not been able to trace the authority for this order, but I gather from the records that the Board of Railway Commissioners simply forgot all about the agreements, or else overrode them.

Hon. Mr. CRERAR: The rates were increased at that time under the War Measures Act.

Hon. Mr. JOHNSTON: Anything can be done while we are at war. Those increased rates were, as I have said, ordered in 1918.

In 1919 the Minister of Railways introduced certain amendments to the Railway Act. Those amendments were passed by the other House, and had they passed this House the two agreements to which I have referred would have been nullified for all time. It may seem strange that the amending bill was accepted in the other House, and I think I should point out to honourable members that in those days there was no eleven o'clock closing rule in the Commons, whose sessions frequently continued until two or three o'clock in the morning. I have left that Chamber at seven o'clock in the morning after an all night sitting. Members did not lose any time getting away. The air was blue, and not entirely by reason of the sulphur fumes from the match factory across the river. I mention these facts to indicate that at those unseemly hours, with few members present, it was easier to get certain matters through the House than it would be at another time with a full house. It was at this point that this honourable House entered the picture, and by its action more than justified its existence for all time to come.

When the bill came to this House, it was presented by Sir James Lougheed, the then leader on the Government side and a member of the Cabinet. His words will be found in the Senate Hansard of June 6, 1919, commencing at the bottom of page 668:

> It is proposed that section 325 be amended by adding thereto new subsection 5, as follows:
>
> 5. Notwithstanding the provisions of section three the powers given to the Board under this Act to fix, determine and enforce just and reasonable rates, and to change and alter rates as changing conditions or cost of transportation may from time to time require, shall not be limited or in any manner affected by the provisions of any Act of the Parliament of Canada,

whether general in application or special and relating only to any specific railway or railways, and the Board shall not excuse any charge of unjust discrimination, whether practised against shippers, consignees, or localities, or of undue or unreasonable preference, on the ground that such discrimination or preference is justified or required by any agreement made or entered into by the company.

I may say to my honourable friend from Portage la Prairie (Hon. Mr. Watson) that this section has to do with the power given to the Board to pass rates. This proposed amendment will practically have the effect of overriding agreements that may have been entered into between the companies and the Government.

Hon. Mr. WATSON: I think I am justified in moving that we do not concur in that amendment. This question was the subject of considerable discussion in the House a year ago, when the Railway Bill was before us. An amendment was introduced by the honourable leader of the House to this effect:

The powers granted to the Board by this Section shall not be restricted or limited by the provisions of any special Act heretofore enacted, or of any agreements heretofore or hereafter made.

That was suggested a year ago by the minister—I suppose, at the suggestion of the Minister of Railways, and this House rejected that amendment. It was not inserted in the Bill. I move that we do not concur in the amendment made by the House of Commons, for the reasons which I gave last year. I referred particularly to the province of Manitoba, which would be affected by this amendment. Manitoba has made cash and guarantee contributions towards the construction of railways on specific agreements with regard to freight rates, and I claim that the rights of the province should not be taken away. The proposed amendment would affect also the province of British Columbia.

It will be noted that Mr. Watson mentioned the provinces of Manitoba and British Columbia, but did not mention the provinces of Saskatchewan and Alberta, which were vitally concerned. The debate continues:

Hon. Mr. BOSTOCK: Honourable gentlemen, I agree with the motion moved by my honourable friend from Portage la Prairie (Hon. Mr. Watson). I think that the proposed amendment affects not only steam railways, but also certain questions with regard to electric railways in the province of British Columbia. There is at the present time a case in the province of British Columbia in which the Board has sanctioned an appeal, and that case is being argued, or is about to be argued, before the Supreme Court. If this proposed legislation went through, it would put the whole matter out of court. I therefore have much pleasure in seconding the motion proposed by my honourable friend from Portage la Prairie.

The motion of Hon. Mr. Watson was agreed to, and the proposed amendment was not concurred in.

At page 674 of Senate Hansard, June 17, 1919, will be found the report of an important special committee dealing with the Railway Act Consolidation Bill. The Honourable Sir James Lougheed presented the report of the committee. Dealing with clause 325, he said:

Your Committee recommend that the following reasons be given, viz:

Sec. 325.—The Senate does not concur in the amendment of the House of Commons to Section 325 for the reasons shortly stated.

That the proposed clause enables the Board of Railway Commissioners to relieve the companies from carrying out in good faith agreements confirmed by Act of Parliament, entered into with municipalities and provinces, the considerations for which were the granting of subsidies and financial aid.

The Senate is of opinion that if these agreements are to be terminated, it should be the result of negotiations between the parties.

Then at page 808, some days later, I find this:

The following message was received from the House of Commons:

That this House doth insist upon its amendment made to Section 325 of the Bill No. 19 (Letter A of the Senate), intituled, "An Act to consolidate and amend the Railway Act." but with the following limiting provision thereto, at the end thereof, that is to say: Provided that this subsection shall remain in force only during a period of three years from and after the date of the passing of this Act.

That meant that rates guaranteed under the Crowsnest Pass Agreement and the Manitoba Agreement were suspended for a three year period.

Honourable senators will note that had it not been for the action of this House on the motion of honourable Senator Watson, agreed to by the leader of the House, Sir James Lougheed, those agreements would have been abrogated and wiped out. There are some interested people in this country who claim this honourable House is of no worth to the country. I suggest that that one act alone should satisfy the people that the Senate is serving a very useful purpose, and before I conclude I hope to be able to give you some facts which I think will bear out that statement.

As I have stated, the rates were suspended for a three year period from July, 1919. We come now to 1922. There had been a change of government in December, 1921. The new government, under the present Prime Minister, met Parliament for the first time in March of 1922. One of the first acts of that government, I remember well, was to appoint a special committee to inquire into the whole matter of freight rates. I happened to be a member of the committee, and certain other honourable members in this House also were members.

The committee laboured for many weeks, and men who had been in this and the other House for a long time said that never in all their parliamentary experience had they seen such a lobby put on to influence a decision as was brought to bear by the railway companies during that period. There was opposition in

that committee to the restoration of these rates—and I want at this time to pay tribute to the honourable senator from Waterloo (Hon. Mr. Euler) who, at a very opportune moment, stepped in with a motion which was very helpful. The decision was very close. However, we did succeed in getting a report to Parliament recommending that these rates should be restored. The rates were restored for a one-year period only—1922; then they were renewed for the years 1923 and 1924.

During this interval the railway companies, who did not like these agreements at all, held that the fixing of rates was ultra vires of the Parliament of Canada. They took what my lawyer friends would term a stated case to the Supreme Court for adjudication. That was early in the year 1925, but a decision was not handed down until well into midsummer of that year. The court found that the matter was intra vires of the Parliament of Canada, and almost immediately the government drew an enactment that made these rates statutory, as they are to-day.

What has the restoring of these rates meant to the people of Western Canada? It was stated in the evidence which the freight-traffic people of the railway companies gave before the committee that the restoration of these rates would mean a loss of revenue to the companies of $20,000,000 a year. If that was so, it must have meant an equal gain to the wheat producers of Western Canada. I do not think it can be fairly argued that when the rates were restored there was a net loss to the railway companies of $20,000,000, for the restoring of the rates provided the farmers of the Prairie provinces with extra purchasing power, which enabled them to make purchases of lumber and all the other commodities that go into the making of homes on the prairies, and the railways, of course, would collect freight rates on all shipments of such commodities.

I am now going to take the costs of operating the Senate and tie them in with the figures I have mentioned. It is charged in the country by certain interested people that the Senate as an institution is not worthy of its hire. They say we are costing the taxpayers a lot of money, and they are going to lop us off as soon as they have the power. These freight rates were restored in 1922—twenty-three years ago. The railway companies said the restoration meant to them a loss of $20,000,000 a year. By simply multiplying $20,000,000 by 23, we reach the sum of $460,000,000, which has been left in the pockets of the wheat producers of Western Canada. I have made inquiries as to the cost of operating this honourable House, and am assured that it does not run over $550,000 annually. If you multiply $550,000 by 23 you get $12,650,000 as the total cost of maintaining the Senate for twenty-three years, and if you deduct that from the total amount saved by the restoration of the freight rates, you still have $447,350,000 left. Just how long would that pay for the cost of operating this honourable House? Well, a simple calculation shows that it would pay the cost for more than eight hundred years. So I think it can be said we are paying our way.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. JOHNSTON: I asked the Bureau of Statistics for figures showing the wheat production of the prairie provinces during the twenty-three years from 1922 to the present time. According to the return the province of Manitoba produced 1,028,266,000 bushels, the Province of Saskatchewan 4,607,024,300 bushels, and the Province of Alberta 2,858,830,000 bushels. The production of Alberta and Manitoba combined in this period has been 3,887,096,000 bushels. Saskatchewan's production exceeded this total by 719,928,300 bushels. This indicates that more than half the amount saved to the wheat producers on freight rates has gone into the pockets of the farmers of Saskatchewan. Yet it is in that province that we find the most criticism of the functions of this honourable House.

While I have these figures before me honourable senators might be interested in knowing what were the years of greatest and of least production. More wheat was produced on the prairies in 1928 than in any other year in history. The figure for that year was 544,598,000 bushels. The next highest year was 1942, with 529,000,000 bushels, and the third highest was 1940, with 513,800,000 bushels. The lowest production was in 1937, when the total was 156,800,000 bushels; the second lowest was 1936, with 202,000,000 bushels; and the third lowest was 1924, with 235,694,000 bushels. The total production of wheat by the three prairie provinces during the twenty-three year period was 8,494,120,300 bushels.

Honourable senators, I like to think of a traveller from Eastern Canada, westward-bound on one of our great railway lines. Emerging from the timbered area of Ontario, he enters the Province of Manitoba. Going on westward, he comes to the city of Winnipeg and to Portage la Prairie, the home of the late Senator Watson. Proceeding across the open spaces of Saskatchewan and Alberta, he reaches the city of Calgary, the home of the late Senator Sir James Lougheed. Such

a traveller views many farm homes on his trip across the three prairie provinces. The living conditions in these homes, and the tasks of wives and mothers have been made easier and better; the health and well-being of little children have been improved—all by virtue of the work done in this House on June 6, 1919. Some may say: "That is a long time ago. Why review it now?" My answer is that the wheels set in motion in 1919 by action of this House are still turning $20,000,000 every year into the pockets of prairie farmers.

I have ventured to bring the matter up at this time because the usefulness of this House is being attacked by certain interested parties in the country. I respectfully suggest that the work of the late Senator Watson and the late Senator Sir James Lougheed, as well as that of all other members of this House who assisted in or agreed to the passing of Senator Watson's motion—the motion that led the way to the restoration of the rates under the agreements already mentioned—would have the hearty approval of those who drafted our Constitution and brought this House into being. Those honourable senators in that day did honour to themselves, to Canada and to her Parliamentary institutions.

Hon. Mr. MOLLOY: Honourable senators I move the adjournment of the debate.

Hon. Mr. HAIG: Before the motion is put, may I ask the honourable gentleman from Central Saskatchewan (Hon. Mr. Johnston) a question? What was the political complexion of the Senate in 1919?

Hon. Mr. JOHNSTON: I am very glad my honourable friend raised that point, which would have been brought out if I had not departed from my notes. I want to pay full tribute to those who were members of the Senate at that time. I think I mentioned that Sir James Lougheed, a Conservative, was Government leader in the Senate. He was supported by a substantial majority. He and the other members of his party had the numerical strength to pass through the Senate any measure coming from the other House. But they did not choose to do that. Rather, they chose to take the course that Sir John A. Macdonald and the Honourable George Brown expected members of this House to take. In other words, on that occasion the Senate did not divide on party lines; it proved itself an independent body.

Hon. Mr. DUPUIS: I thought that politics were obliterated in this House.

Hon. Mr. HAIG: The reason I asked the question—if I may be permitted to explain—is that the record since Confederation shows that whenever the majority in this House has been of the same political complexion as that of the majority in another place, this House has been independent and has done its finest work.

Hon. Mr. EULER: May I ask my honourable friend from Central Saskatchewan a question?

Hon. Mr. HAYDEN: There is a motion to adjourn the debate.

Hon. Mr. EULER: I know that. I was caught by a motion of that kind last week. What I want to ask my honourable friend is this: In the other House, when the Liberal Government desired to have those freight rates abrogated, was it not Liberal members who succeeded in having the rates preserved?

Hon. Mr. JOHNSTON: Yes.

Hon. Mr. HAIG: He said that.

Hon. Mr. EULER: So there has been independence in the other place as well as in the Senate.

On motion of Hon. Mr. Molloy, the debate was adopted.

PENITENTIARY BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 92, an Act to amend the Penitentiary Act, 1939.

He said: Honourable senators, I have asked the honourable gentleman from Vancouver-Burrard (Hon. Mr. McGeer) if he would be kind enough to explain this bill.

Hon. GERALD G. McGEER: Honourable senators, this bill offers amendments to the Penitentiary Act of 1939. That Act was passed after the report was received from the Royal Commission to investigate the penal system of Canada. The members of the Commission were the Honourable Mr. Justice Archambault, Chairman; R. W. Craig, K.C., a former Attorney General of Manitoba, and J. C. McRuer, K.C., of Toronto. The report was filed on April 4, 1938. The Act was to come into force by proclamation. It has not yet been proclaimed.

The purpose of the proposed amendments is to modify the terms of the 1939 statute with a view to facilitating implementation of the reforms and changes recommended by the Royal Commission's Report, which is now known as the Archambault Report on the Penal System of Canada.

The purpose of the first amendment proposed by this bill is to change subsection 1 of section 4, so that the commissioners who compose the Penitentiary Commission shall, like most other civil servants, be appointed to hold office during pleasure instead of for a term of ten years. Difficulty was found in getting men to act under an appointment for a period of ten years with no provision for pension. The amendments are deemed to be necessary not only to make the positions sufficiently attractive to the best type of men qualified to act as commissioners, but in order that the work of penal reform may be gone on with as rapidly and effectively as possible.

The second amendment provides that instead of all three commissioners being appointed at once, one or more may be appointed from time to time. In putting the 1939 Act into force and in implementing the recommendations of the Archambault Report, it was found that a good deal of preliminary work would have to be done. The Department believes that it would be better to appoint one commissioner to do this preliminary work prior to the determination and final setting up of the Commission.

The object of the third amendment is to include in the transfer of staff the employees of the Purchasing Agent's Branch, the duties of which relate entirely to penitentiaries.

The fourth amendment provides for the application of the Civil Service Act to the assistant commissioners and the staff of the Commission, and for the application of the Civil Service Superannuation Act to the commissioners as well as to the assistant commissioners, the staff of the Commission, and the staffs of the several penitentiaries.

The fifth amendment provides that in whatever year the Act is proclaimed, any appropriation for the Penitentiary Branch included in the estimates shall be available to the Commission, as though the Commission had been in operation when the estimates were passed.

The sixth amendment would change Section 84 of the Act so as to make it possible to bring any part of the Act into effect by proclamation. Section 84 as at present worded provides only that the Act as a whole may be proclaimed.

Section 2 of the bill really inaugurates the adoption of whatever part of the Archambault report is to become the permanent penal policy of the Dominion. In our post-war period we have to consider no more important phase of our national life than that involved in this report, which I believe is probably the plainest text-book that one can read on the criminal situation in any country.

The Commissioners who made that report were splendidly equipped for their work. Two of them now adorn the Supreme Court bench, one in Quebec and one in Ontario, and the third Commissioner, Hon. R. W. Craig, was one of the most outstanding Attorneys-General that the province of Manitoba ever had. Section 2 reads as follows:

> The said act is further amended by adding immediately after section four thereof the following:—
>
> 4A. The Governor in Council may appoint one or more commisioners mentioned in the last preceding section of this Act with authority, pending the coming into force of this Act,
>
> (a) to consider the several recommendations contained in a certain report of a Royal Commission to investigate the penal system of Canada made on the fourth day of April, nineteen hundred and thirty-eight—

That is the report to which I have referred.

> —other than those relating to the subject-matters referred to in subsection two of section five of this Act;

That subsection deals with certain incidental matters, such as remissions, exercise of the Royal prerogative of mercy, and the administration of the penitentiaries. Then follow these paragraphs:

> (b) to make inquiry, subject to the direction of the Minister, into matters relative to the aforesaid recommendations;
>
> (c) to report the results of such consideration and inquiry and to recommend to the Minister what is advisable or expedient to be done to implement the aforesaid recommendations; and
>
> (d) to perform such other duties as may be assigned by the Minister.

I have before me a list of the reforms that have been adopted and developed since that report was filed. The very nature of these reforms indicates something of the conditions which at that time existed in our penitentiaries. This, in part, is the list:

> A convict at present earns remission as from the date of admission instead of the seventh month of sentence as was the case previously. Remission is now allowed for holidays and also for periods of sickness. For purposes of remission, overlapping terms are considered as one.
>
> A thorough inspection of penitentiary industries has been made.
>
> Shaving and bathing of convicts have been made more frequent.
>
> A tomato canning factory is in operation at one penitentiary, the canned product being shipped to other institutions. Arrangements are also in effect to can other penitentiary-grown vegetables commercially at factories near to two other penitentiaries.
>
> More liberal visiting and writing privileges have been accorded to deserving convicts.
>
> Improved cell lighting has been installed wherever possible.
>
> Kitchens have been renovated and special ranges installed in practically every institution. Cleanliness and preparation of food are receiving careful attention.

In several penitentiaries young convicts are now trained in motor-mechanics, printing and book-binding trades and they are segregated from adults except for a minimum number of older keymen in those shops.

Practically all vegetables required in the penitentiary service are now produced on the penitentiary farms. During the war, surpluses totalling several million pounds were diverted to the military services and other government departments and these transfers are continuing as necessary.

Dairy herds have been established at two of the penitentiaries not previously so equipped and plans are nearing completion for an additional herd as soon as facilities are available.

Wardens are authorized to use waste material for demonstrational purposes in convict training.

Poultry raising is in effect at six penitentiaries.

Convicts are provided with lighters; convicts pay for flints only.

More convicts are being employed in industrial labour.

Officers' private cars now may be repaired by convict labour.

More schooling is provided for young convicts at St. Vincent de Paul penitentiary.

Mechanical dish washers have been installed in all penitentiaries, whereby utensils may be washed and sterilized.

The new Roman Catholic chapel has been completed and is now in use at Dorchester penitentiary.

The school room and library at Dorchester penitentiary have been remodelled and dividing movable partitions installed.

At Kingston penitentiary, segregation has been provided in the hospital for tubercular cases. Shower baths and additional plumbing have been installed.

A new temporary Roman Catholic chapel has been built at Collins' Bay penitentiary and the former combined chapel remodelled solely for use by the Protestant chaplain.

A bilingual censor was appointed at Dorchester penitentiary.

Wardens authorized to make minor charges to inmate's account.

Wardens empowered to grant letters concerning convicts business without reference to superintendent.

Contraband discovered on the penitentiary reserve is now forfeited to the warden and disposed of under instructions from the superintendent.

Radio news casts are now available to convicts in lieu of weekly newspapers.

Arrangements have been made for showing educational films of the National Film Board in all penitentiaries, monthly, except during the heavy farming season.

An improved system of selecting and purchasing library books has been introduced. Further advice is being sought from experts regarding library services.

A new and modern kitchen was opened at Collins' Bay penitentiary.

Penitentiary not required to correspond with superintendent re details of dental treatment provided at Kingston penitentiary.

Convicts are permitted to receive Christmas and New Year's cards from relatives.

Convicts are notified when letters or parcels are withheld by the warden under regulation.

Experts of the Department of Agriculture have visited penitentiaries and action has been taken on their advice to improve crop rotations, which is resulting in increased production by the use of newest varieties of grain. This is reflected in increased farm revenues.

Provision of additional farm equipment has resulted in cultivation of larger areas and enhanced production. The supplementary equipment also assists in maintaining weed control.

In order to provide farm instructors with the continuous services of experienced officer personnel, approval was obtained for the creation of positions of herdsman and fieldman entirely separate from the custodial or police staff.

With regard to the survey of government departments for industrial work; individual contracts have been made resulting in a large volume of war contracts and increased contracts for other non-war departments. With the end of the war, the contracts for war purposes have been eliminated. Investigation of the needs of individual departments is being continued with the object of furthering the development of penitentiaries' industrial facilities into the post-war period in producing for state use and providing opportunities for training inmates in useful trades.

Revenues from penitentiary production are higher than in the period reviewed in the Royal Commission's report. This is due to more industrial work and augmented farm production.

The sixteen-hour tour of duty of engineering and hospital staffs in order to obtain one day of rest in seven has been abolished.

The Protestant chapel of Kingston penitentiary was remodelled and redecorated.

The Protestant chapel of Dorchester penitentiary was rearranged and new furnishings provided.

An office was provided in the Roman Catholic chapel at Dorchester penitentiary to provide the chaplain with better facilities for interviewing prisoners in private.

The ventilation of cells in Dorchester penitentiary to overcome dampness has been attended to.

Correspondence courses are now provided in St. Vincent de Paul penitentiary at the expense of inmates, and prisoners are encouraged by the librarian to take these courses.

Inspections of penitentiaries were carried out by the Department of Pensions and National Health medical and sanitation experts, and their advice has been followed in reorganization along these lines where possible under present restrictions on buildings and equipment.

Arrangements have been made for individual cell cleaning at Dorchester penitentiary.

Basic increase of salaries under $2,100 has been granted, effective April 1, 1945.

Free movement exercises have been extended over a much longer period.

Physical training is given daily to convicts under supervision of a qualified instructor and approved group games are also permitted at St. Vincent de Paul penitentiary.

In alteration of penitentiary buildings now under consideration, plans are being made for a community hall for use of inmates at St. Vincent de Paul penitentiary.

Grading of exercise yard at Kingston penitentiary now provides excellent drainage, which permits exercising of convicts except under the most adverse weather conditions.

Detailed plans for the new kitchen were provided to Collins' Bay penitentiary to permit completion of the project.

Records of school attendance at Collins' Bay penitentiary show that the enrolment of pupils at present is several times higher than in 1937.

Increase in the number of work horses for farm purposes at Collins' Bay penitentiary has been unnecessary due to the purchase of additional farm tractors. Four tractors are now in operation compared with two in 1937.

The separate range of the hospital at Saskatchewan penitentiary has been closed off by a glass partition for the treatment of tubercular patients of the institution who can be given adequate treatment outside of the provincial sanatorium. This range has a southern exposure with the entire area glassed in.

Approximately 300 acres have been added in the last five years to the cultivated portion of Saskatchewan penitentiary farm. In addition, an area of over 400 acres suitable only for pasture has been devoted to this purpose in recent years in maintaining a herd of beef cattle to provide meat for rations.

Improved varieties of grains and vegetables have been seeded in recent years to learn those best suited to the soil and climate of Saskatchewan penitentiary. In the rotation of crops, the various soil formations are given consideration.

For several years Saskatchewan penitentiary has maintained a herd of beef cattle and plans are under way for a dairy herd to be established at this point within two years.

That, I repeat, is a partial list of the reforms which the Royal Commission recommended, and which have been adopted during the war period. But a number of major reforms still remain to be considered, and that is why it is important that section 4A be incorporated in the Act.

It may interest honourable senators to know something of the criminal situation in Canada today as compared with what it was the year immediately following the Royal Commission's report. I have taken the statistics for 1939 and 1943. They are as follows:

	1939	1943
Cases in Criminal Courts....	484,960	512,735
Indictable Cases.....	56,352	47,420
Conviction of Indictable offences	48,107	41,752
Admitted to all institutions..	78,076	63,074
Discharged, all institutions..	78,640	62,663

It will be observed that there is no material change in the criminal situation as shown by these figures, other than what might be expected normally to follow during the war years.

Hon. Mr. LEGER: Has the honourable senator any figures of the penitentiary population?

Hon. Mr. McGEER: I am just going to give those figures. It is to be expected, and statistics are already showing that there will be an increase of crime during the post-war period.

I shall now give some figures on the number of persons held in custody for the same relative years, 1939 and 1943.

People in Custody	1939	1943
Reformatories for males	3,337	3,249
Reformatories for females	720	848
Training schools	747	594
Common gaols	4,267	3,202
Total	9,071	7,893
Penitentiaries	3,803	2,969
Total in all	12,874	10,862

—The latest figure I could secure for 1945 shows that the number of people in penitentiaries is increasing, and is already up to 3,200; but that is less by 600 than in 1939.

I come now to the cost of administration. This is important, because upon the financial provisions depend the reforms that will be made. Despite the decrease in the number of prisoners, the cost of administration has increased from $87,920 in 1939 to $122,344 for 1946. The item for operation and maintenance has increased over the same period by $867,000—from $2,679,561 to $3,512,683. That is not a very large sum of money for the Dominion of Canada to be paying for the maintenance of its penal institutions.

The Archambault Commission recognized the need for a fundamental change, and the Commissioners in their recommendations brought to the fore, above all other things, the need for prevention of crime. In every consideration of penal systems there is great justification for giving the humanitarian side of the problem the deepest and most profound sympathy; on the other hand, there is no lessening of the need for giving serious and immediate consideration to the protection of society. The Archambault Commission at page 359 of its report makes these recommendations for the prevention of crime:

60. The appointment and discharge of police officers, whether federal, provincial, or municipal, and the administration of police departments should be entirely removed from the suspicion of political influence.

61. A definite system of training police officers along the lines now followed in Great Britain should be adopted in all provinces of Canada.

62. The interest of the public should be enlisted in an organized manner, having regard to the vital importance of the prevention of crime by reducing juvenile delinquency, and the assistance of social service agencies and churches and schools in co-operation with the home should be organized to this end.

63. The responsibility of the state for the financial support of community clubs, boys' and girls' clubs, and leisure time programmes should be recognized. They are a means of preventing or, at least reducing, juvenile and adolescent delinquency.

I have had some personal experience of the problem of policing in the city of Vancouver, and in my opinion we would do well to recognize the heavy burden that our present system imposes upon provincial and municipal

governments. Every city in Canada today is overwhelmingly burdened with taxes. I venture to say that not one among the larger cities of Canada is satisfied with the accommodation provided for its children and youth.

These recommendations should make every responsible citizen realize that if the tomorrows are going to be better so far as the problems of crime are concerned, they must be made better by providing now for our children and our youth. These recommendations come from three of Canada's most outstanding counsel, two of whom are now eminent jurists. The prevention of crime is to be found, in part at least, in the proper care of our children in the cities.

An Hon. SENATOR: Hear, hear.

Hon. Mr. McGEER: We had a tragedy here in Ottawa the other day when one of the finest members of the city police force was shot in cold blood by three youths who grew up in the capital city of Canada. The same sort of thing is happening elsewhere. Let me ask you this. What accommodation is there for a very large number of the youths of this city? There is no accommodation provided. The tragedy which I have mentioned is in part the result of such a condition.

I am very much disturbed about the tomorrows because, as a careful student of history, I cannot overlook what is being said today and contrasting it with statements made in the past. When men stand up and say "We have to begin to curtail expenses," we all agree with that statement in relation to some phase of activity; but when the remark is made as a general proposition it implies the conclusion that we are now so overwhelmed by debt that we have nothing for the expansion of reform or development programmes. I say that under the present distribution of revenues as between federal, provincial and municipal governments the cities cannot hope for a change in conditions.

The Archambault Commission recognize one phase of that problem, because under the heading "Centralized Control," at page 354 of the report they say:

1. The Canadian penal system should be centralized under the control of the Government of Canada, with the federal authorities taking charge of all the prisons in Canada, the provinces retaining only a sufficient number to provide for offenders against provincial statutes, prisoners on remand, and those serving short sentences.

2. An immediate conference between the federal and provincial authorities should be held with a view to obtaining the full co-operation of the provincial authorities in putting the recommendations of the Commission into effect.

The Dominion-Provincial Conference is now sitting, but on inquiry I find that the subject of juvenile delinquency and criminal reform is not on its agenda.

Another recommendation has been made which has to do with the establishment of schools for the training of penitentiary officers along the line of the courses at Wakefield, England. These recommendations of the Commission appear at page 355:

An outstanding prison authority from England, preferably Mr. Alexander Paterson, M.C., one of His Majesty's Prison Commissioners of England, should be invited to come to Canada to counsel and advise the Prison Commission on the reorganization of the prison system in order to give practical effect to the recommendations contained in this report.

After careful study of the penitentiary staffs by the Prison Commission, all hopelessly incapable officers should be retired.

The pay of officers should be brought up to a reasonable standard, having regard to the type of service performed.

A complete revision of the methods of classification of prisoners should be made, with provision for a thorough medical and psychiatric examination of prisoners.

All incorrigible and intractable prisoners in the penitentiaries should be segregated in one institution.

Separate institutions, based on the principles of the English Borstal System, should be established to permit of special treatment being given to young offenders between sixteen and twenty-one years of age. There should also be a classification centre and three grades in each unit, each grade to be separately located and not contiguous to another. Two units should be established at once, one in the province of Ontario, and one in the province of Quebec, with a further development of the scheme in the Prairie Provinces, the Maritime Provinces, and, in a modified manner having regard to the population, in British Columbia.

Then at page 358 of the report there is a series of recommendations under the heading "Amendments to the Criminal Code". These amendments have been recommended by the Canadian Bar Association for many years. I am not going to burden honourable senators with details, but shall only say that these are amendments which have been carried out to a considerable degree in England. One of the most effective, I believe, is the one extending the time for the payment of fines. However, the most important phase of this report is the proposal to centralize control and to put the responsibility for maintenance of law and order, the prevention of crime and the care of criminals on the shoulders of the nation, where it should be.

In my own city of Vancouver the police station was built some thirty-five years ago. It was cheaply constructed at the time and was not properly designed. To-day it is altogether inadequate to serve the city, which in

the meantime has had a large increase in population. My sympathies go out to the men on the police force there, because they work under heavy handicaps. The report shows that a similar condition exists in most of our cities. In Vancouver there is a unit of the Royal Canadian Mounted Police, a unit of the Provincial Police, and several other protective services of the different governments. I believe that one practicable solution for many of our present difficulties would be the establishment in Vancouver and in our other large cities of a central police headquarters, where the civic, provincial, and federal police forces would be co-ordinated. Working together, the three organizations would be able to develop and keep in operation a more effective system than we have today for enforcing law and maintaining order, and at the same time the total cost of this work would be greatly reduced. Here is what the Archambault Commission said on this matter. I am reading from page 342 of the report:

Your Commissioners are well aware of the difficulties to be overcome in such a consolidation, but they are also aware that many of these difficulties existed in England before 1877 and did not prevent consolidation. It is in the power of the Parliament of Canada to amend section 1056 of the Criminal Code, the Penitentiaries Act, and the Reformatories Act, to change the minimum term for which a convicted person may be sentenced to a penitentiary and to prescribe the nature of treatment to be given in federal institutions. Alternately, an agreement might be made between the Dominion and the provinces for the former to take over the administration of provincial penal institutions, paying compensation therefor, in order that persons committed to prison should be committed to federal institutions for terms of less than two years.

Your Commissioners are emphatically of the opinion that without this centralized control of penal institutions the best efforts in prison administration will be gravely handicapped and, in many cases, defeated. Until such consolidation is attained, your Commissioners hope that different provincial governments will co-operate with the federal authorities in establishing a system in provincial penal institutions that will follow as closely and uniformly as possible the system adopted in the federal institutions as a result of the recommendations contained in this report.

If I am not tiring the House I should like to make one reference to the results obtained in Britain, as set forth in the Royal Commission's Report, page 341:

In Great Britain, there existed before 1877 a wasteful chaos in the administration of the prisons. By the Prison Act of that year the ownership and control of all local prisons, with all the powers and duties relative thereto, were vested in the Secretary of State, the cost of their maintenance was transferred to public exchequer, and general superintendence, subject to the control of the Home Secretary, was vested in a Board of Prison Commissioners. The rule-making power of justices having passed to the Secretary of State, a new code of rules was issued in 1878 and, as from April 1 of that year, all the local prisons came for the first time under one single code and one central control. The report of the Gladstone Committee, which followed in 1898, was accepted by the Home Secretary as a further basis of development in prison administration, and the Prison Act of the same year, which resulted from this report, has remained the authoritative expression of parliamentary opinion on the subject. With the unrepealed portions of the Acts of 1865 and 1877 it forms substantially the legal basis of the present regime. As a result of these measures county jails were abolished, twenty-nine prisons were closed, and the consequent decrease in the number of inmates provided a great saving in the administration of the prisons. Moreover, it has made possible a tremendous decrease in recidivism because of the scientific treatment of prisoners and the uniform policy of the administration.

In England and Wales, with a population of approximately 41,000,000 people, there are now twenty-five prisons to which prisoners of all classes are committeed direct by the courts, and these are known as local prisons. Under the Penal Servitude Act there are also four prisons for men and one for women, one training centre, and one preventive detention prison. There are also six Borstal institutions for boys and one for girls.

In Canada, with a population of 11,000,000, there are twenty-two adult reformatories, seven penitentiaries, and 118 county jails.

During recent years public interest in penology has developed rapidly and, as stated previously, it has been more generally recognized that prisons are not merely places of custody and punishment but also places of reformation and rehabilitation.

We were able to finance war expenditures at the rate of five and a half billion dollars a year. How much money are we able to spend on the prevention of crime in our country through improving living conditions of children in our cities and through putting into effect the reforms that this magnificent report so ardently champions? No estimate has been made of what it would cost to carry out the recommendations made in the report, but I should say the capital investment would run anywhere from ten to twenty-five million dollars. In my humble opinion that investment would within a comparatively short period of time bring about a great improvement in community life in Canada, and as a consequence there would be a reduction in the amount of money required for the prevention of crime.

In Canada there are no Borstal institutions, but we have several provincial institutions that have done splendid work in caring for delinquent youths. I do not think we need have any fear about the criminal proclivities of Canadian youth or of our people in general. The magnificent record of Canada's young people justifies our confidence.

The implementation of the Royal Commission's report is one of the first steps proposed by the Minister of Justice for the post-war period, and in this undertaking what he desires more than anything else is the whole-hearted support of the public and of the members of both Houses of Parliament.

Honourable senators, I have much pleasure in offering these explanations of the proposed amendments.

Hon. JOHN T. HAIG: Honourable senators, I will not delay the House long. My honourable friend from Vancouver-Burrard (Mr. McGeer) has covered the subject—I will say, at least fully. My criticism of the bill is restricted to a proposed amendment which the honourable gentleman avoided explaining. I refer to clause 2, which adds a new section 4A to the Act. The other provisions in the bill are ordinary ones, but this section 4A is the strangest section I have ever seen in a statute. Its purpose is to authorize the Governor in Council to appoint one or more commissioners to investigate the report of the Archambault Commission. That Commission was the third to make a report on penitentiaries in Canada, but not one of the reports has ever been acted upon. True, the war broke out shortly after the passing of the 1939 statute, which was introduced a year or so after the filing of the Archambault report. The other night I listened with much interest to a debate in another place and heard an honourable member from the province of Quebec—from Stanstead, I believe—say that he had taken an active part in the work of the first of these Royal Commissions; and another honourable gentleman—from Muskoka-Ontario, if I am not mistaken—said his father was a member of that Commission.

As I say, this new section 4A would authorize the Governor in Council to appoint one or more commissioners to investigate the Archambault report. Where will that procedure end? After these men have been appointed and made a report, will new commissioners be appointed to investigate that report, and so on indefinitely?

I agree entirely with my honourable friend from Vancouver-Burrard (Hon. Mr. McGeer) that there should be greater public support of prison reform. But I am not so confident as he is that any prison reform will make better citizens of our young men and women. My experience of life has not been very long or wide, but I have seen bad boys and bad girls come from all kinds of homes. Boys and girls who always had lots of food to eat, plenty of good clothes to wear, and their own cars to drive, have ended up in the penitentiary alongside boys and girls who came from the poorest families, which could not afford to give them any of these so-called privileges.

What I want to impress on the House is that the main purpose of this bill is to provide for the appointment of one or more commissioners to investigate the Archambault Commission's report. We must have something better than that. The government of the day has got to put its back behind the report, whether its recommendations are to carried out by this or some other government. In my own province of Manitoba I know that many young convicts acquire their criminal proclivities from the older convicts. These youths must be segregated from the older inmates. Manitoba has gone quite a long way in the matter of policing. By agreement between the provincial and Dominion governments we use the Royal Canadian Mounted Police. The arrangement has been in effect for about fifteen years and has worked very satisfactorily.

An Hon. SENATOR: There is a similar arrangement in Saskatchewan, Alberta, Ontario and New Brunswick.

Hon. Mr. HAIG: I can speak only for my own province. I cannot see why this could not be done in our cities. I happened to be in the legislature of Manitoba when the agreement was made, and many persons predicted that such an arrangement would be almost unworkable, since one of the parties to it would become dissatisfied; but those predictions have proved to be ill-founded, and the agreement has been helpful to both the province and the Dominion.

I am in hearty accord with the purpose of the bill. It is at least a slight step in the right direction, but not nearly so far-reaching as my honourable friend (Hon. Mr. McGeer) would lead some of us to believe. I hope honourable members will, through the Minister of Justice, impress on the Government that we must either accept the recommendations of the Archambault Commission and try to carry them out, or else satisfy public opinion that nothing can be done to implement them. I cannot go as far as my honourable friend has gone, but I will go a long way with him to see that the Commission's report is carried out. While I shall vote for the bill, yet I wish it went much further than it does. I wish it empowered the new commission to carry out the recommendations contained in the report of the Archambault Commission; but all the bill does is to authorize the new commission to investigate our penal system.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Robertson, the bill was referred to the Committee on Banking and Commerce.

MAPLE SUGAR INDUSTRY BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill F7, an Act respecting the manufacturing, inspection and sale of maple products.

He said: Honourable members, I have asked the honourable senator from Kennebec (Hon. Mr. Vaillancourt) to explain this bill.

Hon. CYRILLE VAILLANCOURT: Honourable senators, the purpose of this bill is to protect the maple sugar industry, one of the oldest agricultural industries in Canada. Above all, it would prevent the adulteration of our maple products. Many tourists come to this country during the summer, and it gives them great pleasure to be served maple syrup or maple sugar. Unfortunately, in recent years hotels, restaurants or stores have sold a product called maple syrup, although it contained no maple sap whatever. This adulteration can destroy our maple market. Before the war other countries were buying Canadian maple products because buyers were sure to obtain a pure product which they could use in flavouring liqueurs, candies, ice cream, and so on. At that time, we were building up a fairly large market in the United States, Great Britain, France and elsewhere. Now that the war is over we must regain that market, and in order to succeed we have to protect this industry.

The consumer must be protected also. When buying maple sugar one must be sure that he or she is getting maple syrup, not a syrup made of cane sugar coloured with a small quantity of vanilla extract, to which is added 35 per cent of water. The substitute, which is not only adulterated but also contains no maple sap, is sold under a false name and usually at a fairly high price, and so the purchaser is cheated.

This bill is a revision of the present Act, and for the most part is for the purpose of clarifying its provisions. There are, however, three important changes:

1. Sections 3 and 5 are somewhat related. Section 5 of the Act requires that the names of all ingredients be shown on suitable labels covering products resembling or imitating maple products, but forbidding the use of the word "maple" on other than a pure maple product. This resulted in some curious trade names for artificial flavours; for instance, the well known Mapleine became Mapeline, and Mapleoil became Maypolol. Both spellings were ruled to comply with the requirements of section 5. The amending sections will provide for honest and properly descriptive trade names for artificial flavours and lists of ingredients on labels covering colourable imitations of maple products.

2. Subsection 3 of section 8 of the Act provides for the detention only of substances which it is believed are intended for the adulteration of maple products. It does not provide for the detention of products which it is thought are adulterated or that have been otherwise dealt with contrary to the provisions of the Act or regulations made thereunder. Paragraph (c) of section 7 amends this and gives the Department more scope in its administration of the Act.

3. Outlining the duties of the inspectors, subsection c of section 7 of the Act requires that in taking samples for analysis the inspector divide each sample into two approximately equal parts, sealing both, leaving one for the owner, operator or agent, as a check, and forwarding the other to Ottawa for analysis. Experience has shown that the check samples are very seldom used at all, and where samples are in small containers, as in the case of maple butter, it is impracticable to divide the sample, better to send forward the unbroken container. This is provided for in the new section.

Minor changes include: (i) Change in the title of the Act to Maple Products Industry Act, a more inclusive term, since all maple products are controlled under the Act; (ii) Sections 5 and 6 are combined; (iii) Definitions either under the same or similar names have been transferred from the regulations to the Act; (iv) The change in renewal date for licences was thought to be advisable since some small operators are undecided in December whether they will operate during the following season. The extra three months would give them more time to decide; (v) Voluntary registration of sugar orchards is dropped, as no requests for registration were received after the first year or two of administration of the Act; (vi) Sections 12 and 13 are combined. Other minor changes are of a purely formal nature dealing with phraseology and construction.

Now that honourable senators know the principle of the Bill, I may be allowed to give an historical survey of the maple industry in our country. It is one of the oldest agricultural industries in Canada. The first statistics for the whole of Canada date from

1851. The annual production was at that time around 13,500,000 lbs. of maple syrup. In 1944, the production was 40,000,000 lbs.

Four provinces produce maple syrup and maple sugar: Quebec, Ontario, New Brunswick and Nova Scotia. The province of Quebec produces almost 82 per cent of the total. This industry is very profitable to the producer because for a large number of farmers this is the "cash-crop" of the spring season. Taking the Dominion Bureau of Statistics figures, we estimate that in 1941, there were 39,270 farms with maple trees, and that 34,232,267 maple trees were tapped. In the province of Quebec, we find more than 25,000 producers of maple syrup; in Ontario, 12,000. The number of maple trees tapped in the province of Quebec is more than 21,000,000, while in Ontario it is 2,500,000.

The Indians, natural-born observers, must have discovered the value of the sap of the maple early. According to a legend related by Maud Going in "Our Field and Forest Trees", maple sugar was first made by Nokomis (the Earth), grandmother of Manabush, a popular hero of Indian tales and legends. Nokomis bored holes in the maples and placed a vessel under each. Manabush, finding that these vessels were filled with a thick syrup, went to his grandmother and said: "Grandmother, it is not good that trees should produce sugar in this way. If men can gather sugar so easily, they will become lazy. They must be made to work. Before obtaining the sugar they want, they must be compelled to chop wood and spend nights watching over the pots of boiling syrup." He said no more, but, fearing that Nokomis had not heeded, and that she would do nothing to prevent men from becoming lazy, he climbed to the top of a maple tree with a vesselful of water and poured the contents into the top of the tree, thereby dissolving the sugar in the maple. Since that time no thick syrup has run from the maple, but instead the sap contains about 1 to 2 per cent of sugar; sugar is now obtained only through work. This legend at least shows that the Indians knew something of sugar-making.

The primitive methods employed by the Indians in making maple products were quickly improved upon by the whites. Father Lafiteau wrote: "The French made much better sugar than the Indians who had taught them." Since the early days of colonization in this country the maple sugar industry has progressed in an amazing manner, particularly during the last 50 years. The wooden spout and the cork vessel have been replaced by convenient metal spouts and aluminum buckets.

In view of the adulteration of maple products resorted to by certain dealers, and with the desire to protect both themselves and the public, some Quebec maple sugar producers decided to form a co-operative society. Each member has to sign a contract undertaking to make his product pure, and under the most sanitary conditions. This society had its birth twenty years ago, and in the interval the quality of the maple products has been much improved. All we can do to improve the maple products industry will help the home farmers and encourage them, especially the maple sugar producers of Quebec to develop their industry. We will easily double the sale of maple products on the domestic market and instead of a revenue of $9,000,000 as in 1944, we could realize $18,000,000.

From the point of view of health, maple sugar products are among the most natural, healthy and sanitary of our foods. Indeed we may well term them Mother Nature's sweetest products.

Hon. Mr. ASELTINE: Honourable senators, if this bill is as good as the samples of maple sugar that were sent to us by the honourable senator who has just spoken, I am all for the bill.

Some Hon. SENATORS: Hear, hear.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Committee on Agriculture and Forestry.

The motion was agreed to.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY BILL

MOTION FOR SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 173, an Act respecting the Department of Reconstruction and Supply.

He said: Honourable senators, I have asked the honourable senator from Thunder Bay (Hon. Mr. Paterson) to explain this bill.

Hon. N. McL. PATERSON: Honourable senators, Bill 173 is an Act respecting the Department of Reconstruction and Supply. The purpose of the bill is to create a new department under the name mentioned, to which will be transferred the functions of the Department of Reconstruction and the Department of Munitions and Supply.

During the war the number of people engaged in war industry was 1,055,000, and there were 784,000 in the armed services, making a total of 1,839,000 whose duties were directly

connected with the war and would cease with it. Those 1,800,000 persons had been drawn from the natural increase of the population, from married and other women not previously employed, and from agriculture and other civilian industry. It was estimated that 600,000 would return to their former employment, that 300,000 would be absorbed by retirements and home occupation, and that the stored-up demand for civilian goods would provide employment for the remainder.

As the Government do not wish to go into industry to provide the necessary work—they believe it to be unwise—they wish this new department to encourage and facilitate the expansion of private industry for the absorption of workers by the following means:

(1) Contributing through international arrangements to the relief and rehabilitation of devastated countries.

(2) The maintenance and resumption of exports to our historic markets, and, as supplies and shipping permit, to the development of new markets.

(3) The reconversion, modernization and expansion of industrial capacity released from the war effort.

(4) The replacement and modernization of agricultural equipment and facilities for production and marketing.

(5) Providing for as large a housing programme as labour and materials will permit.

(6) Providing consumer goods to satisfy the deferred civilian demand.

The termination of war contracts will not affect all communities equally, and dislocations in the transition from war to peace cannot be avoided. Remunerative employment and income are provided for by the spending of money, and can be classified according to the channels through which the money flows, such as:

(a) Export trade for which the decision to spend is made outside the country.

(b) Private investment for plant, equipment and goods in stock, which is governed largely by prospective earnings.

(c) Consumption of goods, the volume of which is governed largely by income.

(d) Public investment in works for the productiveness of resources, and for the betterment of the people.

The Government proposes to use appropriate means to influence expenditures in all these channels, particularly those offering the greatest opportunities, encouragement and control.

The present strength of the Munitions and Supply Department is about 2,500 and of the Reconstruction Department about 300. By January 1, 1946, the strength of the combined Departments will be about 2,500, having been reduced by 300. By April 1 the combined staffs will equal approximately 2,000. During the war the maximum number of employees in the Munitions and Supply Department was 4,500.

For matters of reference, the original Munitions and Supply Act is to be found in R.S.C. 1939 (Second Session) Chapter 3, and amendments to this Act passed on the 7th of August, 1940, are to be found in R.S.C. 1940, Chapter 31.

Hon. S. A. HAYDEN: Honourable senators, there are one or two observations I wish to make as to the principle of the bill.

In some respects the bill, which is entitled "an Act respecting the Department of Reconstruction and Supply," is a most unusual one. The first few sections of the bill make provision for the establishment of the department named, for a minister who will preside over it, and for the transfer to it of employees, preserving to them their rights as civil servants, and so forth. Then there are several omnibus sections, which confer upon the Minister of the new department powers, rights, liabilities, and so on, already provided for under the Department of Reconstruction Act passed last year, and the Department of Munitions and Supply Act which originated in 1939 and was amended in 1940, 1943 and 1944. The bill then goes on and becomes what I call "a consolidated law amendment bill", and provides for amendments to the Department of Munitions and Supply Act.

In trying to arrive at the powers and functions of the new department one gets little information from this bill, and must read the Department of Reconstruction Act of last year and the Munitions and Supply Act of some years ago in order to learn what these powers and functions really are. That is one phase which I think is objectionable, and as to which there might be some improvement. Surely when a department of government is being set up it is possible to incorporate in the statute setting it up the duties, powers and functions of that department.

Then a greater source of difficulty so far as I am concerned arises in connection with the amendments to the Munitions and Supply Act which are contained in this bill. I find, for instance, that under the Department of Munitions and Supply Act provision was made for the re-negotiation of contracts by the Minister—that is munitions contracts. Honourable senators will recall that those provisions were discussed in committee some years ago, and that notwithstanding the fact that munition contracts provided for a fixed price, the Minister might afterwards

determine that the price was too high, or that unreasonable profits resulted from the working out of the contract, and he could then direct some reduction in the price.

I find that the amendments made by this bill to the Munitions and Supply Act change the original definition of "munitions contract" as it appears in the Act; and we now deal with "supply contracts" instead of "munition contracts". Those "supply contracts" are said to extend to and include contracts entered into under the Department of Reconstruction Act. They are therefore contracts for supplies that may be entered into by the Department of Reconstruction and Supply during the period of reconstruction following the war, and in relation to which, as well as in relation to contracts that originally came under the Munitions and Supply Act, the Minister is given that same power of re-negotiation and determination as to what is a fair and reasonable price.

It may well be, as a matter of principle, that in committee or in the Senate itself, we will decide that while it was reasonable to abrogate the ordinary incidences attached to a contract between two contracting parties during the period of the war, in the period of reconstruction the Department should be so familiar with supplies, contracts, prices and costs, that when they fix a contract price they will not afterwards require power to nullify the effect of the contract and to allow the Minister to determine what in his opinion is fair and reasonable.

It is true that the provision of the Munitions and Supply Act for an appeal to the Exchequer Court from the Minister's direction still remains effective under this bill. But that may give rise to some serious legal difficulty at a future date. The determination by the Minister of what is a fair and reasonable price is an exercise of discretion; and while there is a right to appeal his direction or order to the Exchequer Court, recent decisions on the effect of the exercise of such a discretion might open the door to serious question if some day a party to such a contract saw fit to go into the Exchequer Court. He might be confronted with a situation such as this: that while he was appealing a direction or order of the Minister, he would be unable to present for the consideration of the Court that part of the contract relating to the exercise of discretion by the Minister.

We further find that the bill provides for investigators, and confers on such of them as may be appointed by the Minister to investigate any circumstances in relation to any business of the Department, particularly as to supply contracts, powers specifically set out under the Munitions and Supply Act.

There are so many unusual features in this bill—unusual in the sense that we do not find any codification or an explicit definition of the powers, functions, and responsibilities of the Department—that we must go into other Acts, which are not being repealed in their entirety at this time.

There is bound to be confusion in any attempt to assess the full scope of the authority being conferred; and when you have a proposed continuance of the extraordinary power to abrogate contracts carried into the new Department, for the period of reconstruction at least, this measure becomes, from the viewpoint of the rights of the public, one of the most important measures that we have ever had before us. It is my opinion that the attention of the Senate should be called specifically to these provisions so that honourable senators will realize what an important duty they have to perform as and when the bill is considered in committee.

Some Hon. SENATORS: Hear, hear.

Hon. G. P. CAMPBELL: Honourable senators, I do not propose to take much of the time of the House discussing this bill. I agree that the bill is of such importance that it should be referred to committee, where honourable members will have an opportunity of expressing their views on certain sections.

The part of the bill that offends me most is the proposed new subsection (5) of section 13 of the Act, and I hope honourable members will give some attention to this before the bill goes into committee. The subsection reads:

> Notwithstanding anything in this section contained, the gross income from any business other than the performance of supply contracts carried on by any person during any period designated by the Minister for the purposes of subsection four of this section,

This is the important part—

> shall not, unless the Minister in his discretion otherwise specifically determines, be deemed to be greater than the gross income from the business carried on by the said person during the last period of like duration included in the standard period of such person as defined in or designated under The Excess Profits Tax Act, 1940.

I should not expect any honourable member to be able to interpret that subsection on the first reading of it.

Hon. Mr. McLENNAN: I was going to ask what it meant.

Hon. Mr. CAMPBELL: I took occasion to ask an honourable member of the other House, who is a prominent lawyer, if he

would interpret the subsection for me. After reading it three times he told me that he could not say what it meant. I will now try to state what I take it to mean. Assume that in the standard period a company was engaged in the manufacture of certain products used exclusively as civilian goods—farm implements, for instance—and that in 1939 its profit on those goods was $100,000.

Hon. Mr. ASELTINE: 1936 to 1939.

Hon. Mr. CAMPBELL: This subsection refers to any fiscal period. Let us say that in the last year of the standard period the company made $100,000 profit on the manufacture of civilian goods. Then assume that in 1944 it made $200,000 profit on civilian goods and $100,000 on war goods supplied under a contract. Unless the Minister otherwise directed—and, with all due respect, I doubt that he would do so—the $100,000 profit made on the manufacture of civilian goods in 1944 would be lifted over to the profit made on the war supplies contract. That is, profits on civilian goods manufactured for and sold to the public would be treated the same as profits on goods made for war purposes. If that is so, and if this subsection is passed in its present form, there will be established a statutory finding in place of a factual finding. According to the practice today, parties engaged in the manufacture of both war goods and civilian goods present their accounts showing the profit made on each class of goods. Surely it is possible to determine by proper accounting methods what profit is made with respect to any particular contract. What I say is that this subsection seeks to make a statutory finding to the effect that the taxpayer or person who earned that profit is deemed to have earned a profit equal only to that made during the standard period, irrespective of what he did in fact make during a period of 1944.

Hon. Mr. HAYDEN: It is a statutory limitation.

Hon. Mr. CAMPBELL: It is a confiscation of the company's profits on civilian goods, which profits the company has made by finding its own markets, without any help whatever from the Government.

I submit that such legislation should not be passed without the most serious consideration of honourable members of this House. When the bill goes to committee, people who are interested in it will no doubt be able to submit a number of illustrations to show how it would work. I will not delay the House longer. I simply say that in committee the bill should be most carefully considered in the light of facts then available.

Hon. J. J. BENCH: Honourable senators, I find myself very much in agreement with what has been said by the two honourable gentlemen from Toronto (Hon. Mr. Hayden and Hon. Mr. Campbell), but the section of the bill which is more repugnant than any other to my sense of what is proper is section 12, which is designed to amend section 22 of the Department of Munitions and Supply Act. This section received only passing notice from the first of the two honourable gentlemen from Toronto who spoke on it (Hon. Mr. Hayden). May I just read the section and then comment on it briefly? I trust that the whole background of this type of governmental procedure will be probed very carefully when the bill goes to committee; and I certainly hope to be present at that time, for there are a lot of questions that I want to ask about it. Section 12 reads:

Subsection one of section twenty-two of The Department of Munitions and Supply Act, as enacted by section eleven of chapter eight of the statutes of 1943-44, is repealed and the following substituted therefor:

22. (1) The Minister may, whenever he deems it expedient, cause an inquiry to be made into and concerning any matter relating to or incidental to or arising out of any supply contract as defined in section thirteen of this Act or any group or series of such supply contracts or any dealings in or with munitions of war or supplies—

May I just say, in parenthesis, that if honourable members will examine the definition of "supplies" they will find it includes almost everything but the kitchen sink—and I am not sure that it does not include that. The subsection goes on:

—and may appoint a person or persons by whom the inquiry shall be conducted.

(2) Subsection three of section twenty-two of The Department of Munitions and Supply Act, as enacted by section eleven of chapter eight of the statutes of 1943-44, is repealed and the following substituted therefor:

(3) An investigator shall have all the powers—

Not responsibilities, but powers.

—conferred on commissioners by sections four and five of the Inquires Act—

Those sections of the Inquiries Act, may I say, empower a commissioner to send for witnesses, to require their attendance, to put them on oath and so on—

or which may be conferred on commissioners under section eleven thereof and may in writing authorize any Royal Canadian Mounted Police officer or constable, or any police officer or constable or other person employed for the preservation and maintenance of the public peace, to-

gether with any other person named in such writing, to enter and search, if necessary, by force—

Hon. Mr. LEGER: At the point of a gun.

Hon. Mr. BENCH (reading):

—any building, receptacle or place, for books, records, documents or things which may contain or give information required for the purposes of the inquiry, and to seize any books, records, documents or things and carry them before the investigator or such other person as the investigator may direct, to be held at the discretion of the investigator for the purposes of the inquiry.

Hon. Mr. McLENNAN: They can look into your hollow tooth, if they want to.

Hon. Mr. BENCH: That is not all they may do, I can assure the honourable senator.

I draw the attention of the House to the explanatory notes on the page opposite to section 12 in the bill:

Section 12 is designed to replace subsections (1) and (3) of section 22 of The Department of Munitions and Supply Act, which read as follows—

I will not read subsection (1) but will go on to subsection (3):

An investigator shall have all the powers of a commissioner under Part I of the Inquiries Act.

That is how subsection (3) now reads. The explanatory note goes on to say:

The proposed new subsections are intended (a) to clarify the scope of the section.

Hon. Mr. HAYDEN: There is no doubt about that.

Hon. Mr. BENCH: Honourable senators, I can understand what is meant by "the powers of a commissioner under Part I of the Inquiries Act." My submission is that that wording requires no clarification whatever.

The note goes on to say that the proposed new subsections are intended:

(b) to cover situations where it might not be apparent at the outset of an investigation what specific supply contracts were involved.

That is clearly an open admission that this section is to be used for the purposes of a departmental fishing expedition. It seems to me that Parliament would be going a very long way if it clothed any minister—I was about to say if it clothed any government, but Parliament would be going farther if it clothed any minister—with these powers.

Hon. Mr. LEGER: It is an investigator who is given these powers, not the Minister.

Hon. Mr. BENCH: The proposal is that the Minister shall be authorized to pass on to an investigator powers to engage in a fishing expedition by searching the books and records of a man's business in order to see if there is any evidence of impropriety in dealing with contracts for supplies.

Hon. Mr. LEGER: And force may be used, if necessary.

Hon. Mr. BENCH: And, as the honourable gentleman points out, force may be used if necessary. Moreover, in addition to using force, the investigators may search records in any place, including the office of the contractor's solicitor, thereby violating a privilege that from time immemorial has been regarded by the law of this country as inviolate.

Hon. Mr. ASELTINE: And he may retain the records indefinitely.

Hon. Mr. BENCH: Having got the records, the investigator may retain them indefinitely. In a matter of this kind one hesitates to refer to personal experiences, particularly when they are of a professional character, but I want to mention a recent personal experience, where the action of a public official reached, in my judgment, an all-time high in Star Chamber methods. In April a company's books—not one, but several—were seized and an investigation was made by a gentleman who was described, and I have no doubt correctly, as being an inspector for the Foreign Exchange Control Board. That inquiry to all intents and purposes was terminated some time in July. Then under another enactment by the Governor in Council another inspector seized the records all over again. Some of them had not even been returned to the company by the Foreign Exchange Control officer, and the new investigator took them over from him. So the ground was disked and harrowed again, and so far as I know it is still being disked and harrowed. In the meantime a large portion of the records of these companies and individuals remain in the possession of the agents of the Government.

While there may be reason for the Government to carry on the investigation to which I refer, it does seem to me that the subject should have some rights in matters of this kind, and that he should not be denied access to his ordinary business records for eight, nine or ten months at the whim of some gentleman who has received a letter over the signature of the Minister of Reconstruction.

I was dealing with the explanatory note to subsection 3 of section 2. It is paragraph (c) and reads:

To make it clear that an investigator may employ professional and technical assistance, which has been found often to be essential,—

I am not sure whether part I or part III of the Inquiries Act empowers commissioners appointed under that Act to employ professional help. If part I does so, then the matter is already taken care of under section 22 of the Department of Munitions and Supply Act and there is no need for this amendment. If it is not taken care of under part I of the Inquiries Act, I do not recall anything stipulating for the employment of professional and technical assistance in this amendment, unless it be that of the Royal Canadian Mounted Police or some other police officer.

Finally, it is explained that this section is intended:

To enable the investigator to take prompt steps where there is reason to believe that delay may permit the destruction or concealment of evidence.

I suggest, honourable senators, that long before the outbreak of war, and certainly long before 1945, the Government found it necessary from time to time to carry on investigations and to gain possession of the books, records, files, and so on of our citizens; but with the one possible exception of the Excise Act, there is to my knowledge no provision in any statute which clothes a gentleman designated by the Minister or anyone else with the power of conducting a Star-Chamber inquiry such as seems to be contemplated by this proposed section.

Our supreme duty as senators is to protect the rights of the individual subject, and before we sanction this type of legislation I sincerely trust that we shall go over it with a fine-tooth comb and be fully satisfied of the necessity of departing from long-established principles of law, and—what shall I say?—

Hon. Mr. ROEBUCK: Common sense.

Hon. Mr. McGEER: Justice and freedom.

Hon. Mr. BENCH: Yes, common sense and Canadian justice and freedom. I repeat, I hope that before we depart from these principles honourable senators will scrutinize this legislation very carefully indeed.

Some Hon. SENATORS: Hear, hear.

On motion of Hon. Mr. Haig the debate was adjourned.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill G7, an Act for the relief of John Graham Gatehouse.

Bill H7, an Act for the relief of Gertrude Violet Kerwin Desjardins.

Bill I7, an Act for the relief of Winifred Madge Jones Brown.

Bill J7, an Act for the relief of Winnifred Catherine Bird Jackson.

Bill K7, an Act for the relief of Archibald John Pratt.

Bill L7, an Act for the relief of Mary Theresa Sharp Mackay.

Bill M7, an Act for the relief of Edith Elise Holbrook Hume.

Bill N7, an Act for the relief of Amy Helen Bowerman Hume.

Bill O7, an Act for the relief of Mary Anderson Bell Gordon.

The bills were read the first time.

GOLD PRODUCTION IN CANADA

DISCUSSION

The Senate resumed from Thursday, November 15, the adjourned debate on the notice of Hon. Mr. McRae:

That he will call the attention of the Senate to the development of our gold resources, and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly in the employment of labour, the establishment of new communities and the importance of gold in taking care of our foreign obligations.

Hon. GUSTAVE LACASSE: Honourable senators, I do not wish to speak at length on this subject of gold production which, like many mines, has been almost exhausted. In fact, I adjourned the debate two weeks ago more because I was anticipating that some honourable gentleman who was not here at the time might wish to add something to this already most interesting discussion than because I had much to say myself on the subject.

Although the purpose of the motion of my honourable friend from Vancouver is mainly, if not entirely, to stimulate gold production, and to solve in corresponding measure the problem of imminent unemployment and bolster our financial strength in so far as our foreign obligations are concerned, perhaps I may be permitted to wander a bit from the subject matter, as has more than one honourable gentleman participating in the debate. The few remarks I shall venture to make will therefore concern the small investors and the Canadian public in general in connection with such undertakings. I shall try, however, not to throw too much cold water on the enthusiasm of those who spoke before me and those whom they may be representing.

Nobody will deny that never since the mad rush of the Klondyke days were the people of Canada stormed as much as they are to-day and induced by all kinds of means, legitimate

and not so legitimate, to invest in gold mining ventures. Too many gullible persons of the get-rich-quick mind are taken advantage of. I am even informed that certain more or less scrupulous brokers have classified lists of prospective biters, to whom, with the candid co-operation of our telegraph and telephone companies, they send periodical messages, always calling for more and more money, with the promise of early and most substantial returns. Much has been said, although not in the course of this debate, about such sharks, who are more interested—for their own benefit—in digging silver out of the pockets of well-meaning but altogether misinformed investors than in actually digging gold from the ground for the benefit of the country.

I even know of instances where newspaper obituaries are carefully scrutinized by investment pedlars at so much per cent, in order to take advantage of whatever insurance money is left to bereaved wives and mothers. It is against that type of money-mad agents that I raise my voice to-day, and I submit that the law should make such greedy exploitation more and more difficult, if not altogether impossible.

Hon. Mr. McGEER: Hear, hear.

Hon. Mr. LACASSE: It should always be honestly emphasized by all concerned that mining investments are a form of gambling and, morally speaking, permitted only to those who can afford it. Well do I recall the cries of horrified indignation which greeted the suggestion in this very House a few years ago, that sweepstakes be made legal in Canada. True, a distinction must be drawn as between investing in gold mines and betting on horse races. But who will deny that, in both cases, it is gambling? I repeat, none but those who can afford to should risk their hard-earned money in such speculative ventures. I for one have always believed in the principle of earning an honest living by the sweat of my brow and by putting in an honest day's work. The artificial and fast-vanishing fortunes built on boot-legging in Ontario and elsewhere a few years back, in the days of the O.T.A., convinced me that I was not altogether wrong.

My conclusion therefore is that while gold production should indeed be encouraged, at the same time the public should be protected as much as possible from unscrupulous exploiters.

On motion of Hon. Mr. Lambert, the debate was adjourned.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, November 29, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 178, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1945, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read a second time?

Hon. Mr. ROBERTSON: Next sitting.

WAR CHARITIES BILL

CONSIDERED IN COMMITTEE—PROGRESS REPORTED

On motion of Hon. Mr. ROBERTSON, the Senate went into Committee on Bill 13, an Act to amend the War Charities Act, 1939.

Hon. Mr. Sinclair in the Chair.

On section 1—"War Charity Fund":

Hon. ANTOINE J. LEGER: Honourable senators, as I requested yesterday that this bill be referred to the Committee of the Whole, perhaps I may be permitted to say a few words in connection with it. I made the motion because of certain discussion which had taken place in a committee of this House, and which I am not privileged to disclose, and in order to give honourable members of the Senate a chance to discuss the merits of the bill.

My objections to this bill are: First, in my humble opinion it is just another control placed upon the endeavours of well-meaning and well-intentioned citizens towards the commemoration of glorious deeds by the erection of monuments; second, I contend that this bill is neither necessary nor desirable; third, when it is argued that this bill is to prevent fraud, I contend—and it is so—that the subject is well covered under the Criminal Code; fourth, if its purpose is to have contributions counted as charity, that matter can easily be

taken care of by the Income Tax Act without this kind of regimentation; fifth, I claim that the bill is an infringement to section 92, subsection 13, of the British North America Act, inasmuch as it deals with property and civil rights within the provinces. This last is my main objection. I have no doubt at all, and I could cite authority for my opinion, that this bill is absolutely ultra vires of this Parliament and infringes upon the rights of the provincial legislatures.

Hon. Mr. ROBERTSON: Honourable senators, as I understand it, the amendment before us purports to extend the authority of the War Charities Act to any public fund having for its object the erection of a war memorial. I am not in a position to argue the question whether the War Charities Act as a whole is ultra vires of the Parliament of Canada. It seems to me to be debatable whether campaigns for war charity funds should be regulated by Parliament or by the provincial legislatures. On that point I have an open mind. But the fact is that since 1939 a large number of campaigns have been regulated under the War Charities Act. If in due course it is deemed desirable to discontinue operation of the Act for the reason suggested by the honourable senator from L'Acadie (Hon. Mr. Leger), well and good; but I suggest that in the meantime it would be unfortunate if people contributing towards the erection of war memorials were not given the same protection as those who have contributed to other war charity funds.

Hon. Mr. HAYDEN: Honourable senators, may I for a moment develop the question as I see it? The War Charities Act of 1939, like the War Measures Act, was passed at a time when we were in a state of emergency due to the war. Persons conducting campaigns for public subscriptions to war charities were required to register under the War Charities Act. Non-registration was made an offence, and there are penalty sections whereby those sponsoring, promoting or making such solicitation without registration may be summarily prosecuted and fined.

As I understand the question, it is not whether the original Act was constitutional when it was passed, but rather the narrower one of whether at this time—now that we have emerged from the war period—Parliament would be within its constitutional powers in enacting such a measure. That seems to me to be the important question, and I submit we should not just idly and without due consideration pass amendments to a statute which we might feel was not now constitutional.

This does not mean that people who want to go out and solicit funds for war memorials cannot do so. Nor does it mean that we cannot pass this amending bill. But it does seem to me that if we made the registration under the War Charities Act voluntary instead of compulsory, and did away with the penal sections, we would accomplish everything desired by this bill and by those who may be soliciting funds, because their main purpose is to get money as quickly and in as substantial amounts as possible. The one inducement they have to offer, if you are contributing to a cause registered under the War Charities Act, is that you may make a deduction from your taxable income within the limits of the 10 per cent which the Income Tax Department will recognize as a deduction by individuals for charitable purposes. Of necessity those who intend to appeal for funds would voluntarily register their scheme or plan in order to stimulate the necessary interest and to assure a speedy flow of subscriptions. But I do suggest that it is open to serious question whether at this time the Act in its present form, with the compulsory registration and penal provisions, is constitutionally within the authority of the Parliament of Canada to enact.

Hon. Mr. HAIG: Mr. Chairman, I have a great deal of respect for the honourable gentlemen who have just spoken. But there is a little more than the income tax feature in this question. If there is fraud in the collection of money for a charity fund—and a war memorial would be so designated—you could of course take proceedings under the Criminal Code. I speak with some personal experience, for in our city before this Act was in operation we had difficulties about this very thing. But another development has taken place in our city and, I believe, in other cities. Formerly you could have a tag day whenever you wished; now, under provincial legislation you cannot hold a tag day in Winnipeg unless you get the consent of the city council.

An Hon. SENATOR: You do not need that for a war charity fund.

Hon. Mr. HAIG: I know you do not. But you do have this feature, that without compulsory registration, as my honourable friend from Toronto has just said, frauds can go on just as gaily as ever. You had better have either no registration at all or complete registration, one or the other; otherwise it would be difficult to tell whether a charitable plan was registered or not.

Hon. Mr. CALDER: Would not the Criminal Code take care of that?

Hon. Mr. HAIG: It failed in Winnipeg. We could not make it stick.

Hon. Mr. CALDER: Was it through lack of evidence?

Hon. Mr. HAIG: It is very hard to furnish proof of fraud. The promoters who open a subscription for what is ostensibly a war charity may say, "We spend 75 per cent of the subscriptions on our campaign." The Act allows only 25 per cent.

Hon. Mr. HAYDEN: Supposing the compulsory feature remains and the plan or scheme is registered, how much stronger position would you be in to prosecute under the Criminal Code for fraud in the handling of the moneys collected? I do not think you would be in any stronger position. But there is a provision in the present statute that you can prosecute—unless, of course, the court should hold that the Act was ultra vires.

Hon. Mr. BENCH: Would it be easier to prosecute under the Act than under the Criminal Code?

Hon. Mr. HAIG: I think it would be much easier.

Hon. Mr. HAYDEN: The prosecution would not be for failure to register, because the plan would be registered.

Hon. Mr. HAIG: No, the prosecution would be based on the way in which the funds were handled. You agree to spend not more than 25 per cent on the campaign. We were told the other day that there have never been any prosecutions under the Act. The resistance in this House to this provision is made on the basis that the whole country is desperately against regimentation. You will find that to be the feeling all over Canada. I entirely agree with that resistance.

Hon. Mr. FARRIS: Have you considered the constitutional aspect?

Hon. Mr. HAIG: We did the other day in committee. I quite agree with my honourable friend from L'Acadie (Hon. Mr. Leger) that if you prosecute the constitutional question does arise. But, first, you have the fact that the promoters have to submit the plan for approval by the board. Then, secondly, there is the provision that the income tax release will apply if the plan is registered. If I make a contribution, and ask for a receipt, anticipating that there will be an income tax release, I may find at the end of the year that I do not get my release because the scheme was not registered. Then I am up against it; I am allowed no deduction from my income tax. There is no way you can get an income tax release unless the plan is registered in advance. I am sorry to take this position, but I must say quite candidly that an appeal for a subscription to a war charity is something entirely different from a general business transaction. When you ask people for contributions for charitable purposes there is always a hearty response. Unless there is some protection to the public I am afraid frauds will be committed, and there will be great difficulty in securing convictions. I think we ought to pass this bill. If the House feels the whole bill should be rejected, well and good; then we will discuss it on another ground. But if we are going to retain the bill as to certain things, then I think we should proceed.

Hon. Mr. CAMPBELL: How does my honourable friend interpret the words in paragraph (c) "designated by regulation as a war memorial"?

Hon. Mr. HAIG: We have struck that out.

Hon. Mr. HAYDEN: We struck out everything after the words "war memorial."

Hon. Mr. HAIG: Yes.

Hon. Mr. CAMPBELL: Assuming a municipality decides to erect a library as a war memorial, and desires to register it under the provisions of this bill so as to be able to collect funds, am I correct in my interpretation of the section that if the department in charge of the administration of the Act refused to designate the library as a war memorial, then the municipality would be unable to so register it under the Act?

Hon. Mr. HAIG: The first amendment suggested in committee was to strike out all words after "war". Then the question which you have just raised was brought up, and we put the remainder of the clause in so that types of memorials, such as libraries, recreation centres and hospitals would be designated. If it was intended to go beyond that it would be necessary to apply for permission.

Hon. Mr. CAMPBELL: Is it not true the projects would have to be designated by the department in charge of the administration of this bill?

Hon. Mr. HAIG: No. There would be a general designation.

Hon. Mr. HAYDEN: No. It has to be a particular designation.

Hon. Mr. HAIG: That would be so if you wanted a particular designation, but there would be a general classification.

Hon. Mr. HAYDEN: No. Any general regulation is taken out of the bill.

Hon. Mr. HAIG: No, that was not the intention.

The Hon. the CHAIRMAN: The amendment before the committee is as follows:

Page 1, line 22. Leave out the words "or is of a class that has been designated by regulation as a class of war memorials."

Hon. Mr. HAIG: The intention was that the board should give a list of what could be regarded as war memorials. Special permission would be necessary to go outside that list. That is the intention of the amendment.

Hon. Mr. CAMPBELL: The point I am making is that any municipality would be entirely dependent upon a department of the Government, or the Government itself, to designate a certain class of building or park as a war memorial. It seems to me that municipalities have a certain amount of understanding as to the requirements within their borders. A municipality might wish to erect a skating rink, and if it was obliged to comply with all the provisions with respect to registration, control over collections, and so forth, it would not be in a position to exercise its own judgment as to the type of memorial to be erected.

Under the provisions as they now stand, a municipality could not possibly collect the funds or register under the Act unless it complied with the wishes of the department and the regulations designating the type of building or park as a war memorial.

Hon. Mr. HAIG: My memory is that the committee designated what buildings and other things were to be considered as war memorials. If you complied with those designations you would be within the Act; if you went outside of them you would have to secure special permission. The further provision "or as designated by regulation," was cut out at the request of the honourable member from Ottawa.

Hon. Mr. FARRIS: I have not got these amendments before me. Have they been printed?

The CHAIRMAN: They appear in the Minutes of yesterday.

Hon. Mr. CRERAR: As a layman, there is one point that interests me. I think it can be assumed from the expressions of opinion by some honourable members who belong to the legal profession, that in normal times the enactment of this legislation would be beyond the competence of Parliament.

Hon. Mr. CALDER: Will the honourable member allow me? There would be one exception. To a very large extent the purpose of this legislation is associated with the payment of income tax. All will agree that that is correct. If one contributes toward certain charities then a deduction on income is allowed.

Hon. Mr. CRERAR: It appears to me in respect to that point that this legislation goes a little farther. If a community desires to mark its appreciation of the services of men from that community who enlisted and served in the war, and it proceeds to open a subscription list and collects funds to build a memorial of some kind, it is breaking the law and is liable to a penalty if it does not first get permission from Ottawa.

Hon. Mr. LEGER: That is right.

Hon. Mr. CRERAR: I think that is correct. That is not a question of income tax at all. The matter of whether or not the Income Tax Department would allow the deduction of subscriptions for the construction of a war memorial is another matter. If it is desired to provide for such deductions, it could be done by a very simple amendment to the Income War Tax Act. If I make a subscription to a church, hospital or any charitable organization the law permits me to claim certain deductions or allowances when I make my income tax return.

May I come back to my original point. If this type of legislation is beyond the competence of Parliament in normal times, as I believe it is, since property and civil rights are matters of provincial jurisdiction, under what authority does this legislation seek to operate?

Hon. Mr. LEGER: I would say none.

Hon. Mr. CRERAR: It may be said that we have passed the time of war emergency legislation, except for such measures as may be necessary to the maintenance of stability in the price level. The peace, order and good government of Canada are not threatened, as I see it, by anything these amendments seek to guard against. For that reason I should like some of my honourable friends of the legal profession to explain at just what point we pass into the normal state, when such powers as these cannot emanate from this Parliament. That is a very pertinent point, because there may be looming up here an issue involving the whole field of federal and provincial jurisdiction.

I am speaking as a layman, perhaps out of an abundance of ignorance; but I do not like, for the mere sake of centralizing power in Ottawa or with the federal Government, to

see steps taken that may threaten the constitutional relationship between the provinces and the federal Government.

Hon. Mr. CALDER: Honourable senators, the honourable member who has just spoken has raised a legal question. I should like to raise a similar question, because I am not certain of my ground. The discussion so far indicates that the main purpose of this law is to provide for deductions from income tax.

Hon. Mr. HAYDEN: No. May I answer that question now? As a matter of fact, the right to make such deductions is contained in the Income War Tax Act, not in this bill. The bill requires the registration of plans and so forth.

Hon. Mr. CALDER: Yes; but is it not so, that in order that the Income Tax department may make the deductions, it is first necessary to provide measures to control charities? I understand that deductions are allowed on all charities that are created under this Act. Is that true?

Hon. Mr. HAIG: Yes, that is correct.

Hon. Mr. HAYDEN: Yes.

Hon. Mr. CALDER: Assuming that to be correct, the simplest way to deal with the matter would be to embody the principle of this bill in the Income Tax Act itself. Surely the Government would have constitutional authority to do that without infringing on provincial rights. There is no question of the right of Parliament to pass the Income War Tax Act with all its provisions. If it is desired to make provision in that law for the deduction of any part of income, surely Parliament has the necessary power. If those deductions must be controlled in a certain way, surely there is a right to provide for that in the Income War Tax Act? That is the point I should like to have answered.

Hon. Mr. HARDY: As I understand it, and according to my own experience, the Income Tax department has an almost absolute right to include any charitable fund in the class entitling the taxpayer to exemption from tax on subscriptions up to ten per cent of his income. There was a certain matter in which I was interested, and the department, after a little study, ruled that donations would be exempt from tax. A similar ruling could be made here. But, as was pointed out by the honourable leader opposite (Hon. Mr. Haig), there are other questions to be considered, such as fraud and various other criminal offences. There are two distinct sides to this proposed amendment.

Hon. Mr. HAIG: That is correct.

Hon. Mr. CALDER: But surely fraud is covered by the Criminal Code.

Hon. Mr. FARRIS: As to the point raised by the honourable senator from Saltcoats (Hon. Mr. Calder), there is no doubt that the object of the Income Tax department would be fulfilled by a ruling that tax exemption would be allowed only if the fund was registered. But this bill, as I understand it, goes further than that, and says that if you do not register your fund you cannot collect subscriptions. That is entirely outside the object and purpose of a taxing statute.

There are features of the bill that I find somewhat perplexing. I was unavoidably absent from the committee meeting, and offhand I cannot understand why words designating a class were struck out, for it seems to me it would have been desirable to have them in. Now that the constitutional question has been raised, I think the Senate should not be asked to vote without further consideration. I therefore move that the committee rise and report progress and ask leave to sit again.

Section 1 stands.

Progress was reported.

The Hon. the SPEAKER: When shall the committee have leave to sit again?

Hon. Mr. ROBERTSON: Monday next.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY BILL

DEBATE POSTPONED

On the Order:

Resuming the adjourned debate on the motion for the second reading of Bill 173, an Act respecting the Department of Reconstruction and Supply.—Hon. Mr. Haig.

Hon. Mr. HAIG: Honourable senators, I am obliged to ask the House to let this stand. I have been busy all day long and have not had a minute to study the bill.

The Order stands.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second readings of the following Bills:

Bill G7, an Act for the relief of John Graham Gatehouse.

Bill H7, an Act for the relief of Gertrude Violet Kerwin Desjardins.

Bill I7, an Act for the relief of Winifred Madge Jones Brown.

Bill J7, an Act for the relief of Winnifred Catherine Bird Jackson.

Bill K7, an Act for the relief of Archibald John Pratt.

Bill L7, an Act for the relief of Mary Therese Sharp Mackay.

Bill M7, an Act for the relief of Edith Elise Holbrooke Hume.

Bill N7, an Act for the relief of Amy Helen Bowerman Hume.

Bill O7, an Act for the relief of Mary Anderson Bell Gordon.

The motion was agreed to, and the Bills were read the second time, on division.

AERONAUTICS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 19, an Act to amend the Aeronautics Act.

He said: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Campbell) to explain this bill.

Hon. G. P. CAMPBELL: Honourable senators, briefly stated, this bill is designed to clarify and extend the powers of the civil aeronautics board known as the Air Transport Board. The original Aeronautics Act, the framework of the law relating to aviation in this country, was passed in 1927, but the board was not constituted until 1944, when Part II of the Act was passed. The 1944 legislation, which was discussed here at some length, vested in the board power to conduct hearings, grant licences, and generally to set up an organization to keep abreast of aeronautical developments throughout the world, and to advise the minister in charge of the department. Formerly applications for licences to fly planes on specified air routes had to be made to the Board of Transport Commissioners. That body is given by the Railway Act much broader powers than the Air Transport Board possesses.

The Air Transport Board has not yet been functioning for a full year. It has set about the establishment of an organization comprising a research department, an aeronautical engineering department, and an economic developments department for surveying rates, tariffs and general economic conditions affecting air transportation. The board has also kept itself informed on air traffic in other countries. In setting up its organization the board has avoided duplication by utilizing the regional and field services of the Department of Transport, which is responsible for safety regulations and technical standards.

The trend of the legislation is to create within the department an organization to deal exclusively with transportation by air. As

honourable members are aware, under the Railway Act and the Transport Act the department exercises similar jurisdiction over transportation by land and water

The bill itself is short and simple, and I will run over the various sections in order to give honourable senators an indication of what is proposed. The amendments for the most part concern part II of the Act which was passed last session.

Section 3 vests further powers in the board. For instance, it gives the board jurisdiction over all commercial air operations, whereas formerly its authority extended only to commercial services engaged in the transport of goods and passengers. Honourable members no doubt have seen aeroplanes trailing advertising signs over public gatherings. These will come under the amendment, which is designed to cover all air operations for hire or reward.

Section 4 empowers the board to relax the regulations. Cases have arisen in which the board found it would be contrary to the public interest or would work unnecessary hardship on certain classes of air carriers, such as chartered planes, to insist on full compliance with the regulations. The amendment will provide flexibility similar to that prevailing in the legislation of other countries.

Section 5 deals with penalties. The maximum is increased from $1,000 to $5,000. When presenting the bill in another place the Minister explained that a fine of $1,000 would be altogether inadequate, because the board would be dealing chiefly with substantial corporations. The court's power to cancel licences has been deleted from this section. It was felt that the board is better qualified to decide questions of cancellation.

Section 6 provides for control over free and reduced-rate transportation. There was some discussion in the other House as to whether members of Parliament should not have free transportation.

Hon. Mr. ASELTINE: Is there any appeal from the decision of the board on the cancellation of a licence?

Hon. Mr. CAMPBELL: There is an appeal to the Minister; and on points of law and jurisdiction, to the Supreme Court of Canada.

Section 7 is amended with respect to the application of the principle of public convenience and necessity to certain non-scheduled services. Under the Act a person could get a licence from the Air Transport Board only on the grounds of "public convenience and necessity", following the phraseology of the Railway Act and the practice set up both under

that Act and the Transport Act. The board in the light of its experience during the last few months has learned that in certain cases, such for example as chartered services, it is impossible for the applicant to prove public convenience and necessity; these services could only be regarded as being more or less for private convenience.

Section 8 is amended so as to enable the board to issue a licence before an operating certificate is obtained. Under the Act no licence can be issued until certain conditions have been complied with. It has been found that persons desiring to start up in the aviation field might have to secure a licence before they could arrange their financing and get their planes. Under this amendment a licence may be issued, but operation cannot be started until an operating certificate is obtained.

Section 9 gives the board power to suspend, cancel or amend licences. At present no such power is vested in the board, although I believe it was argued in the other place that probably as a matter of law anybody charged with the responsibility of issuing licences could, on violation, suspend or cancel them. This amendment removes any uncertainty in this respect.

Section 10 is amended by changing the penalty for operating without a licence from $1,000 to $5,000, to bring it in line with the penalties section to which I have already referred.

I do not think, honourable senators, that I can add anything further by way of explanation. I assume that if the bill is given second reading it will be referred to one of our standing committees, where those in charge of the administration of this board will be available for questioning.

Hon. Mr. HAIG: When the Aeronautics Act was before us in 1944 I objected to subsection 8 of section 9, on the ground that the right of appeal should be to somebody else than the Minister. I still object to this subsection.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Committee on Railways, Telegraphs and Harbours.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. W. M. ASELTINE, Chairman of the Committee on Divorce, presented the following bills:

Bill Q7, an Act for the relief of Leopold Levesque.

Bill R7, an Act for the relief of Myrtle Elizabeth Fraser Bennett.

Bill S7, an Act for the relief of Sylvia Pamela Solomon Lande.

Bill T7, an Act for the relief of Annie Kandel Ashkanazy.

Bill U7, an Act for the relief of Rose Acomsky Bloom.

Bill V7, an Act for the relief of Ethel Meakings Downs.

Bill W7, an Act for the relief of Evelyn Isabel May Ramsay Jarvis.

Bill X7, an Act for the relief of Arthur John Frederick Temperton, junior.

Bill Y7, an Act for the relief of Myrtle Ann Westover Coleman.

Bill Z7, an Act for the relief of Marie Gertrude Owens Conant.

Bill A8, an Act for the relief of Louis Humble.

Bill B8, an Act for the relief of Sarah Silverstone Michelin.

Bill C8, an Act for the relief of Roderick Auguste Robert de Lotinbiere Harwood.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read a second time?

Hon. Mr. ASELTINE: Next sitting.

GOLD PRODUCTION IN CANADA

DISCUSSION

The Senate resumed from yesterday the adjourned debate on the notice of Hon. Mr. McRae:

That he will call the attention of the Senate to the development of our gold resources, and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly in the employment of labour, the establishment of new communities and the importance of gold in taking care of our foreign obligations.

Hon. NORMAN P. LAMBERT: Honourable senators, in adding a word or two to the discussion on this resolution I wish to refer to a phase of the subject which so far has not been touched upon. My excuse for so doing is afforded largely by the remarks of the former Minister of Mines and Resources (Hon. Mr. Crerar), who extended the scope of the resolution to the whole mining industry of Canada.

My interest in mining, directly or indirectly, is very definitely limited to the possession of a rather modest sized packet of papers labelled "Cats and dogs," representing the varied fortunes of organized groups of gentlemen in their search for gold. But what I wish to discuss this afternoon is silver, the rather anaemic sister of gold. Silver may be fittingly described at the present time as a sort of Cinderella of the mining industry. I hasten to assure honourable members that I do not intend to inflict on them any monetary theories, such, for example, as the relative merits of bimetalism and monometalism.

Since the rise in the price of silver in New York last September from around 44 cents to 71 cents an ounce, there has been an increasing interest in this precious metal, and a lively discussion in the United States for and against advancing the price still higher. The statutory limitation there is $1.29 an ounce, and representatives from the silver-producing states have been urging the authorities at Washington to advance the price to this maximum. The reason for this is that there has been a very marked decline in both production and the accumulated supply of silver all over the world. To illustrate this condition one has only to mention that in 1939 the United States had an accumulation of silver amounting to something like 3,200,000,000 ounces; the latest available figures indicate present holdings of something like 250,000,000 ounces, a decline between 1939 and the present time of approximately 3,000,000,000 ounces.

The price of silver in London and Bombay, two of the world's chief markets, is higher than the price in New York as of October this year. Today in London silver is quoted at eighty-three cents an ounce, while the Bank of India in Bombay is quoting $1.31 per ounce. In view of the wide spread in value, and the world scarcity of silver and its effect on Canada, an increasing amount of interest should be taken in the subject by the members of this honourable Chamber.

Silver production in Canada in 1939—I take my figures from a statement prepared by the Division of Economics, Bureau of Mines, Ottawa—was almost 24,000,000 ounces. The latest available figures show a decline to a production in 1944 of 13,627,000 ounces. The reduction in volumne in Canada as represented by these figures is in keeping with the decline in supply that is taking place all over the world, and is due to such factors as lack of labour and a price for silver which does not enable the smaller operators to engage profitably in the industry.

Hon. Mr. LAMBERT.

Since the wide difference was established between the price of silver in New York and the price of silver in Canada there has been a good deal of discussion in Ottawa by certain officials and those interested in silver mining, in the hope that the Canadian price of silver might be advanced to the New York price. It should be pointed out that the price of silver in Canada for some years past has been around forty cents—41·4 cents. I think the price for fine silver is generally quoted at something less than forty cents per ounce.

In addition to what I have already mentioned, the maintenance of a price ceiling by the Wartime Prices and Trade Board has had an effect on the silver industry in Canada as compared to other countries. That control applies to various products of the silver industry in Canada, such as sterling silverware, minted silver, silver nitrate for use in the photographic film industry, scientific equipment, fountain pens, pencils, jewellery, medical and pharmaceutical preparations, and some miscellaneous chemicals. The domestic demand for silver, in my opinion, has not been proportionate to the total production, and therefore the ceiling has, during the past three months, prevented the price of silver in Canada from rising to that of the New York market.

May I quote some figures to support that theory. In 1940 there were 23,833,000 ounces of silver produced in this country, of which 19,000,000 ounces were exported, leaving for domestic use approximately 4,500,000 ounces. The last figures recorded for 1944 show a total production of 13,627,000 ounces, of which 6,000,000 ounces were exported, leaving a balance of approximately 7,660,000 ounces, which evidently were consumed by the combined demand of the Mint and local industry. In the last few years there has been an increase in the amount of silver consumed in this country compared to the total production. In view of the advance in the price of silver on the world markets that fact should be recognized.

I do not wish to suggest or imply a note of criticism about the policy of the Wartime Prices and Trade Board. I have discussed the matter with officials of that organization and others who have been closely in touch with the negotiations recently going on among the silver mining producers, and the Metals Controller. I have recently learned that in the very near future there will be an adjustment made whereby silver producers, particularly the smaller operators, will be able to get a price for silver equivalent to that paid in New York today. It should be said that

the operation of the silver industry in Canada under the present control has resulted in five large producers supplying the bulk of the silver needed in Canada; and that through export permits the same producers shipped the surplus of their product to New York, where they get a higher price. In other words, in the year 1944 roughly 6,000,000 ounces were exported to New York, while 7,600,000 ounces were used at home. The situation whereby large producers are able to refine the silver needs of this country, results in many small producers being unable to conduct their operations profitably. The bulk of silver comes from such mines as Consolidated Smelters, Hudson Bay Mines, International Nickel and Noranda. In these mines silver is a by-product of base metal or gold. As I have intimated, these companies have the advantage of refineries and really make the bulk of their revenue out of the other metals which they refine, namely, gold, lead, zinc, copper and so on.

With the shortage of silver the world over, and the increase in price that has taken place outside of Canada, it has become necessary to have more data and information on the silver situation in Canada. I think it is important that any feeling or suspicion that hoarding has existed should be immediately offset, and, in concluding my remarks I should like to make a definite suggestion that the Government consider answering four questions which I shall now put:

(1) What amount of silver is being held in Canada at present by the Dominion Government and by private companies, and for what purposes is it proposed to be used?

(2) How much new Canadian silver was used in Canada during 1944 and 1945 for the minting of coins, and what price was paid per ounce to the producers?

(3) What are the estimated requirements of silver for minting of Canadian coins during 1946, and what are the estimated requirements for other purposes in Canada during 1946, and for what purposes will it be used?

(4) What reason is there for the sudden advance in Canadian consumption of silver during the past year?

I have attempted to get some answers to these questions by dissecting and analyzing the best figures obtainable from the Department of Mines and Resources, but the answers have not been at all definite. Now that the situation is being improved by the proposed advance in price, I think our officials should see that it is made impossible for Canadians to hoard supplies of silver, or traffic in it outside this country. I am assured by officials of the Wartime Prices and Trade Board that there has been no undue accumulation or so-called hoarding of supplies of the white metal in Canada, but whether that statement is based upon any actual physical check-up, I do not know. At any rate I think it is worth emphasizing now that every possible step should be taken to prevent profiteering.

In conclusion I should like to refer to the situation that existed in Canada in 1923-24. which was, as many honourable senators will remember, somewhat similar to the situation of to-day. Canada's dollar was selling at a discount of about 20 per cent in New York. The then Minister of Finance, Right Honourable Mr. Fielding, undertook to pay Canadian producers of gold in Canadian funds rather than in New York funds. A large deputation, including Englishmen. Americans and Canadians waited on the minister and pointed out to him how seriously Canadian producers would be injured if they were denied the right to sell gold at the world price. Much stress was laid on the fact that such a policy would prevent the flow into this country of capital for the development of gold mining. Upon further consideration the minister reversed his policy and directed that payment should be made to Canadian producers at the market price. I submit that there is good reason why the present Minister of Finance should follow in relation to silver the precedent established by his illustrious predecessor some twenty years ago with respect to gold. The result of such a course would be a useful stimulation of silver mining in Canada.

On motion of Hon. Mr Murdock, the debate was adjourned.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Friday, November 30, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

INCOME AND EXCESS PROFITS TAXATION

REPORT OF COMMITTEE

Hon. W. D. EULER presented and moved concurrence in the second report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder.

He said: Your Committee recommend that authority be granted for the printing of 400 additional copies in English of the proceedings of the Committee.

The motion was agreed to, and report was concurred in.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third readings of the following Bills:

Bill G7, an Act for the relief of John Graham Gatehouse.

Bill H7, an Act for the relief of Gertrude Violet Kerwin Desjardins.

Bill I7, an Act for the relief of Winnifred Madge Jones Brown.

Bill J7, an Act for the relief of Winnifred Catherine Bird Jackson.

Bill K7, an Act for the relief of Archibald John Pratt.

Bill L7, an Act for the relief of Mary Therese Sharp Mackay.

Bill M7, an Act for the relief of Edith Elise Holbrooke Hume.

Bill N7, an Act for the relief of Amy Helen Bowerman Hume.

Bill O7, an Act for the relief of Mary Anderson Bell Gordon.

The motion was agreed to, and the Bills were read the third time, and passed.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY BILL

SECOND READING

The Senate resumed from Wednesday, November 28, the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 173, an Act respecting the Department of Reconstruction and Supply.

Hon. JOHN T. HAIG: Honourable senators, this is a bill to create a Department of Reconstruction and Supply. When I read the bill I expected that, as in any other piece of legislation for such a purpose, I should find described in detail the powers of the proposed department and how it is to be set up and administered. But I could find nothing more than a reference to an earlier statute, the provisions of which are to be changed in certain respects.

I may say quite frankly that on first perusal I did not understand some sections at all, particularly the section having to do with the adjustment of profits; but after hearing the honourable member from Toronto (Hon. Mr. Campbell) explain it the other day, I think I do understand it now. In my opinion the draftsman should be asked to set out all the powers that are to be exercised by the department. In short, the bill should be in plain language that anybody can understand.

This bill—and I say it in all kindness—is undoubtedly drafted by a man who, by reason of the powers he has exercised during the past six or seven years, is fundamentally a dictator. Nobody but a man with a dictatorial mind would ever countenance a bill like this. One can readily understand that when creating the Department of Munitions and Supply it was necessary to give it wide powers so that it could get things done at once. That was a wartime necessity; but to-day there is no reason why a dictatorial principle should be continued in our legislation.

One or two things within the scope of this bill should be brought to the attention of the Senate. Under the direction of the Department of Munitions and Supply houses for veterans are now being built in my own city of Winnipeg, and, I am credibly informed, in other of our cities, such as Montreal, Toronto, Halifax, Vancouver, Regina, Saskatoon, Calgary and Ottawa. There is a strong sentiment throughout the country that we should do all in our power to get rid of slum conditions in our cities, and with this I entirely agree. A commission investigating conditions in Winnipeg found that 75 per cent of the hospitalization cases originated in an area covering about one-sixth of the whole city. That is a slum area. I say this not to deride my own city, but to point out the dangers inherent in slum conditions. The general opinion is that the veterans' houses now being built in Winnipeg will create another slum area in five years, if not sooner. I understand there is a similar prospect for this class of housing in our other cities. I submit that such a state of affairs should not be allowed to continue. It is no answer to say that returned soldiers must be provided with homes and these hastily built houses are better than none. I would remind honourable members that the West is a cold country—though not quite so cold as the people of Ontario, British Columbia and the Maritimes would lead the world to believe. However, it is cold enough, and for that reason we who live there need good houses—not extravagantly built, but of sufficiently solid construction to protect us from the cold. These veterans' houses have no cellars and no arrangements for heating. I freely admit that in early days we had to get along without many conveniences, but we always had a cellar where vegetables could be kept. The houses being built by the Department are flimsy, and it is as sure as anything can be that in a few years they will be dilapidated.

Another very unsatisfactory thing is the department's priority order reserving all building materials for its housing scheme. As a result, all over Canada hundreds of houses whose construction was begun by private builders cannot be made ready for occupancy. I may be told, "Oh, yes, Mr. Haig, but these cheap houses are for soldiers, whereas the houses you are talking about, costing $5,000, $6,000 or $7,000, are for rich people." In every city there are people needing houses. If six or seven hundred new houses were completed, they would accommodate that number of families.

Hon. Mr. EULER: May I ask a question? My honourable friend stated that these houses are to be built without cellars. Is that specified?

Hon. Mr. HAIG: I do not know about the specifications—

Hon. Mr. EULER: I am merely asking for information. Why does my honourable friend assume the houses will have no cellars?

Hon. Mr. HAIG: Because they are being built in that way. Contracts have been let for four hundred such houses to be built in the city of Winnipeg. Honourable gentlemen from Montreal can tell you how many houses are being built in that city.

Hon. Mr. HARDY: Without cellars?

Hon .Mr. HAIG: Without cellars.

Hon. Mr. HARDY: There are some houses being built outside Ottawa, I notice, with foundations three or four feet high. I saw the excavations. I cannot say that cellars are to be built, but foundations were being put in.

Hon. Mr. HAIG: Two types of houses are being built. One type does not come under this bill, but if the House will permit me I will refer to it. That is the type being put up by the Department of Veterans Affairs in certain areas outside cities, each house occupying at least half an acre of land. It is likely some of these houses to which the honourable gentleman refers.

Hon. Mr. HARDY: I think it is. They have considerable land around them.

Hon. Mr. HAIG: There must be half an acre of land. These houses are being built outside the city of Winnipeg too. I have been criticizing the poorer class of dwelling erected by the Department of Munitions and Supply.

Hon. Mr. ROBERTSON: Under agreement with the municipality.

Hon. Mr. HAIG: Under agreement with the municipality. They are building one or two hundred in the north part of Winnipeg and approximately the same number in the south part. When you suggest to people that this kind of house should not be built they immediately ask you: "Where will the homeless families go? Where will they sleep?" That is not a good argument, because in five years' time, as I have said, these houses will have created slum areas. They are a cheap kind of shack, similar to what the early homesteader built at a cost of $10. I can remember the time when shacks like that had sods on the roof.

Hon. Mr. COPP: The municipalities will be equally responsible with the Government.

Hon. Mr. HAIG: That is a different matter. The municipalities do nothing more than give the land.

Hon. Mr. ROBERTSON: There is an agreement between them and the Government as to the type of building.

Hon. Mr. HAIG: That does not justify the spending of all this money by Canada. The municipalities are desperate, but that is no excuse for putting up cheap-jack houses, tying up supplies and stopping the construction of other houses already under way. I know of new houses in the city of Winnipeg whose windows have been nailed up for three months. On some of them construction was started last spring.

I do not think the housing problem will be solved by this type of construction. The tenants will try to get into a better place very soon—they could not get worse—and they will move out and leave the houses on our hands.

There is one other question under this bill. Why is it that the Bird Construction Company has the contract for the building of all these houses in Winnipeg?

Hon. Mr. BUCHANAN: Mass production.

Hon. Mr. HAIG: There is no mass production in house building. One might excavate cellars by the use of modern machinery, but it takes so many men and so much material to build a house. A great many builders in the city of Winnipeg have been building houses, to my personal knowledge, for thirty years. There is no reason why they should be denied a contract for five or ten houses. The Bird Construction Company is a good enough company, but it has been erecting big buildings, such as the Swift Canadian and the Canada Packers packing houses in Winnipeg.

Hon. Mr. EULER: The price might have something to do with it.

Hon. Mr. HAIG: I do not think the price had anything to do with it.

Hon. Mr. ASELTINE: The price is high enough. The houses cost about $5,000.

Hon. Mr. LAMBERT: Does my honourable friend not think that the points he is now raising are more relevant to another bill than to the bill now under discussion? I do not wish to be critical, but I think my honourable friend is entirely out of order.

Hon. Mr. HAIG: I am not sure about that. This bill creates a new department, which will be responsible for building the kind of houses I have been criticizing.

Hon. Mr. LAMBERT: I do not think you are in order.

Hon. Mr. HAIG: I am very much in order. This bill deals with the very subject I am discussing. I admit that I was out of order in answering the question asked by my honourable friend from Brockville (Hon. Mr. Hardy). I am entitled to say what will happen in the future under this legislation.

Hon. Mr. HOWDEN: May I ask if building restrictions in Winnipeg do not apply to the situation to which my honourable friend refers.

Hon. Mr. HAIG: We have building restrictions in Winnipeg, but as to area only. The cost of building has increased 40 per cent since those restrictions were put on. These houses built by the Department would not be permitted in a number one district, such as that in which I live. They are being built in number three or number four districts. The 40 per cent increase in the cost of construction is due in part to the high cost of building materials and labour.

This bill should be revised and made to state definitely what is intended to be done. One is shocked by the remarks of the honourable gentleman from Lincoln (Hon. Mr. Bench) and the honourable gentleman from Toronto (Hon. Mr. Hayden) on some of the provisions contained in this bill. I could not accept as readily as did my honourable friend from Lincoln the legal implications of this bill. Our country is not at war any longer. I hope, although I am at times not sure, that we are through with war. We should not give by legislation the powers that are contained in this bill. For instance, my honourable friend from Toronto referred to the vesting of investigators with almost unlimited authority. The present tendency is, as honourable members on both sides know, to give too much power to the Cabinet and to take away power from Parliament. That tendency would be strengthened by the passing of this bill.

In my opinion the bill should be sent to committee and completely revised. I hope the present Minister of Munitions and Supply did not give instructions for drafting the bill in its present form, and that the reason why we see it in this form is that the draftsman did not want to take time to include everything that should have been included. We ought to be careful about the powers that we give to any minister under any conditions.

I do not need to go over the clauses in detail. I acknowledge the contribution made by three honourable senators opposite on Wednesday, including the analysis of the legal effect of certain clauses.

I am very much opposed to the Government going into the building of houses, and I am afraid the bill continues that policy. In this country it might be necessary for the Government to lend money to the municipalities for the building of houses that could be let to people with low incomes. That would be a better method than the building of houses by the Government itself. Personally I would prefer to see a better standard of wages that would enable the people to pay for their own shelter, food and clothing and other reasonable amenities of life. But if that cannot be done—and apparently we have not the courage or the ingenuity to do that—and if public money must be used to build houses for rental at low rates, they had better be built by the municipalities, who are the authorities closest to the people.

I would certainly vote to let the bill go to committee, but I hope the Minister will come there and say, "I want you to revise the bill in the way that you think will be in the best interests of Canada, regardless of what may have been suggested by my department." If that attitude were taken the bill could be extensively amended so as to become a credit to the Minister, his department and the whole country.

Hon. Mr. COPP: In order to obtain some information, may I ask a question of my honourable friend? I have always understood that it was at the request of the municipalities that the Government entered into the building of houses. Am I wrong in that?

Hon. Mr. HAIG: At first the municipalities suggested the Government should lend them money to build houses, but the Government refused. At least, that is my understanding. Then the Government prepared plans for a certain type of house and said, "We will build that type."

Hon. Mr. COPP: Does my honourable friend say that in building houses the Government was not responding to a request from the municipalities?

Hon. Mr. HAIG: The Government said, "There is the house we will build." It is a standardized house of four rooms. I am subject to correction on that; in some instances the house may have five rooms. It has no cellar and no furnace. The Government said to the municipalities: "We will build that type of house in blocks of one hundred at a cost of so much, if you will furnish the land and accept a certain sum of money every year in lieu of taxes."

Hon. Mr. COPP: And the municipalities said "All right"?

Hon. Mr. HAIG: What else could the municipalities say?

Hon. Mr. ROBERTSON: They did not have to ask for these houses.

Hon. Mr. HAIG: The municipal authorities were harassed by people seeking a place to live, and there was no alternative to acceptance of the Government's offer. The city of Winnipeg, for instance, would have built houses with the money that the Government is spending on construction there. The city tried to get the right to do what the Government is doing, but it was refused. In Toronto, Montreal and Ottawa you will find the same thing is true. The people who want to see our cities rid of slums are up in arms about these Government houses. But consider the predicament of a mayor and the members of his city council. Here are returned soldiers demanding living accommodation, and none can be found. Then along comes the Government and says: "We will build houses of this type. You can take them or leave them." Now, I ask my honourable friends opposite, what would they do if they were on the city council? I say they would do just what the various city councils have done—accept the Government's offer. But the people of Canada would not approve of the Government's action, if they knew the facts.

Hon. Mr. ROBERTSON: From his knowledge of the situation in Winnipeg, will my honourable friend say definitely that the city council asked the Government for money, but that its request was turned down, and it accepted these Government houses under protest?

Hon. Mr. HAIG: The Government's offer was at first rejected, and was only agreed to after a long struggle between the different elements in the council. The municipality finally agreed to ask the Government to build one or two hundred houses—originally it was one hundred, I think. As I say, there was a long struggle before the council came to this decision, and the matter was never put to a vote in the city. If it had been, it would not have carried.

Hon. Mr. ROBERTSON: It is the municipalities' fault, is it not, if they accept something they do not like?

Hon. Mr. HAIG: No. It is the Government's fault, for building that kind of house.

Hon. Mr. ROBERTSON: They did not have to accept the Government's offer. They could have built the houses themselves.

Hon. Mr. HAIG: No; they did not have the money.

Hon. Mr. ROBERTSON: They have credit, haven't they?

Hon. Mr. HAIG: Before the city council could start building houses it would have to pass a bylaw and submit it to the people. And the people would have voted against it, because they believe that after things settle down there will not be jobs for all the temporary residents who moved into the city during the war, and that they will have to go back where they came from. Personally, I believe the people are right in this.

To my honourable friend the leader of the Government (Hon. Mr. Robertson) I will say this: You are a young man and you will live long enough to see these houses become a dead loss to Canada. You will also live to see terrible anger displayed at the conditions that have been created in our cities by the building of these houses.

Hon. WISHART McL. ROBERTSON: Honourable senators, at the moment I am not in a position to reply to the criticism of the powers that are given to the Minister or anyone else by this bill. I am confident that if any such criticism is expressed in the committee, the Minister or accredited officials of his department will be able to make a reasonable answer to it. Therefore I shall refer no further to this point now.

I do want to say a word, though, about this constant hammering at the Department of Munitions and Supply for having embarked upon a programme to provide houses for returned men in the shortest possible time. During the war period many cities had a great influx of people—I know this was true of Halifax—and houses of a temporary nature were built to accommodate them. Then as soon as the war ended various municipalities asked the Department of Munitions and Supply

to build houses, and great insistence was laid upon the need for building them expeditiously. The Department responded to this request. I do not know whether the houses that have been built were properly designed, or whether they were too cheap, or whether they should have contained more conveniences, but I understand that housing accommodation has had to be provided in a hurry to meet the virtual emergency that exists today in many of our cities because large numbers of veterans and their families have no roofs over their heads. The cities did not have to ask the Department to start this building programme, although, as was said by the honourable leader opposite (Hon. Mr. Haig), they were under pressure to do something to satisfy the demand. But whatever was the motive, and even if some city councils in their wisdom took action of which the majority of their people disapproved, I do know that other municipal councils have asked the Department of Munitions and Supply to build houses. The Department has undertaken the work only when so requested. That being the case, I ask honourable members to bear in mind that the Department has issued priority orders only to the extent that it needs building materials for veterans' homes. My honourable friend would seem to intimate that every foot of lumber and every bit of other building material was or will be pre-empted under this bill. That, honourable members, is not so. Thousands of houses other than those under construction by the Department are being built.

Hon. Mr. HAIG: How much hardwood can you get?

Hon. Mr. ROBERTSON: I do not know any of the details, but I can say that private builders are erecting thousands of houses. True, if in a particular case you have to choose between the housing need of a veteran and that of a civilian, the civilian must await his turn. For my part, honourable senators, I am heartily in favour of the veteran having the first chance, and I am surprised to hear the honourable leader opposite taking any other stand. Surely the men who have risked their all for us overseas should have the first preference for the housing of themselves and their families! It is the duty of those who stayed at home to provide them that accommodation. It may be that the kind of house now being built for their use will not last for a long time, and that the architects should have designed a more or less permanent type.

Hon. Mr. HORNER: Many of the houses that private builders want to erect are also for veterans, but their construction is held up because of the priority given to the Government housing plan.

Hon. Mr. ROBERTSON: That is quite true, but, as my honourable friend is well aware, there is no way of deciding whether the houses that private builders want to erect are or are not for veterans. It may be, as the honourable leader opposite has said, that the Department's type of house is not properly designed, that it should have six instead of five rooms, and so forth. I know nothing about that, but I do know that the Government housing scheme is a practical and reasonable attempt to give the men coming back from overseas an opportunity to get a cover over their heads, and I applaud the action of the Government, even if—as I am told—these houses will not last as long as other types that might be erected. Certainly if you start to build a larger class of house the cost must go up.

On the general question as to the powers contained in the bill, I am sure honourable senators do not desire to give any greater powers than are necessary to carry on the Department's work efficiently, and I think we can safely leave the committee to decide what is proper in that respect.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the Bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. BENCH: As honourable senators will appreciate, several rather important legal aspects of this bill will require consideration in committee. Those of us interested in the matter are trying to work out a solution that would meet the requirements of the Government and at the same time satisfy some of the objections raised in this Chamber. That is not altogether a simple task, and it will take probably two or three days to put the amendments into draft form. Then after discussion with the officers of the department concerned we might considerably expedite the work of the committee. Consequently I would respectfully suggest to the honourable leader of the Government and the chairman of the Banking and Commerce Committee that the committee defer consideration of the bill until next Thursday. I may add that I have heard it is the desire of some interested parties to make representations before the committee in respect of this legislation.

Hon. Mr. ROBERTSON: As far as lies in my power I shall be only too happy to accede to the suggestion of my honourable friend.

Hon. Mr. LAMBERT: May I ask the honourable senator from Lincoln (Hon. Mr. Bench) if in his praiseworthy effort to draft suitable amendments to the bill he is availing himself of the services of the Parliamentary Counsel of the Senate? I assume some time would be needed for this work.

Hon. Mr. BENCH: I may tell the honourable gentleman from Ottawa (Hon. Mr. Lambert) that the Parliamentary Counsel has been consulted. Certain suggestions have been made to him as to appropriate amendments, and he has intimated to me that it will take him two or three days to consider them. That is at the bottom of my request to have the first sitting of the committee set down for Thursday.

The motion of Hon. Mr. Robertson was agreed to.

INCOME AND EXCESS PROFITS TAXATION

MEETING OF SPECIAL COMMITTEE

Hon. Mr. HAIG: I have another matter to raise. The Special Committee investigating the provisions and workings of the Income War Tax Act has set aside next Tuesday and Wednesday to enable delegations from outside points to make representations before it. With all due respect to the leader of the Government and the chairmen of other important committees, I would suggest that they defer meetings of those committees so that our whole time may be given to the work of this Special Committee.

Hon. Mr. CRERAR: That could be arranged with the chairman of the Banking and Commerce Committee.

Hon. Mr. HAIG: I would not want to do so unless the leader of the Government were agreeable. We are anxious to do a proper job.

Hon. Mr. COPP: The Special Committee meetings on Tuesday and Wednesday will not interfere with the meeting of the Banking and Commerce Committee on Thursday.

Hon. Mr. EULER: Three delegations have been notified to appear before the Special Committee next Tuesday. Their representations may not be completed before Wednesday, but I doubt very much whether they will go beyond that day.

Hon. Mr. ROBERTSON: I am quite willing to adopt the suggestion, with one reservation. The Special Committee on Income Tax is doing excellent work, but, after all, I in my official capacity and honourable senators in their general capacity have the responsibility of seeing that the ordinary work of the Senate is not neglected.

Hon. Mr. HAIG: That is right.

Hon. Mr. ROBERTSON: Before I can ask the House to pass the War Appropriation Bill we must have a meeting of the Finance Committee, which my honourable friend would want to attend in order to resume discussion of the questions that he himself has already brought up. We have five committees already fully engaged, and other bills may be referred to them this afternoon. I had occasion to discuss the question with the chairman of the Special Committee, and he intimated that his committee would probably be tied up both Monday and Tuesday, and might even be sitting again the following week, which will probably be the last week of the session. I hope that honourable senators will not at some other stage complain that I have not facilitated the work of the House and provided the necessary information before asking for passage of the War Appropriation Bill and the other measures that must be attended to.

Hon. Mr. HAIG: Could we not deal with that on Monday next?

Hon. Mr. ROBERTSON: I think it could be worked out in that way.

Hon. Mr. ASELTINE: Since we have some time in the evenings, I suggest to the honourable leader of the Government that these committees should meet then. I suggested that to several honourable members yesterday, when the work of the Senate was concluded at 6 o'clock and we had the whole evening before us. Many of these bills could be considered by our committees between 8 and 10 o'clock in the evening.

Hon. Mr. ROBERTSON: I might say to honourable senators that I had that plan in mind and have spoken about it to the honourable leader opposite; but because of the aggressiveness and desire for work on the part of some committees I hesitated to mention it in the House.

Hon. Mr. HAIG: We have sat at nights.

FISH INSPECTION BILL

SECOND READING

Hon Mr. ROBERTSON moved the second reading of Bill 91, an Act to amend the Fish Inspection Act.

He said: Honourable senators, I have asked the honourable senator from Margaree Forks (Hon. Mr. MacLennan) to explain this bill. My first reason for asking the honourable gentleman to speak on the subject is that he is keenly interested in matters of this kind; and, secondly, the waters in his part of the country undoubtedly contain the best fish in the world.

Some Hon. SENATORS: Hear, hear.

Hon. DONALD MacLENNAN: Honourable senators, there was some doubt in the mind of the Minister of Fisheries as to whether the inspection contemplated by the original Act extended to and included shellfish. The first amendment under this bill simply adds the words "and includes shellfish and crustaceans."

In 1932 subsection 1 of section 4 of the Act was amended by adding thereto the following paragraph:

(g) to prescribe the size or sizes of containers in which oysters may be shipped or taken from any province in Canada, and how such containers shall be marked;

(h) to provide for the grading and inspection of oysters;

(i) to prescribe how incorrectly marked containers of oysters shall be re-marked and dealt with.

It is now proposed to make a further amendment by adding this paragraph:

(j) respecting the processing and marking of fish to be packed in containers.

Section 16 of the Fish Inspection Act reads as follows:

Except as in this Act otherwise provided, every one who violates any provision of this Act, or any regulations made under it, shall be liable to a penalty of not more than five hundred dollars, and in default of payment to imprisonment for a term not exceeding six months, or to both.

It is proposed to add, as section 16A:

(1) Whenever an inspecting officer suspects on reasonable grounds that an offence against this Act or any regulation has been committed, he may seize all fish and containers by means of or in relation to which he reasonably believes the offence was committed.

(2) All fish and containers seized pursuant to subsection one of this section may be detained for a period of two months following the day of seizure, unless during that period proceedings under this Act in respect of those fish or containers are undertaken, in which case the fish and containers may be further detained until such proceedings are finally concluded.

(3) Where a person is convicted of an offence against this Act or any regulation, the fish and containers by means of or in relation to which the offence was committed shall upon such conviction, in addition to any penalty imposed, be forfeited to His Majesty and may be disposed of as the Minister may direct.

Briefly stated, the proposed amendments are: First, that the inspection shall extend to and include shellfish; second, that the authorities can seize and confiscate fish—a provision which was not contained in the original Act. The new paragraph (j) of subsection 1 of section 4 provides for the processing and marking of fish to be packed in containers. The new section 16A provides for seizure as well as confiscation.

In conclusion, may I say it is very important to have a thorough inspection of fish to ensure a superior product not only for the domestic market but also for export. I know of an incident which gave some types of fish from the province of Nova Scotia a very poor name. The fish were being exported to the West Indies, and inspection at that time was not what it is today. The result was that a very good market for that type of fish was lost.

Hon. ANTOINE J. LEGER: Honourable senators, I do not believe that the provisions of this bill are as simple as suggested by the honourable member from Margaree Forks (Hon. Mr. MacLennan). While I am in favour of protecting fisheries against poachers and other illegal fishing, I am equally anxious to see justice done to those who believe they are working legally—the honest and innocent fishermen. Let us analyze the amendments and see what they do to the innocent fisherman and fish merchant.

I am in favour of sections one and two of the bill, but I am opposed to section 16A as drafted. In analyzing the bill let me give an illustration. A friend of mine, a fish merchant, is on one corner, and I, also a fish merchant, am on an opposite corner. We are business competitors. I may say to another friend of mine, "You go to the fish inspector and tell him that my competitor has some undersized fish." Anyone familiar with the fish industry will corroborate the fact that one can always find fault under some regulation. When the fish inspector has received the complaint under this bill, he has reasonable grounds to suspect that an offence has been committed. He then goes to my competitor, examines his fish and perhaps finds one or two irregularities. Under those circumstances he has the right to apply the following provisions of this bill:

All fish and containers seized pursuant to subsection one of this section may be detained for a period of two months following the day of seizure—

During those two months, I, who may have engineered the whole set-up, would have the right to dispose of my fish when the market was good. The bill goes on to say:

—unless during that period proceedings under this Act in respect of those fish or containers are undertaken—

By whom are they to be undertaken? Proceedings may be taken by way of the inspector laying information against the fish merchant, or by way of the fish merchant appealing to to the Minister. All honourable senators know how long it takes to have an appeal settled by the Minister; and if the matter is brought before the courts it may not be disposed of for some considerable time. When one side or the other makes any move in the matter, the seizure of fish is ipso facto postponed until a final settlement is reached.

Now, I ask, if several tons of fresh fish belonging to my honourable friend from Margaree Forks were seized in that manner, what would be the financial effect upon him? There is no provision in the bill for compensating him if the inspector or the Department makes a mistake. So he loses for two reasons: first, because he was not allowed a fair opportunity to dispose of his fish when the market was good; and second, because while the fish was being held it would deteriorate—in fact, if it was fresh when seized, it would probably have spoiled.

I think any necessary amendment could have been made by adding just a few words to certain clauses of the Act as it now stands. I am absolutely opposed to this bill, and especially to section 3, which empowers inspectors to seize fish but contains no provision for giving redress to innocent and bona fide fishermen who suffer loss through seizures that are proven to have been made for insufficient reasons.

Hon. WILLIAM DUFF: Honourable senators, I used to think that I knew a little about the fish business, but I have come to the conclusion that I do not.

Hon. Mr. McRAE: Don't get discouraged.

Hon. Mr. DUFF: The Department of Fisheries is like Rip Van Winkle. It has wakened up after forty years—

Hon. Mr. HARMER: Twenty.

Hon. Mr. DUFF: Twenty, is it? I thought it was forty. Anyway, it is trying to justify its existence. This bill is nothing but a lot of camouflage. The officials who are drawing salaries of $9,000 and so on have to do something to show that they are on the job, so they try to pull wool over somebody's eyes. I agree with what was said by my friend from L'Acadie (Hon. Mr. Léger). These amendments are ridiculous nonsense. Take clause 1. Now, do not forget that we have had a Department of Fisheries and laws governing fisheries since 1867, but these gentlemen in the Department have only now, in the year of our Lord 1945, wakened up to the fact that the word "fish" should include shellfish and crustaceans. So far as these gentlemen knew, such fish were of course never caught before. It may be that last summer someone in the Department received a gift of half a dozen lobsters or half a dozen oysters, and suddenly thought it would be a good idea to have the Act amended. That is the only reason I can see for clause 1.

Clause 2 extends inspection to processing and marking of fish to be packed in containers. Every man in the fish business has always been subject to inspection, whether he is selling pickled fish or fresh fish or any other kind of fish. Of course, I do not know whether this inspection has been carried on by authority of the Act. Perhaps inspectors were acting without any authority. However, as I say, fish packers have always been subject to inspection, but now the Department comes along and says it is necessary to give the inspectors authority "respecting the processing and marking of fish to be packed in containers." It appears that these gentlemen down in the Department know more about fish than I do.

Now I come to the third clause of the bill, which was the one particularly criticized by my honourable friend from L'Acadie (Hon. Mr. Léger). This clause reads:

Whenever an inspecting officer suspects on reasonable grounds that an offence against this Act or any regulation has been committed, he may seize all fish and containers by means of or in relation to which he reasonably believes the offence was committed.

If that becomes law it might cause a lot of trouble to the fisherman. He is the man who gets up before daylight, leaving his wife in bed, and makes his breakfast of a cup of tea and perhaps a piece of dry bread—he has not been able to get any butter in the last six or seven years—and goes out in the fog and rain and stormy weather and catches one or two hundred mackerel or enough herring to fill three or four barrels, and some pollock or codfish. When this poor fellow comes in with his day's catch he is likely to be met by some inspector from Halifax, who does not know a kayak from an alewife, but who may seize the fish and hold it for several months.

I say this bill is ridiculous nonsense. There is no need for it at all. What we ought to do is to give it the six months' hoist and then send it back to the Department of Fisheries.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I move that this bill be referred to the Standing Committee on Agriculture and Forestry. Perhaps at first it may seem that this is not the appropriate committee, but we are hoping that in future it will consider all measures dealing with natural products.

The motion was agreed to.

WAR SERVICE GRANTS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 176, an Act to amend the War Service Grants Act, 1944.

He said: Honourable senators, this bill contains a considerable list of amendments to the War Service Grants Act of 1944, which has to do with such matters as gratuities to war veterans. These amendments are for the most part of a minor nature. Apparently in practice it has been found desirable to make certain changes in the law, and some of these have already been put into effect by Order in Council. Early this year a committee of sixty honourable members of the other place, all ex-service men, drawn from all the political parties there, spent a good deal of time in studying this Act, and they unanimously suggested the amendments that are set forth in the bill. These amendments have to do largely with improvements that actual administration of the law indicated to be desirable. One of them introduces a new feature into the Act, however, in that it constitutes a Board of Review to whom would be referred applications from discharged airmen, soldiers and seamen for gratuities of which they were deprived by disciplinary action. I am sure that anyone who had anything to do with the armed forces in the war just ended or the war of 1914-18 will realize the desirability of tolerance in dealing with applications of this kind. I feel that the proposal to set up a Board of Review will commend itself to every honourable senator.

After the bill is given second reading I shall move that it be referred to a committee, where further details will be made available.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the Bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

ALBERTA NATURAL RESOURCES TRANSFER BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 16, an Act to amend the Alberta Natural Resources Act.

Hon. Mr. HAIG: Is that bill printed? It is not on my file.

Hon. Mr. CRERAR: It has been available for two or three days.

Hon. Mr. ROBERTSON: I am informed that copies came in about five minutes ago, and will be placed on honourable members' desks at once. It is not a very long bill, and I hope the House will agree to our proceeding with it now. I have asked the honourable senator from Churchill (Hon. Mr. Crerar) to explain the bill.

Hon. T. A. CRERAR: Honourable senators, this is a measure which I anticipate will raise no controversy. It will be recalled that in 1930 by an amendment to the British North America Act the natural resources of Alberta were transferred for administration by and for the benefit of the Crown in the right of that province. That was done by the Parliament at Westminster approving the Natural Resources Transfer agreement made between the federal Government and the provincial Government. The agreement provided that if at any time in the future a change in its terms was found necessary, it would be effected by agreement between the two Governments, such agreement to be ratified by the Parliament of Canada and the Legislature of Alberta.

When the transfer was made in 1930 the federal authority retained control of the Indian reserves. It was also provided that certain bird sanctuaries should be maintained.

Hon. Mr. LEGER: Maintained by the federal authority?

Hon. Mr. CRERAR: By the province. Under the terms of the agreement the province could not alienate these bird sanctuaries.

Prior to the transfer of the natural resources, three licences for the development of power on the Bow river had been issued by the Department of the Interior to the Calgary Power Company. The first of these, issued in 1909, was the grant of a power site at the Horseshoe Falls, which are on the Stony Indian reserve. The next grant, made in 1913, was of a power site at the Kananaskis Falls. A third grant was made in 1929 of what is known as the Ghost power development.

For a good many years there has been some contention between the Alberta and

Dominion governments as to which authority should have the right to control these power sites. The water generating the power originates outside the Indian reserve altogether, and then flows either alongside the reserve or, as in one instance, through the reserve itself. The Alberta Government contended that it should exercise control. Acting on the advice of the Department of Justice, the federal Government denied this contention. This bill amends the Alberta Natural Resources Act of 1930 and embodies an agreement by which these outstanding differences are settled in a way that appeals to me as a fair compromise.

For the benefit of honourable members I might refer to the terms of this new agreement. The three licences originally issued by the federal Government were for twenty-five years, and subject to revision at the end of that period. Up to the present time revision has not been made, because of the differences to which I have referred. Under the licence of the Horeshoe Falls site the Calgary Power Company paid an annual rental of $1,500. The company is now generating 19,500 horsepower there. Under this new agreement the rental is increased to $6,375 for a further period of twenty-five years from October 14, 1935, when the original licence expired. All this revenue goes to the federal Government for the benefit of the Indians on the Stony reserve, the dam and all the generating works being within the reserve.

At the Kananaskis power development the company is generating 11,600 horsepower, an arrangement had to be reached for an allocation of the revenue. The provincial land adjoins the river on one side; the reserve is on the other side. The dam and generating facilities were constructed largely within the reserve, while the greater part of the land flooded by the erection of the dam is within the province. For this site the power company paid to the federal Government a rental of $1,562, and the province received $38 as compensation for its flooded land. Under the new arrangement the total rental is divided on the basis of 45/72 to the federal Government, for the benefit of the Indians, and 27/72 to the province. The new arrangement will be retroactive to October 14, 1936. The Dominion will receive $2,750 a year and the provincee $1,650. The agreement provides that the control and administration of these two power sites shall remain with the federal authority.

The greater part of the works of the Ghost power development is outside the reserve, but rather more than half the land flooded is on the reserve. Consequently a little more care was required in negotiating the agreement with respect to this particular site. The company generates there 37,400 horsepower. Under the new arrangement the Dominion will receive annually $8,000 and the province $8,500. That is, slightly more of the revenue goes to the province than to the Dominion. I would again remind honourable members that the revenues received by the federal authority are entirely for the benefit of the Indian band on the Stony reserve. These new rentals are retroactive, and are a substantial increase on the old rentals. Here the federal authority issues the final licence, and the control thereafter is left to the province.

The agreement provides that at the expiration of the term of the existing licences the rentals cannot be changed without concurrent agreements between the province and the Dominion. Certain provisions will operate in the event of the properties being sold or otherwise disposed of.

The other part of the agreement relates to the disposition of the bird sanctuaries that I mentioned earlier in my remarks. Many of these have dried up or are otherwise unsuitable for the purposes for which they were originally set aside, and it is provided that by agreement between the Minister of Mines and Resources of Canada and the Minister of Lands and Mines of Alberta, approved by the Governor in Council and the Lieutenant Governor in Council, respectively, certain of these areas may revert to the Crown in the right of the province and other areas may be substituted for them. This is a very fair disposition of the matter.

I may add, honourable senators, that during my administration of the Department of Mines and Resources we had frequent discussions with the province of Alberta on these various points with a view to reaching a settlement. I have no hesitation in saying to the House that I believe this bill embodies a fair settlement of all outstanding differences between the two governments. While this is not part of the agreement, I may add that I hope ere long the substantially increased revenues resulting from this arrangement may be utilized to secure for the Indians of the Stony band some land which will be of much more value to them than what is included in their present reserve, which as a matter of fact is very poor land.

Hon. Mr. F. W. GERSHAW: Honourable senators, the honourable member from Churchill (Hon. Mr. Crerar) has covered fully the agreement with Alberta. However, I have a few remarks to add.

A short time ago I brought to the attention of this honourable House the fact that people in certain parts of Alberta were suf-

fering from lack of water because streams, sloughs and lakes were drying up. This condition has become so severe that even the bird sanctuaries are no longer suitable for the purpose for which they were intended; the sloughs and streams which provide water for the ducks have completely dried up. It is wisely provided that these reservations may be discontinued, and new areas set aside for sanctuaries. The importance of sanctuaries as an attraction to hunters and as a source of livelihood to many people should not be overlooked.

The honourable gentleman from Churchill drew attention to the wretched condition under which the Indians of the Stony reserve live. The provision of more land for cultivation and pasture will be a great blessing to them. On the consummation of these agreements the Calgary Power Company will of course pay more rental, but it will have sufficient power to extend electrical services to vast farming areas. The provision of power to the outlying communities will serve to make farm life more attractive, by enabling country people to take advantage of modern facilities. Farmers in Alberta will be delighted to have the opportunity of installing electrical equipment.

I am in full accord with the sentiments expressed by the honourable gentleman from Churchill. I believe this bill will receive general support and approval.

Hon. W. A. BUCHANAN: Honourable senators, I am sure if my honourable colleague from High River (Hon. Mr. Riley) were here he would wish to express himself on this measure. I know of no other man in southern Alberta who is so great a friend of the Stony Indians, who benefit through this legislation. I have been in the honourable gentleman's home when chiefs of the tribe have come to consult him about matters relating to the reserve, and personal problems. One of their greatest difficulties has been due to the nature of the land upon which they were settled. I believe the name by which they are known, Stony Indians, must come from the land upon which they live, for it is composed mainly of gravel and stones.

The Stony Indian tribe raise a great many cattle, and the continual grazing has made their land almost barren. From assurances given in the other Chamber I think the intention is to provide more land for their live stock, and so place these Indians in a position where they can maintain themselves better than they have been able to do it in the past.

Hon. Mr. GERSHAW.

I repeat, if my colleague from High River—a very worthy member of this Chamber who unfortunately does not enjoy the best of health and is confined to his home—were here, I am sure he would wish to express himself on this measure.

The motion was agreed to and the Bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON: With leave of the Senate, I move third reading of this bill now.

Hon. Mr. HAIG: After the explanation by the honourable gentleman from Churchill (Hon. Mr. Crerar), I think we are agreeable to that.

The motion was agreed to and the Bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 178, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1945, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, this type of bill, I understand, comes before Parliament annually. Its purpose is to authorize capital expenditures of the Canadian National Railways during the current year. The bill provides for the following expenditures:

Additions and betterments (less retirements)	$15,008,000	
Acquisition of securities	1,015,000	
Retirement of maturing capital obligations, including sinking fund and equipment principal payments	10,777,000	
		$26,800,000
Less: Available from reserves for depreciation and debt discount amortization		18,000,000
		$ 8,800,000

Approval of Parliament is asked for the balance of $8,800,000.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON: With leave of the Senate, I move third reading of this bill now.

The motion was agreed to you, and the Bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE move the second readings of the following Bills:

Bill Q7, an Act for the relief of Leopold Levesque.

Bill R7, an Act for the relief of Myrtle Elizabeth Fraser Bennett.

Bill S7, an Act for the relief of Sylvia Pamela Solomon Lande.

Bill T7, an Act for the relief of Annie Kandel Ashkanazy.

Bill U7, an Act for the relief of Rose Acomsky Bloom.

Bill V7, an Act for the relief of Ethel Meakings Downs.

Bill W7, an Act for the relief of Evelyn Isabel May Ramsay Jarvis.

Bill X7, an Act for the relief of Arthur John Frederick Temperton, junior.

Bill Y7, an Act for the relief of Myrtle Ann Westover Coleman.

Bill Z7, an Act for the relief of Marie Gertrude Owens Conant.

Bill A8, an Act for the relief of Louis Humble.

Bill B8, an Act for the relief of Sarah Silverstone Michelin.

Bill C8, an Act for the relief of Roderick Auguste Robert de Lotinbiere Harwood.

The motion was agreed to, and the Bills were read the second time.

THIRD READINGS

Hon. Mr. ASELTINE: Honourable senators, if there is no objection I should like to clear the order paper by moving that these bills be now read the third time. For the information of honourable members I might say that the business of the Standing Committee on Divorce for this Session is about completed. It is intended that the last sitting of the committee be held on Monday next.

The motion was agreed to, and the Bills were read the third time, and passed, on division.

The Senate adjourned until Monday, December 3, at 8 p.m.

THE SENATE

Monday, December 3, 1945

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

REPORTS OF COMMITTEE

Hon. Mr. ASELTINE, Chairman of the Committee on Divorce, presented and moved concurrence in the 173rd to 185th reports of the Standing Committee on Divorce.

He said: Honourable senators, the reason that I am moving, with leave, that these reports be concurred in tonight is that the Private Bills Committee in the other House will hold its last sitting on the 7th, and it desires to have all these bills before it as soon as possible.

The motion was agreed to, and the reports were concurred in.

FIRST READINGS

Hon. Mr. ASELTINE presented the following bills:

Bill D8, an Act for the relief of Emile Bastien.

Bill E8, an Act for the relief of Cecilia Kate Burrows Andrea.

Bill F8, an Act for the relief of Helen Eaton Gair Curnew.

Bill G8, an Act for the relief of Jack Bailey.

Bill H8, an Act for the relief of Winnifred Pearl Simcox.

Bill I8, an Act for the relief of Robert Dickerson Silverman.

Bill J8, an Act for the relief of Mary Arden Stead Eberts.

Bill K8, an Act for the relief of Omer Guindon.

Bill L8, an Act for the relief of Leona Mary Murphy de Marky.

Bill M8, an Act for the relief of John Robert Mackenzie.

Bill N8, an Act for the relief of Gertrude Silverson Holmes.

Bill O8, an Act for the relief of Herbert Lawrence Loucks.

The bills were read the first time.

SECOND AND THIRD READINGS

Hon. Mr. ASELTINE: Honourable senators, for the reason already given I would move, with leave, that these bills be now read the second and third times. The cases

are all very clear; the evidence in each was conclusive, and there is not the least bit of doubt about any of them.

The motion was agreed to and the bills were read the second and third times, and passed, on division.

DIVORCE STATISTICS, 1945

Hon. W. M. ASELTINE: Honourable senators, I wish at this time to present to the House a final report of the Committee on Divorce, as follows:

For the present Session 212 petitions for Bills of Divorce were actually presented in the Senate and dealt with by the Committee on Divorce, as follows:—

Unopposed cases heard and recommended..	172
Opposed cases heard and recommended ...	7
Opposed cases heard and rejected	1
Unopposed cases heard and rejected	1
Applications withdrawn	2
Total recommended	179
Applications not proceeded with	29
Total	212

Of the petitions recommended 103 were by wives and 74 by husbands domiciled in the province of Quebec; and 2 by husbands domiciled in the province of Prince Edward Island.

An analysis of the occupations followed by the applicants is as follows: accountant, advertising copy-writer, advertising specialist, aircraft worker, airman, airplane mechanic, artists, assistant departmental manager, assistant head waiter, auditor, autobus driver, bank messenger, barber, barber-steward, biscuit wrapper, bookbinder, bookkeepers, bottle filler, bricklayer, cabinetmaker, carter, cement finisher, chauffeurs, chefs, civil servant, clerks, clothing finisher, constable, cook, dental mechanic, dentist, designer of gowns, detective, draughtsman, drug finisher, electrician, engine room artificer, engineer, envelope adjuster, estates manager, expediter, factory employees, farmer, fisherman, flour miller, hairdressers, inspector, inspector of music, insurance agents, journeyman, key-punch operator, knitter, labourers, lamp shade designer, laundress, librarian, linesman, logger, managers, manufacturer, machinists, marine engineer, mechanics, merchants, milliner, munitions worker, musicians, office cleaner, office clerk, painter, physicians, pressman, principal clerk, radio technician, railway employees, receptionist, restaurant clerk, rock-foreman, sales clerks, salesman, seamstress, secretaries, secretary-stenographer, service station attendant, shipper, sleeping-car conductor, soldiers, sorter, steamfitter, stenographers, supervisor, telephone operators, telegraphist, timekeeper, trader, trained attendant, tramway conductor, waiter, waitresses, woodcarver, X-ray technician.

The Committee held twenty-three meetings.

In 69 cases the Committee on Divorce recommended that part of the parliamentary fees be remitted.

These fees were remitted to poor people who were unable to pay the full fee.

Assuming that all the Bills of Divorce recommended by the Committee and now in various stages before Parliament receive the Royal Assent, the comparison of the number of divorces and annulments of marriage granted by the Parliament of Canada in the last ten years is as follows:—

1936	40
1937	46
1938	85
1939	50
1940	62
1940-41	49
1942	73
1943	92
1944	111
1945	179

I wish to take this opportunity of thanking members of the committee, who day in and day out devoted themselves so faithfully to this work, which at times is far from congenial.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. SINCLAIR: Honourable senators, perhaps the Chairman of the Divorce Committee would explain to the Senate why twenty-nine cases were not proceeded with.

Hon. Mr. ASELTINE: My understanding is that those twenty-nine cases are not absolutely disposed of. The petitioners were not ready to proceed, and the cases may come up for hearing next session.

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate, I should like to say that whatever differences of opinion there may be among honourable senators as to the desirability of Parliament being charged with the duty of dealing with such matters as those referred to in the report of the Divorce Committee, we are all of one mind in expressing our keen appreciation of the work done by this committee under the very capable leadership of the honourable senator from West Central Saskatchewan.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: In addition to honourable Senator Aseltine, the Chairman, the Divorce Committee consists of following honourable senators: Copp, Euler, Gershaw, Haig, Howard, Sinclair, Stevenson and Taylor.

For the information of honourable senators I may say that the main Divorce Committee and the sub-committee devoted approximately 117 hours to the hearing of petitions. The nature of this work is most exacting, for when witnesses have been called it is absolutely necessary that the committee function. This makes it impossible for members of the committee to attend meetings of other committees in which they may be very much interested. The Senate owes a great debt of gratitude to the honourable gentlemen who have performed the none too pleasant duty of carrying on the work of the Divorce Committee, and I should not like this opportunity to go by

without saying how much I myself and, I am sure, all other honourable members, appreciate the important contribution they have made to the work of the Senate.

CANADA'S SILVER SUPPLY

NOTICE OF INQUIRY

Hon. A. D. McRAE gave notice of the following inquiry:

1. What amount of silver is being held in Canada at present by the Dominion Government and by private companies, and for what purpose is it proposed to be used?

2. How much new Canadian silver was used in Canada during 1944 and 1945 for the minting of coins, and what price was paid per ounce to the producers?

3. What are the estimated requirements of silver for minting of Canadian coins during 1946, and what are the estimated requirements for other purposes in Canada during 1946, and for what purposes will it be used?

4. What reason is there for the sudden advance in Canadian consumption of silver during the past year?

5. What are the names of corporations or individuals to whom licences to export silver have been issued, with the amount of silver exported under each licence last year and in 1945 up to the latest date available?

6. What, if any, limit is imposed on silver purchases by companies using silver in their business?

7. Has any silver been sold in Canada to corporations or individuals not requiring silver in their business—if so, to whom and how much?

8. According to Press reports the major silver refineries will supply approximately 50 per cent of their output for 1946 for domestic requirements. Will this, plus one-half of the silver by-product from the gold mines, provide sufficient for domestic requirements?

9. If the answer is no, then how is it proposed to give the small silver producers the export price for all their production as reported in the Press?

10. What is the estimated silver production for the year 1945?

He said: Honourable senators, the first four of these questions are exactly the same as those asked by the honourable senator from Ottawa (Hon. Mr. Lambert) in his speech on Thursday last.

PRIVATE BILL

REFUND OF FEES

Hon. Mr. BLAIS moved

That the Parliamentary fees paid upon Bill W2, an Act to incorporate The Catholic Episcopal Corporation of Whitehorse, be refunded to Messrs. Milner, Steer, Dyde and Company, Barristers, Edmonton, Alberta, solicitors for the petitioner, less printing and translation costs.

He said: Honourable senators, this motion requires no explanation, I believe, as the refund of fees on a bill of this kind is in conformity with regular practice.

The motion was agreed to.

WAR CHARITIES BILL

FURTHER CONSIDERED IN COMMITTEE AND REPORTED

On motion of Hon. Mr. Robertson, the Senate again went into Committee on Bill 13, an Act to amend the War Charities Act, 1939.

Hon. Mr. Sinclair in the chair.

On section 1—War Charity Fund (continued):

The CHAIRMAN: Honourable senators, when the Committee rose we were discussing section 1. Shall the section carry?

Hon. J. W. de B. FARRIS: Honourable senators, on Friday I moved that the Committee rise and report progress and ask leave to sit again, in order that further consideration might be given to the question of the constitutional validity of the bill. Honourable senators will recall that the honourable gentleman from L'Acadie (Hon. Mr. Leger) raised the point that this bill was an invasion of the provincial field of property and civil rights, which comes under section 92, paragraph 13, of the British North America Act. I think that the lawyer members of the House in particular felt—I know I did—that once this question was seriously raised it should not be lightly passed over by the Senate. At this time perhaps more than at any other time we should be careful not to enact legislation that is clearly beyond the jurisdiction of the Dominion. And there is special need to be careful when we are dealing with the question of what is termed the residuum, or peace, order and good government section of the British North America Act, section 91. In the cases that I am going to cite in a moment the courts have held that this has to do with statesmanship, and they are reluctant to question the decision of Parliament that a certain measure comes within this section. That rather puts Parliament on its honour not to invoke a mere pretence of national emergency in order to acquire jurisdiction to pass an Act under the peace, order and good government section.

During the week-end I have given as much thought and study to this matter as time would permit, and I have decided that I am going to vote for the bill, although I shall do so with a good deal of uncertainty. Perhaps honourable senators would be willing to listen to my review of the situation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: I have looked at the question of how this bill could reasonably be supported. The first point that occurs to one is: Might it be supported under section

91, paragraph 27, which gives the Dominion jurisdiction in criminal law? Well, there are some comparatively recent cases on that point. The Proprietary Articles Trade Association case was decided by the Privy Council in 1931, and the case involving the amendment to section 498(a) of the Criminal Code, which was one of the cases having to do with what was loosely termed the Bennett new deal legislation, went over to the Privy Council in 1937. Those two cases in my judgment extended very widely the powers of the Dominion to regulate by means of criminal law. But of course the Privy Council never acknowledged it as regulation, and the principle was laid down that any time the Dominion sees fit to declare a certain offence a crime, and to apply suitable penalties by fine or imprisonment, it then becomes a crime, whether in the category of what previously was known as criminal law or not. However much we may doubt the soundness of that decision, unquestionably it is the law today.

But I do not think this case can come within that decision, because looking at the Act itself I would not consider that its intention was to declare that the non-registration or the solicitation of non-registered funds was a crime, but rather that its primary object was to regulate war charities, the penalty being prescribed merely to give force and effect to the regulation, and not to declare a new and substantive offence known as a crime under the criminal law. Therefore, I would conclude that this could not be supported as a matter of criminal law.

Let me come next to that question which is always somewhat perplexing, what is termed the residuum clause of section 91, which declares that the Parliament of Canada may make laws for the "peace, order and good government of Canada." Honourable senators will recall that the section goes on "for greater certainty," to enumerate twenty-seven classes of subjects which are said not "to restrict the generality" of the section. Then at the foot of the section it is said that any provision coming within one of the twenty-seven enumerated classes of subjects "shall not be deemed to come within the class of matters" assigned exclusively to the provinces by section 92. As honourable members will recall, there are sixteen classes of subjects enumerated in section 92 which specify the exclusive jurisdiction of the provinces. Of course the most comprehensive and the most important of those sixteen headings is "property and civil rights".

Now, looking over the twenty-seven enumerated headings of section 91, it is clear that not one of them would confer on the Dominion the powers undertaken to be exercised by this Bill. So if the legislation is to be supported in this particular, it must be under the general words "peace, order and good government." Those are the words on which the War Measures Act was based, and they are the basis of the important decision in Fort Frances Pulp and Power Company versus Manitoba Free Press, which will be found in 1923 Appeal Cases, page 697. It will be also found in Volume 2 of Cameron's Cases, page 303.

The judgment in that case decided two things. First, that in a national emergency such as a war the words "property and civil rights" may acquire an entirely new meaning extending beyond the ordinary local meaning. For example, my house is property, my right to make a contract with my honourable friend is a civil right. Ordinarily neither can be interfered with by the Dominion.

In the Fort Frances case Lord Haldane said —and this is my own digest of the law that he then laid down—that what is ordinarily regarded as "property and civil rights" in its provincial aspects does in a national crisis, such as war or a pestilence, take on new aspects which are no longer provincial but national and affect Canada as an entirety. So that these classes of subjects fall within the general powers of the Dominion to make laws for the peace, order and good government of Canada. That is the first proposition decided there, that many subjects may cease to be property or contracts in their ordinary sense. For national purposes in a grave emergency they take on new aspects that could not be considered at all in peacetime, and so they come within the peace, order and good government clause.

There was a second matter decided in that case, in which, honourable members will recall, judgment was handed down in 1923. It arose over a dispute between the Paper Controller and the companies quite a while subsequent to the war. The question was, the war having actually ended, did the national crisis continue so as to continue jurisdiction in the Dominion. That case decided that a war emergency is not confined to the actual period of the war. The post-war conditions may be sufficiently grave to continue the emergency and consequently to extend the federal power.

That case stands alone. From 1867 down to the present time in almost every other case where the federal authorities sought jurisdiction on the ground of peace, order and good government, it was refused by either the Supreme Court of Canada or the Privy Council. Chief Justice Duff, in a decision that I shall mention in a moment, has pointed out that the Fort Frances case and Russell versus

The Queen—the Scott Act case, generally regarded by lawyers as rather doubtful law—are the only two cases in which legislation has been upheld under the general provision of peace, order and good government.

I would impress upon honourable senators when they are considering for themselves how they should decide this question, that it is not every emergency which takes away provincial jurisdiction, and it is not every so-called emergency that confers jurisdiction on the Dominion. It is not every class of subject that falls within the federal jurisdiction merely because there is an emergency. That is what they have to consider here.

The outstanding decision that clearly marks the very important limitations to the right of the Dominion to invade provincial powers under the peace, order and good government clause is that of Chief Justice Duff in what is known as the Natural Products Marketing Act case. That again was a case concerning one of the so-called Bennett new deal measures. Chief Justice Duff gave judgment in the case in 1936, and it will be found in the Supreme Court Reports for that year at page 417.

When these cases went to the Privy Council in 1937, it held that the judgment of Chief Justice Duff in the Marketing Act case was the last word on this subject. Lord Atkin said it was the locus classicus, and would be the guide for all future decisions in connection with legislation on the powers of the Dominion to be established under the general rule of peace, order and good government, where it was sought to invade what normally under peace, order and good government are the powers of the provinces. It was in the Labour Conventions case in the Privy Council in 1937, and reported in that year, that it was stated by Lord Atkin that Chief Justice Duff's decision was the locus classicus.

One must not read the Fort Frances case alone. Many lawyers seem to have the idea that, because of the wide language of Lord Haldane in that case, anything can be done under the guise of wartime emergency for peace, order and good government. For my part, I am glad to go on record as saying that in my opinion there are very very definite limitations to that rule. The effect of the decision in the Fort Frances case, taken as a whole, together with judgment of Chief Justice Duff, and Lord Atkin's strong endorsement in the more recent case, is that the conditions which can override the normal distribution of powers under the B.N.A. Act must be very drastic and exceptional.

Now let us apply the principle to the present case. We have to consider both the original Act and the amendment. The honourable leader opposite suggested that if this amendment is bad the whole Act is bad. The honourable senator has perhaps not given as much thought to the matter as I have, and I am inclined to think that on closer study he will agree with my suggestion that there are some fundamental distinctions between the original Act and this amendment.

The original Act was passed in 1939, second session, Chapter 10. Section 2 (b) of the Act defines "War Charity Fund" as follows:

> "War Charity Fund" means any fund having for its objects or among its objects the supplying of needs or comforts or the relief of suffering or distress for the benefit of the personnel of the armed forces of Canada or the families or dependents of any of them or of any other sufferers from the present war—

I have very little difficulty assimilating that to the provision for the peace, order and good government of Canada arising out of war emergency; but, as a trick too often indulged in by drafting officials, this clause is thrown in:

> —"or any other charitable purpose connected with the war."

I am not at all sure as to the validity of that last clause. I would express the opinion, with some hesitation however, that the general clause as worded in the original Act would come within what Lord Haldane described in the Fort Frances case as a war necessity of such comprehensive and national nature as to affect the welfare and safety of the whole community, and therefore giving jurisdiction to the Dominion.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? While that may have been true when the Act was passed, is it true now? Could the original Act be passed now?

Hon. Mr. FARRIS: I would be inclined to say yes to that question, under the principle of the second branch of the Fort Frances case, where it is so clearly indicated that the regulations of the Paper Controller could last after the war. The problems of dependents, of soldiers' widows, of looking after those who have lost the support of the head of the house—not necessarily through death, but through broken constitutions or war injuries—probably would begin to show itself more after the war than while the war was actually in progress. For that reason, and because this Act and its general provisions were subject to a condition of national emergency during the war, I should think they would continue to be equally so for a reasonable time after the war was over.

A question that comes up under the amendment perplexes me. I have written it down and asked it of myself, and I think honour-

able senators might ask it of themselves. It is this: "Has the class of subject, war memorials—namely buildings or other structures to commemorate the war—taken on such new aspects because of the existing post-war national emergency that regulation and control requires federal legislation for the safety or welfare of the Dominion as a whole?" The first answer I wrote down to that question disposed of it completely in the negative. It is as follows: "The special jurisdiction conferred on the Dominion under the peace, order and good government, provided by section 91, is no wider than the necessity on which it is based. In other words, the rule of national necessity sets up a new class of property and civil rights only to the extent that the particular property and civil rights are within the ambit of the necessity." Looking at it on the basis of that test it would seem to me clear that as to war memorials, no necessity exists, and that these could not be regarded as a subject of special legislation, coming within the emergency.

I wish to deal next with two other aspects of the case. The draftsman of the bill has said:

"War Charity Fund" means any fund having for its object or among its objects any purpose, charitable or otherwise arising out of or connected with the war—

From that it would almost seem to have been his idea that if you had any object or purpose relating to the war, that would settle the question. The power would come out of Section 92 and go into Section 91, under peace, order and good government, because of the object or purpose—

Hon. Mr. ASELTINE: May I ask the honourable gentleman a question? Does he think that clause is wide enough as it now stands to include the situation where a town or village goes out to collect money for the purpose of entertaining returned men from that district or giving them a prize or present in the form of Victory Bonds or something of that sort?

Hon. Mr. FARRIS: I would prefer not to answer the honourable gentleman's question, for the moment at least. I would rather keep to the general principle of the constitutional question than go into some of the details. It may well be, honourable senators, that the general provisions of this Act are good; yet some of the details may be bad. Honourable senators will remember that decisions on that question in the Supreme Court and in the Privy Council have been that where you can separate the good from the bad, the good will remain. Lord Haldane said in one case the

Act never could have been intended to pass in its "truncated" form because so much had been carved out of it.

If my honourable friend does not mind, for a moment I should like to discuss the broad principle, even though some parts of it when more carefully scrutinized, may not be in strict accord with the principle I am enunciating. First, let me look at this question from the standpoint of a certain class of war memorial suggested, namely, buildings and structures. There is clearly no need for them to be looked after from a national standpoint by reason of an emergency or calamity. The next thing is the question of object or purpose of the legislation. Can the fact that the legislation is said to have a war object confer jurisdiction?

That brings to my mind one of the appeals to the Privy Council in the new deal legislation in connection with the labour conventions of the Versailles Treaty. One of the questions that came up in the Privy Council was the power of the Dominion to implement its treaty obligations by federal legislation affecting matters in the provincial field. Honourable senators will recall that the labour convention connected with the Versailles Treaty imposed certain obligations on Canada as to hours of labour and other similar legislation, after she made herself a party to the agreement. When the legislation was introduced by the Bennett Government in 1934 or 1935, it was suggested that Canada had an obligation to implement the treaty. Honourable senators will recall that treaties in regard to jurisdiction are divided into two distinct branches. A treaty is made by the Crown on the advice of the ministers. So his Majesty, acting on the advice of Canadian ministers apart from Parliament can make a treaty binding on the nation. But the giving of effect to the treaty inside the nation, domestically, is another question. For instance, His Majesty the King, on the advice of the Canadian Government, could sign the Versailles Treaty and labour conventions; but the legislation to give effect domestically to the obligations undertaken by this treaty involve a strictly provincial subject-matter, since it comes within the property and civil rights section of the British North America Act. The contract that a man makes with his employer or that an employer makes with his employee, as to hours of labour, is purely a matter of civil right, and therefore one that could be dealt with by the provinces only. The question was whether the Dominion could pass the legislation as so-called treaty legislation. In the radio case a similar question came up. There the argument was made before the Privy Council—and it was pretty

nearly accepted—that inasmuch as section 92 of the British North America Act has no provision respecting treaty legislation, that subject must come under the omnibus clause covering peace, order and good government, and hence be within the jurisdiction of the Dominion.

But in the Labour Conventions case the Privy Council rejected that theory and said in effect: "You are confusing object with subject. The object of your legislation is the implementation of a treaty, but that is not a class of subject at all. Your class of subject is hours of labour. You cannot confuse an object with the subject at which the object was directed." May I quote the exact language of the Privy Council in the Labour Conventions case? I am reading from Plaxton's Canadian Constitutional Decisions, page 302:

> For the purposes of sections 91 and 92, that is the distribution of legislative powers between the Dominion and the Provinces, there is no such thing as treaty legislation as such. The distribution is based on classes of subjects; and as a treaty deals with a particular class of subjects so will the legislative power of performing it be ascertained. No one can doubt that this distribution is one of the most essential conditions, probably the most essential condition, in the inter-provincial compact to which the British North America Act gives effect.

Applying that to the present case, I know of no principle by which you can acquire federal jurisdiction by merely saying that the object of the Act has to do with war, any more than you could have acquired jurisdiction in the Labour Conventions case by saying that the object was to implement a treaty. That does not embrace a class of subject; it embraces only a purpose or object, and as such cannot confer federal jurisdiction.

So far I have pretty nearly argued myself out of the vote I intend to give.

The only other ground I can see on which this legislation can be supported—and I advance this with a great deal of hesitation—is the ground that the legislation is necessarily incidental or ancillary. The first case in which that came up is known as the Grand Trunk case. An Act of the Dominion Parliament or an order of the Board of Railway Commissioners, I have forgotten which—but in either case it would be done by a federal authority—prevented railway companies from contracting out, as it was termed; that is, from making a contract with employees that the companies would not be liable for personal injuries. Naturally the argument was raised: "You are invading the right of an employee to contract with his employer, and the right of an employer to contract with his employee, which is purely a civil right, and so within the jurisdiction of the provinces." But the Privy Council held that as Parliament had exclusive jurisdiction over interprovincial railways, a necessarily incidental power was the power to deal with the contracts of railway companies. So the legislation or order in that case was held to be within federal jurisdiction as ancillary.

The same question came up in two other cases which I will mention. One was the Ontario Liquor Act in 1896, and the other was the case of Montreal vs. Montreal Street Railways, which is known among lawyers as the "through traffic case". It is what was said in those cases about ancillary legislation that is now bothering me. The Privy Council said that the ancillary legislation principle applied only when the legislation was ancillary to an Act passed under one of the enumerated heads of section 91 of the British North America Act. For instance, the power of the Dominion to operate interprovincial railways is expressly given in one of the enumerated subsections of section 91. I have not yet found any case—there has not been time for me to study them all, but in any event I feel sure there is no Privy Council case—stating that this doctrine of ancillary legislation may be invoked where you are not relying on one of the twenty-nine paragraphs in section 91, but where you are relying on the peace, order and good government clause. The only authority of which I know was expressed by way of what we call a dictum. Honourable senators who are not lawyers may be interested in the distinction between a dictum and a decision. If the point involved in the court's statement is necessary to the deciding of the case, then it is a decision or basic authority; but when something is said by the way and is not necessarily involved in the decision, that is a dictum. We have the dicta in those two cases that the doctrine of ancillary legislation does not apply unless the primary legislation can be brought under a specified head of section 91.

There is no question that jurisdiction for the War Charities Act of 1939 is not given by a specified paragraph of section 91, but, if it is given at all, it must be by the peace, order and good government clause. The more I think of it the more strongly I believe that if the courts are faced with this question they will decide that where you are legislating in a national emergency you are not going to split hairs any more than you would when legislating under an enumerated head of section 91. If in legislation with respect to railways the tail must go with the hide, as the saying is, so that the jurisdiction to legislate with respect to railways will include jurisdiction to legislate with respect to the incidentals of a contract between a railway and its em-

ployees, is it not almost equally imperative logic that where you are dealing with a national emergency, then, although that subject is not covered by an enumerated head, there must be the same broad application of the doctrine of ancillary legislation? I say that has got to be decided by the courts. It has never been so decided, and any authority I can find on the subject, though not binding, is to the contrary.

I come back to an observation made on Thursday by my honourable friend the leader opposite (Hon. Mr. Haig). He stated that in the city of Winnipeg, of which he can speak authoritatively, the failure to include a war memorial fund within the provisions of this Act would open the way to fraud.

Hon. Mr. HAIG: To the possibility of fraud.

Hon. Mr. FARRIS: Yes, the possibility of fraud. Authorities attempting to protect the public would find their hands tied. If that is so, it does not seem to me very logical to look at Parliament's powers through a magnifying glass and then try to whittle them down to such a degree that the operation of this legislation would be severely hampered. Looking at it in that way, I claim, with some hesitation, that there is reason to believe the courts will support this legislation, and therefore I am going to vote for the bill.

Hon. Mr. DAVID: Honourable senators, the magnificent explanation just given by the honourable senator from Vancouver South (Hon. Mr. Farris) reminds me of a case that was pleaded before the Court of Appeals in Paris, France, by Mr. Berryer, who I suppose was one of the greatest lawyers of all time. He started his argument by stating to the court the case as it would be presented by his opponent, and then he went on to state his own side of the case. One of the five judges said to him, "Mr. Berryer, you have almost convinced us that your opponent was right."

Hon. Mr. CRERAR: Honourable senators, I should like to make a few observations on this measure. Like the honourable senator from Sorel (Hon. Mr. David), I feel indebted to the honourable gentleman from Vancouver South (Hon. Mr. Farris) for his lucid explanation of the constitutional aspects of this proposed amendment to the War Charities Act. He almost convinced me that the amendment is entirely beyond the competence of Parliament, and I am afraid I cannot agree with his conclusion to support it. I do not belong to the legal profession, as everyone here knows, so I am not looking at this question from a legal angle.

From the able argument of the honourable gentleman from Vancouver South it is quite clear that if this bill is within the competence of Parliament, it is because it comes within the peace, order and good government provision of our constitution. But if you look at the matter in a practical way, how can you possibly reach the conclusion that this amendment comes within that provision? The War Charities Act was passed first in 1939 because of a condition arising out of a state of war; it was afterwards amended, while the war was still on. The object of the Act was to provide, as far as possible, that subscriptions by individuals or organizations to war charity funds would not be misused. It seems to me that because of the emergency arising out of the war it was within the competence of Parliament to pass this Act. But now when the war is over—the war in Europe ended some seven months ago—and there is no longer any emergency, we are proposing to pass an amendment which would say in effect that, unless application is made to Ottawa for permission to do so, a rural community or a little country village could not subscribe $250 to create a children's playground as a memorial to the young men and women who left that district to serve in the war. That, honourable members, does seem to me to be carrying this provision to an extraordinary if not wholly absurd length. If this provision is to prevail, I fear that the endeavour to regulate these communities with respect to expenditures that are wholly their own affair will simply end in additional expense to the taxpayers, and later on when some individual has the courage to assert his rights in the courts both he and the Government will be involved in heavy law costs.

Hon. Mr CALDER: One statement made this evening ought to be cleared up. It has been said that under this legislation no small village or municipality will be in any way debarred from going ahead with its memorial plans.

Hon. Mr. LEGER: Oh, yes, the War Charities Act says specifically that you must apply for registration.

Hon. Mr. CALDER: Oh, yes, if something else is to happen.

Hon. Mr. LEGER: No. If this amendment is passed I think it is imperative that application be made.

Hon. Mr. CALDER: I may be quite wrong, but my understanding is that the main purpose of the War Charities Act was to provide the means whereby, gifts made by a person to one or more charitable institutions, were

taken into account when estimating his income tax. On the other hand, I believe it is not at all necessary to register at Ottawa a charitable institution operating in an urban or rural municipality. Thousands of people give to all sorts of charitable institutions, and they do not come under this law at all. So it seems to me that if a small village proposed to layout a playground as a war memorial, nothing in this bill would prevent it from going ahead. On the other hand, if a war memorial project is not approved and registered as such, a person who subscribes to it gets no deduction from his income tax.

Hon. Mr. LEGER: No. I think the law is just the other way. If the amendment is passed, then, before subscriptions for a war memorial are invited, application must be made to the federal authorities for permission to collect; otherwise both the person soliciting subscriptions and the donors are subject to a fine.

Hon. Mr. ROBERTSON: It is with some trepidation that I venture into a discussion between learned legal gentlemen who possess a much greater knowledge of the law than I can lay claim to. I must confess that on some of these legal points I am not quite as clear as I should like to be, but I have made some inquiries in regard to them. To begin with, I think the picture of a little municipality having to submit to dictation by some great organization in Ottawa is overdrawn. In fact, the organization is so small that at the moment the man charged with its administration is over in the Old Country inquiring into one of the ramifications which extends to Great Britain. By this amendment anything in the nature of a war memorial, municipal or otherwise, for which subscriptions are invited rather than voted, would have to be registered in the same way as have the other 4,000 odd charitable funds started during the war.

I have it in mind that no one here is, in his own opinion, able to judge the merits of particular proposals for local war memorials and the wisdom of registering them. I am advised that throughout Canada there are seventy-one citizen organizations to which the official who receives the applications may refer as to the wisdom or otherwise of registering a particular war charity. That having been done, no bona fide case encounters any difficulty whatever. It may be asked, "Why bother with it?" The answer is that these citizen organizations as well as the Canadian Chamber of Commerce have been insistently requesting the department to bring appeals for subscriptions to war memorials under the War Charities Act, since their experience proves there is great scope for persons of no very high standards to prey upon the public.

I am not in a position to discuss the constitutionality of the bill. I would assume that any war memorial of a national or interprovincial scope could not be looked after by a provincial association. I am ready to admit that if any of the nine provinces decided to set up an organization to control a provincial war charity, it could be controlled as effectually as is possible under the present set-up, perhaps even more so.

On the point of income tax deduction, I am assured that income tax deductions under the four classifications of charitable subscriptions are not made by virtue of the War Charities Act. As the honourable senator from Saltcoats (Hon. Mr. Calder) has pointed out, there are many charities which do not come under the Act but in respect of which the Income Tax department allows a deduction. For instance, a contribution to a community chest fund, with respect to which anyone can apply for a deduction of income tax, does not come under this amendment. Probably there are dozens of other instances. Nevertheless the income tax people say that in determining the genuineness of a contribution to a war charity it is of great assistance to them to be able to avail themselves of the decision of the seventy-one citizen organizations distributed throughout Canada. If this amendment were not passed the Income Tax department might be prevented from considering a contribution to a war memorial as something which entitled the donor to deduction from income tax.

Hon. Mr. CALDER: May I ask the honourable gentleman a question. As I understand it, there are several classes of charity mentioned in this bill, for example, the Red Cross. Are contributions made to every one of these charities deductible from income tax?

Hon. Mr. ROBERTSON: Yes, every one.

Hon. Mr. CALDER. That is to say, if a contribution is made to one of these charities registered under the law it at once becomes deductible from income tax. Is that correct?

Hon. Mr. ROBERTSON: Yes, it is. Apparently it has been the administrative policy of the officials in the department up to the present moment to unhesitatingly allow such deductions.

Hon. Mr. CALDER: It applies to every charity mentioned in the bill?

Hon. Mr. ROBERTSON: To every one.

Hon. Mr. DAVIES: Honourable senators, I support this bill because I believe it is the wish of those who go out collecting subscriptions for war memorials to have such projects registered at Ottawa. Registration helps the canvasser and gives protection. I am inclined to agree with the honourable member for Saltcoats (Hon. Mr. Calder) that income tax deductions are of some importance, but I do not think that feature is as important as the ability to say to a prospective generous subscriber: "This project has been registered and passed by the authorities at Ottawa."

I think all honourable senators would hesitate to subscribe to a fund for a war memorial without some assurance or guarantee as to what was going to happen to the funds. Everyone knows that moneys are collected for various funds, and frequently such funds are carelessly audited. While I do not wish to mention any community or city, I recollect the case of a hockey club which charged up $500 in one year to a fund to sharpen skates. We all know that such things happen, and we just smile at them.

The city of Kingston is now in the midst of a campaign to raise $225,000 for the purpose of erecting a war memorial in the form of a community centre. The total cost is to be $325,000, and provided the public subscribe $225,000 the city council are prepared to raise the other $100,000. I am quite sure that the committee in charge of that fund will be glad to be able to go to large manufacturers and other prospective subscribers in Kingston and say that this project has been registered in Ottawa and is in accordance with the provisions of the War Charities Act.

Hon. Mr. LAMBERT: May I ask the honourable leader of the Government a question? Did his inquiry on this subject throw any light on the question of the design of war memorials? The suggestion was made in committee that it was undesirable to have a war memorial committee centred in Ottawa controlling the designs to be adopted throughout the country. I am curious to know if the honourable leader has any information on that point.

Hon. Mr. ROBERTSON: Honourable senators, if there are any persons with sufficient knowledge to pass on the question of design, I should like to find them. I have had great difficulty finding anyone who can throw any light on the question whatsoever. It is my personal impression that the type and style of memorial to be erected is left almost entirely to the judgment of the local citizens' committee. The type of memorial and the extent of the expenditure are left almost entirely to the citizens in the community affected.

The income tax officials told me of one type of war memorial under consideration for which, if it were accepted by the War Charities Committee, subscriptions could be deducted as far as income tax was concerned. The Jewellers' Association proposed, as a war memorial, to educate men in the delicate art of watch repairing. Apparently decision as to whether the plan would be accepted or not was left for the most part to the local citizens committee. I doubt if there are any restrictions at all on the type or form of war memorial.

Hon. Mr. HORNER: Honourable senators, in view of the sample of war memorial we have here in Ottawa, I am very glad to hear the honourable leader make that statement.

Hon. Mr. CRERAR: Honourable senators, what I have to say now will be very brief. It seems to me that under this legislation the persons in charge of administration can go very far indeed in the control of designs and some other matters as well.

I was impressed by the remarks of my honourable friend from Kingston (Hon. Mr. Davies). In a case like the one he mentioned, where a large sum of money like a quarter of a million or a half a million dollars is to be raised, there might be some argument advanced in support of this bill, particularly if the appeal is broadcast over a large territory. But if the people in a rural community in any part of Canada, out of the goodness of their hearts want to erect, for example, a small community hall costing $4,000 or $5,000 as a memorial to their young men, is it reasonable that they should have to come to Ottawa and ask permission to do so? Is it fair that such a community should be asked to conform to all the regulations that may be imposed by the administration of the War Charities Act? These are features that concern me.

On the basis of the argument made by the honourable gentleman from Vancouver (Hon. Mr. Farris), it seems to me that such legislation as this would be found unconstitutional if tested in the courts.

I do think that if a small community wishes to spend a moderate amount of money, and makes no widespread appeal, the necessity of applying for permission and registering under the Act would simply be an obstruction in the way. I do not think it is reasonable to put a small group of citizens to the trouble of having someone write a letter of application for them, for which a fee would probably

be charged, and to require them to conform to all the regulations that may be imposed by the administration in Ottawa.

Hon. Mr. MURDOCK: Honourable senators, is it not a fact that if it were not for the income tax feature there would be no necessity for this bill? It is true is it not, as has been suggested, that people in a small community could build a war memorial hall for $5,000 and nothing would be heard about it, and that the only difficulty is that if it were not an authorized war memorial those who contribute $5 or $10 would be denied relief to that extent on their income tax? According to my understanding, that is all there is to the bill. This question would never have come before us if it had not been for the canvasser who goes out to raise $5,000 for a war memorial fund, gives a receipt for a small donation and tells the donor that to that extent he can get relief on his income tax.

Hon. Mr. ASELTINE: Honourable senators, I am not very much concerned with the constitutionality of the amendment to the Act, but I am concerned with the income tax feature. This is my reason: I have been asked to contribute $100 to a $5,000 fund being raised for charitable purposes in a western community. If that project is not registered under the Act, and the community is not properly authorized to collect the money. my contribution of $100 to the fund is going to cost me $200 or $300. That is to say, I have to earn $200 or $300 before I have $100 exempt from tax. Therefore, as the honourable member from Parkdale (Hon. Mr. Murdock) has said, the income tax feature is very important indeed.

Hon. Mr. MURDOCK: Is there anything else to it?

Hon. Mr. ASELTINE: I agree with practically everything said by the honourable senator from Kingston (Hon. Mr. Davies). I think the angle he stressed is very important. because if a person is asked to give a big donation and cannot claim deduction from his income tax, his contribution is going to cost him a lot of money. As a matter of fact, he will not contribute.

The CHAIRMAN: I do not think this bill provides for exemptions from income tax.

Hon. Mr. ASELTINE: If the memorial is registered under this Act I think the Income Tax department is obliged to deduct the contribution.

Hon. Mr. MURDOCK: There is a bird sanctuary at Kingsville, Ontario. If you give $10 to the sanctuary you can deduct that amount from your income tax, the reason being that the scheme is registered and permission has been granted to canvass for funds for maintenance purposes.

Section 1 was agreed to.

Section 2 was agreed to.

The preamble and the title were agreed to.

The CHAIRMAN: Honourable senators, shall I report the bill without amendment?

Hon. Mr. LEGER: Honourable senators, I move that the committee rise and report progress.

Hon. Mr. MURDOCK: We did that before.

The CHAIRMAN: I think, if I understand the honourable senator, he is making a motion.

Hon. Mr. LEGER: There was a motion made that you report the bill, Mr. Chairman, and now I am moving in amendment to the motion that you report progress.

Hon. Mr. MURDOCK: And ask leave to sit again?

Hon. Mr. LEGER: No.

Hon. Mr. HARDY: Question!

The CHAIRMAN: You have heard the motion of honourable Senator Leger that the committee report progress. Shall the motion carry?

Some Hon. SENATORS: No.

The CHAIRMAN: All in favour of the motion say "Aye."

Some Hon. SENATORS: Aye.

The CHAIRMAN: In my opinion the motion is lost.

Hon. Mr. LEGER: Vote!

Hon. Mr. DAVID: Honourable senators, if it is true that one of the Senate's most important duties is to protect our Constitution. I think we should not accept hastily the argument that this is merely a matter that can be dealt with under the income tax law. The income tax is very unimportant compared with anything that would have even the slightest bearing on our Constitution. In the past—I say this without any reproach to governments—laws have been passed in a speedy manner, and later declared unconstitutional or, at least, in the view of eminent counsel, of doubtful validity. I think the honourable gentleman who just moved that the committee report progress means that he would like to study the speech made by the honourable senator from Vancouver South.

Hon. Mr. HAIG: May I ask a question? Will you ask the honourable gentleman what his motion means?

Hon. Mr. LEGER: If the motion carries, it means that the bill is killed.

Hon. Mr. DAVID: I know very well that in legislatures that kind of amendment is often moved to the main motion when you want to get rid of a bill. I would support the honourable gentleman's amendment if he would add the words "and ask leave to sit again." It seems to me we should have a little time to read the speech of the honourable senator from Vancouver South, which I must say absolutely convinced me that this bill is unconstitutional, though as an eminent lawyer he tried afterwards to convince himself that he was wrong. If the honourable senator would accept my suggestion and make his motion read, "That the Committee rise and report progress, and ask leave to sit again," I will second it.

Hon. Mr. LEGER: There was some discussion as to what this bill means. It is an amendment to the War Charities Act, 1939. Section 3 of that Act reads:

3. (1) It shall be an offence under this Act (a) directly or indirectly to solicit or make any appeal to the public for donations or subscriptions in money or in kind for any war charity fund, or to raise or attempt to raise money for any war charity fund by promoting or conducting any bazaar, sale, entertainment or exhibition, or by soliciting for advertising or by any other means, unless the war charity fund is registered under this Act.

If a war charity fund is made to include a fund for the erection, construction, acquisition, development or maintenance of a war memorial, you will not be able to make any move towards raising money for a war memorial unless you register under the Act. To me that is just as plain as A B C. The only exemption is in subsection 2 of section 3:

This section shall not apply to any collection at Divine Service in a place of public worship.

I certainly am opposed to passing this bill and putting it on our Statute Books.

Hon. Mr. HARDY: What is the motion.

Hon. Mr. DAVID: I said that if the honourable senator would amend his own motion to read "That the Committee rise and report progress and ask leave to sit again," I would have no objection. The honourable gentleman's motion, as it is, would mean the killing of the bill.

The Bill was reported, without amendment.

Hon. Mr. DAVID.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

TRUST COMPANIES BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill P7, an Act to amend the Trust Companies Act.

He said: Honourable senators, I have asked the honourable gentleman from Vancouver South (Hon. Mr. Farris) to explain this bill.

Hon. J. W. de B. FARRIS: Honourable senators, this bill is rather technical. It is supported by Mr. Finlayson, the Superintendent of Insurance. In section 3 of the Trust Companies Act, in the revised statutes of 1927, there was an obvious error. Subsection 3 of section 3 of the Act read as follows:

The provisions of sections 15 (d), 32, 34, 42 to 48, both inclusive, 62 to 88, both inclusive, and 83 to 90, both inclusive, hereof, shall apply to every trust company incorporated by Act of Parliament of Canada before the twelfth day of June, one thousand, nine hundred and fourteen . . .

Honourable senators will observe that there was an overlapping. It was apparently intended to say "62 to 81". I understand from Mr. Finlayson that because of the ambiguity in that wording the department has always been uncertain whether section 81 of the Act applied to the old companies or not. This amendment has relation only to Trust Companies that were incorporated before 1914. Personally, I do not see just why Mr. Finlayson is worrying about the point, because it seems to me that if you have a thing in twice it is not less valid than if it is in only once. However, for some years the department has proceeded on the assumption that the legislation was defective and that trust companies incorporated prior to 1914 did not get the benefit of section 81.

It is now proposed to make clear by this amendment that section 82 of the trust Companies Act is not applicable to old companies. As that section deals with the organization of companies, it quite obviously was intended to apply only to new companies.

Section 2 of the bill repeals subsection 3 of section 81 of the Act and re-enacts subsection 3 of the 1927 amendment.

Honourable members will find at the bottom of the right-hand page the old subsection 3. It reads:

Any provision in any special Act or elsewhere conferring upon any company any other or wider powers of loaning or investment or imposing any other restriction upon such powers of loaning or investment than those conferred or imposed by this Act, is hereby repealed.

In 1927 a standard set of powers was set up, and only new companies had the benefit of that standard.

Hon. Mr. HAIG: Right.

Hon. Mr. FARRIS: So the old companies found themselves handicapped. There was a provision in nearly all the Acts of Incorporation of these companies—I have a sample here of the Sterling Trust Company—making applicable the former Companies Clauses Act or Part II of the Companies Act, which stated that no company should loan any of its funds to a shareholder. Old subsection 3 took away the extra powers, but it did not take away this limitation. As a result, while all modern companies can lend money to their own shareholders under the supervision and control set forth in the Trust Companies Act, these earlier companies never had that power, although it was clearly intended that they should have it. All this amendment does is to put the old companies in exactly the same position as companies incorporated since 1914.

I may say that in my opinion the draftsmanship of new section 3 is poor, and if the bill goes to committee I am going to move that certain words be struck out. The amending clause now reads as follows:

The loaning and investment powers of a trust company shall be determined by reference exclusively to the provisions of this Act.

You never determine powers by reference to the Act, you ascertain them.

Hon. Mr. HAIG: I am entirely in favour of this bill. Would the honourable gentleman be satisfied to refer it to Committee of the Whole and dispose of it now?

Hon. Mr. FARRIS: Certainly.

CONSIDERED IN COMMITTEE AND REPORTED

On motion of Hon. Mr. Robertson, the Senate went into committee on the bill.

Hon. Mr. Sinclair in the Chair.

Section 1 was agreed to.

On section 2—loaning and investment powers exclusively under this Act:

Hon. Mr. FARRIS: I move that clause 2 be amended in the twenty-seventh line by striking out the words "by reference" and the word "to" substituting for it the word "by".

The amendment was agreed to.

Section 1, as amended, was agreed to.

The preamble and the title were agreed to.

The bill was reported as amended.

THIRD READING

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I move the third reading of this bill.

The motion was agreed to, and the Bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 4, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE IMMIGRATION ACT

MOTION WITHDRAWN

Hon. ARTHUR W. ROEBUCK rose in accordance with the following notice:

That the Committee on Immigration and Labour be authorized to inquire into the operation and administration of the Immigration Act (R.S.C. Chap. 93 and amendments) and the circumstances and conditions relating thereto.

And that the said committee have power to send for persons, papers and records.

He said: As all honourable senators realize, many phases of the subject of this motion are of great interest to a large number of people and of vast importance to the present and future of Canada. Some of them are contentious and of such a nature that people will, quite rightly, differ in their opinions about them. However, as this notice has drawn public attention to the fact that the Senate will be making an inquiry, and as the session is drawing to a close—it has been intimated that probably we will prorogue next week—and it will be quite impossible for the committee to give this important matter the attention it deserves, I should like to withdraw the motion. In taking this action I do so with the stated intention of re-moving the motion in the early part of the next session.

The motion was withdrawn.

WOMEN'S ROYAL CANADIAN NAVAL SERVICE

INQUIRY

On the inquiry of Hon. Mr. QUINN:

1. What has been the total enlistment in the W.R.C.N.S., commonly known as Wrens, since its organization?
2. How many were on the strength on May 1, 1945?
3. How many were on the strength on November 1, 1945?
4. Where are they stationed and how many at each station?
5. What is the total cost of this branch of the services, including pay, allowances, housing, liiving-quarters, uniforms and equipment, food and rations?

Hon. Mr. ROBERTSON: At this time I should like to inform the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) that I have not purposely neglected to reply to his inquiry. I am advised that a few more days will be needed to complete the information asked for.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, before the Orders of the Day are called, may I say for the information of honourable senators that there is very little business to come before the House today. Therefore, with the approval of honourable senators, the House will adjourn early so that the Special Committee on the Income War Tax Act will have an opportunity to continue with the evidence of witnesses who are now waiting to be heard.

Tomorrow morning three committees will meet: the Standing Committees on Railways, Telegraphs and Harbours and on Forestry and Agriculture and the Special Committee appointed to consider the constitution and functions of Senate committees. Tomorrow afternoon, if honourable members approve, I am going to move that the Senate adjourn until Thursday evening in order that the Committee on Commerce and Trade Relations may hear two very important witnesses who are to come before it on Thursday afternoon. The subjects to be discussed are the Bretton Woods Agreement and the whole question of the trade which will arise in due course under the Export Credits Insurance Act. This promises to be a very interesting meeting, and every honourable senator is invited to attend. I am sure it will facilitate matters to adjourn our session tomorrow until Thursday evening.

Hon. Mr. HAIG: The Banking and Commerce Committee is to meet on Thursday morning?

Hon. Mr. ROEBUCK.

Hon. Mr. ROBERTSON: Yes. I should have so stated—Thursday morning, at 10.30.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 5, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

INCOME AND EXCESS PROFITS TAXATION

REPORT OF COMMITTEE

Hon. W. D. EULER presented and moved concurrence in the third report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, as follows:

Your committee recommend,—

1. That the quorum of the Committee be reduced to five members.
2. That the life of the Committee be continued and that it be authorized to hold meetings and hear witnesses during the recess of Parliament.
3. That the Committee be authorized to adjourn from place to place.
4. That the order of reference of the Senate dated October 24, 1945, to the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act be amended by adding, after the word "thereunder," in the last line of the first paragraph thereof, the following words:—

"and the provisions of the said Act by redrafting them, if necessary;"

and further, by striking out the word "and" after word "assessment," in the fourth line of the first paragraph thereof, and substituting a comma in lieu thereof.

The Hon. the SPEAKER: When shall the report be taken into consideration?

Hon. Mr. ROBERTSON: Honourable senators, some questions have been put to me about certain aspects of this matter, and I should like to have the report stand for a day. Perhaps a further explanation might be made either now or tomorrow as to where the contemplated meetings of the committee are likely to be held. I am asking for this information on behalf of other honourable members.

Hon. Mr. EULER: If I am in order, honourable senators, I may say it is not likely that any meetings will be held—or at least not more than one or two. The committee had in mind the fact that there is a great

deal of evidence to be heard and considered, and the thought was that if we desired to make recommendations in time for them to be implemented in the next budget we should hold meetings in the interval between sessions. Otherwise, any action upon these recommendations might have to be postponed until 1947. Our whole thought was to have the recommendations formulated in time to receive consideration before the next budget is brought down.

The Hon. the SPEAKER: Unless there is unanimous consent, the report will have to stand.

Hon. Mr. EULER: I should like to see the report concurred in.

Hon. Mr. HAIG: I want to support what has been said by the honourable chairman of the committee (Hon. Mr. Euler). Some question has been raised as to whether the Senate can authorize a committee to sit after Parliament has prorogued. If we are willing that the committee should sit, no difficulty could arise over the matter unless the committee were to send for papers or documents and some person should refuse to comply. The explanation of the desire for authority to travel from place to place is that the small sub-committee might want to pay a visit of inspection to the income tax offices at Montreal or Toronto, which are the largest income tax offices in the country.

The committee is eager to start its meetings again when the new session begins. If in the interval meetings have been held, and the various representations made have been reported in shorthand and printed, the committee as a whole would be able to study them properly and bring in a report early next session. I assume, of course, the committee will be reappointed. The report then could probably be made in time to be considered by the Minister of Finance before he introduces his budget.

Honourable members should remember that the committee is not trying to tell the Government what policy should be adopted. The aim is simply to try to suggest improvements in the machinery of collecting the income tax. No harm would be done by allowing the report that has just been brought in to stand until to-morrow, but I should like to see the House consider it at an early date in order that appointments may be made for meetings. The Income Tax Payers Association of Canada has written requesting an appointment for next Tuesday, and the Canadian Bar Association would also like to be heard then. If we decide to meet between sessions, publicity would be given to that fact, and I have no doubt other organizations would write in to say that they wanted to be heard. I am confident that five members of the committee could be got together to hold meetings between sessions, and in that way probably a month's work could be saved next session.

I may say that a very able legal adviser will help the committee. I would urge that to-morrow we be prepared to deal with the report so that the committee may make progress during the recess.

Hon. Mr. DAVID: In reference to the report of the Committee on Income Tax and Excess Profits Tax, presented by the honourable senator from Waterloo (Hon. Mr. Euler)—and may the motion of the honourable leader opposite stand—I would cite Rule 533 of Beauchesne's Parliamentary Rules and Forms, which is as follows:

533. Committees may be authorized by the House to adjourn from place to place as may be found expedient—or meet at a particular place, but no committee can sit after a prorogation. B.467.

In 1873, a select committee was appointed to inquire into certain matters relating to the Canadian Pacific Railway with power to sit after the prorogation; but on close examination, it was found and agreed by the leaders of the House that this procedure was not regular. Sir John A. Macdonald, addressing the House on the subject, on the 3rd November, 1873, said: "On consideration, we found that this House could not confer the power (to sit after prorogation) and for a very substantial reason, because if this Parliament could appoint a committee to sit during the recess it could also appoint a Committee of the Whole House to sit during the recess, and thus the prerogative of the Crown to prorogue would be invaded, and Parliament as a Committee of the Whole might sit indefinitey." It was then arranged that the House should take a long adjournment so as to enable the committee to complete its investigation and frame its report.

I think this provision is quite final, and speaks for itself.

Hon. Mr. HAIG: I did not make a motion.

The report stands.

CANADA'S NATIONAL FLAG

REPORT OF COMMITTEE

Hon. NORMAN P. LAMBERT presented the second and final report of the Joint Committee of the Senate and House of Commons appointed to consider and report upon a suitable design for a distinctive national flag, as follows:—

Your Committee has held two meetings in the course of which the question of a suitable design for a distinctive national flag, in accordance with the Order of Reference of the Senate of 21st November, 1945, and the Order of Reference of the House of Commons of 14th November, 1945, was carefully considered.

A considerable number of communications in various forms, such as proposals of designs, resolutions, suggestions, letters, were deposited with the Committee.

Colonel A. F. Duguid, D.S.O., Army Historian of the Department of National Defence (Army) was heard, and this witness delivered an address on the technical and historical aspects of the question under study.

Your Committee feel unable to formulate a specific recommendation in the time at their disposal.

Therefore, your Committee recommend that a similar Joint Committee be set up to continue the study of the question during the next session of Parliament.

Your Committee further recommend that during recess of Parliament, some officials be appointed who would be charged with the classification of all the material which was deposited with the present Committee, so that such material can be presented in an orderly way before the Joint Committee appointed at the next session and thus assist the said Committee in their labours.

A copy of the printed evidence taken is tabled herewith.

Hon. Mr. DUFF: God save the King!

The Hon. the SPEAKER: When shall this report be taken into consideration?

Hon. Mr. LAMBERT: Next sitting.

SENATE STANDING COMMITTEES—THEIR CONSTITUTION AND FUNCTIONS

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR presented the second report of the Special Committee appointed to review the constitution and functions of the Standing Committees of the Senate, as follows:—

Your Committee recommend:—

1. That Rule 78 be repealed and the following substituted therefor:—

78. The Standing Committees shall be as follows:—

1. The Joint Committee on the Library of Parliament, whereto there shall be appointed seventeen senators.

2. The Joint Committee on the Printing of Parliament, whereto there shall be appointed twenty-one senators.

3. The Committee on Standing Orders, composed of fifteen senators.

4. The Committee on Banking and Commerce, composed of fifty senators.

5. The Commiteee on Transport and Communications, composed of fifty senators.

6. The Committee on Miscellaneous Private Bills, composed of thirty-five senators.

7. The Committee on Internal Economy and Contingent Accounts, composed of twenty-five senators.

8. The Committee on Debates and Reporting, composed of nine senators.

9. The Committee on Divorce, composed of not less than nine senators and not more than fifteen senators.

10. The Committee on the Restaurant, composed of the Speaker and six other senators.

11. The Committee on Natural Resources, composed of forty senators.

12. The Committee on Immigration and Labour, composed of thirty-five senators.

13. The Committee on Canadian Trade Relations, composed of thirty-five senators.

14. The Committee on Civil Service Administration, composed of twenty-five senators.

15. The Committee on Public Health and Welfare, composed of thirty-five senators.

16. The Committee on Public Buildings and Grounds, composed of fifteen senators.

17. The Committee on Finance, composed of fifty senators.

18. The Committee on Tourist Traffic, composed of twenty-five senators.

19. The Committee on External Relations, composed of thirty-five senators.

2. That Rule 107 be amended by substituting on page 43, line 1, the word "four" for the word "five."

3. That Rule 107 be amended by substituting on page 43, line 13, the word "two" for the word "five."

4. That Rule 109, page 44 of the Rules, relating to a toll bridge, be repealed.

5. That the following be inserted as new Rule 109:—

109. In the event of promoters not being ready to proceed with their measures when the same have been twice called on two separate occasions for consideration by the Committee, such measures shall be reported back to the Senate forthwith, together with a statement of the facts and the recommendation of the Committee.

6. That Rule 110, page 44 of the Rules, be repealed and the following substituted therefor:—

110. Petitions for private bills shall only be received by the Senate if filed with the Clerk of the Senate within the first six weeks of the session, and every private bill originating in the Senate shall be presented to the Senate within two weeks after the petition therefor has been favourably reported upon by the examiner of petitions or by the Committee on Standing Orders, and no motion for the suspension of this standing order shall be entertained unless a report has been first made by the Committee on Standing Orders recommending such suspension.

7. That Rule 111, page 45 of the Rules, be repealed and the following substituted therefor:—

111. (1) The Chief Clerk of Committees shall be the examiner of petitions for private bills.

(2) Petitions for private bills (other than petitions for bills of divorce), when received by the Senate, are to be taken into consideration by the examiner who shall report to the Senate in each case the extent to which the requirements of the standing orders regarding notice have been complied with; and in every case where the notice is reported by the examiner to have been insufficient or otherwise defective, or if he reports that there is any doubt as to the sufficiency of the notice as published, the petition, together with the report of the examiner thereon, shall be taken into consideration, without special reference, by the Committee on Standing Orders, which shall report to the Senate as to the sufficiency or insufficiency of the notice, and where the

notice is deemed insufficient or otherwise defective, shall recommend to the Senate the course to be taken in consequence of such deficiency or other defect.

8. That Rule 113, page 46 of the Rules, be amended by adding at the end of the Rule the words "or the examiner of petitions."

9. That Rule 124, page 50 of the Rules, be amended by adding at the end of the Rule the words "or the examiner of petitions."

10. That Rule 134, page 53, lines 15 and 16 of the Rules be amended by substituting for "Chairman" the words "Clerk of the Committee."

11. That Rule 134, page 53, line 23 of the Rules, be amended by substituting for "English Journals" the word "Committee."

12. That Rule 136, page 54, line 16 of the Rules, be amended by substituting "four" for the word "five."

13. That Rule 138 be repealed and the following substituted therefor:—

138. No petition for a bill of divorce shall be received by the Senate unless filed with the Clerk of the Senate within the first six weeks of the session.

14. Your Committee also recommend that the House of Commons be requested to unite with the Senate in the appointment of a Joint Standing Committee of both Houses on Public Buildings and Grounds.

15. The Committee further recommend that any amendments to the Rules which may be adopted by the Senate come into force on the opening of the Second session of the present Parliament.

The Hon. the SPEAKER: When shall this report be considered?

Hon. Mr. SINCLAIR: On Friday next.

MAPLE SUGAR INDUSTRY BILL

REPORT OF COMMITTEE

Hon. J. J. DONNELLY presented and moved concurrence in the report of the Standing Committee on Agriculture and Forestry on Bill F7, an Act respecting the Manufacturing, Inspection and Sale of Maple Products.

He said: Honourable senators, the committee have considered this bill, and now beg leave to report the same with certain amendments. I may say that the amendments do not affect the principle of the bill, but are only as to improvement in form. They were made on the advice of the Law Clerk.

The Hon. the SPEAKER: When shall this report be considered.

Some Hon. SENATORS: Now.

The motion was agreed to, and the report was concurred in.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I would move the third reading now.

Hon. Mr. CRERAR: Honourable senators, I was about to ask if we could have some explanation of the amendments. This bill was considered the other day and was sent to committee. From the report I judge that there have been several amendments made, and personally I should like to have some idea as to whether they make any serious change in the bill or are merely formal amendments.

Hon. Mr. DONNELLY: Perhaps the honourable gentleman did not hear what I said when I presented the report. In the opinion of the committee the amendments do not affect the principle of the bill. They were made on the advice of the Law Clerk of the Senate with the object of improving the form of the bill.

Hon. Mr. ROBERTSON: If honourable members would permit me, I could briefly state what the suggested amendments are.

Hon. Mr. ROEBUCK: Yes, go ahead.

Hon. Mr. ROBERTSON: They are very simple, as I think honourable members will agree, if they have a copy of the bill before them. I will just read the amendments:

Page 1, line 4. For Sugar" substitute "Products."

Page 1, line 8. For "deterioration" substitute "deteriorated."

Page 1, line 13. For "article" substitute "substance."

Page 2, line 19. Leave out the word 'with."

Page 2, line 19. For "artifically" substitute "artificially."

Page 3, lines 31 to 35, both inclusive. For clause 8 substitute the following:

8. Any person who, or whose agent or employee, wrongfully removes or sells or otherwise disposes of any product or substance which has been seized by an inspector under authority of paragraph (c) of section seven or substitutes anything therefor shall be guilty of an offence under this Act.

Through a typographical error the original clause referred to subsection 3 of section 7, instead of (c) of section 7.

The last amendment is:

Page 6, line 14. For "analysts" substitute "analyses."

These changes were made by the committee after consultation with the Law Clerk of the Senate, and have been acquiesced in by the department. As was said by the honourable Chairman of the Committee (Hon. Mr. Donnelly), they are intended to improve the form, and in no way affect the principle of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

FISH INSPECTION BILL

REPORT OF COMMITTEE

Hon. J. J. DONNELLY presented the report of the Standing Committee on Agriculture and Forestry on Bill 91, an Act to amend the Fish Inspection Act.

He said: Honourable senators, the committee reports this bill without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

AERONAUTICS BILL

REPORT OF COMMITTEE

Hon. A. B. COPP presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 19, an Act to amend the Aeronautics Act.

He said: Honourable senators, this bill is reported by the committee without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

INTERNATIONAL CIVIL AVIATION— INTERIM AGREEMENT

RESOLUTION OF APPROVAL

Hon. WISHART McL. ROBERTSON moved:

That it be Resolved,—That it is expedient that the Houses of Parliament do approve the Interim Agreement on International Civil Aviation signed by Canada on 7th December, 1944, tabled on 11th September, 1945; the Convention on International Civil Aviation signed by Canada on 7th December, 1944, tabled on 11th September, 1945, and the International Air Services Transit Agreement signed by Canada on 10th February, 1945, tabled on 11th September, 1945; and that this House do approve the same.

He said: Honourable senators, I would ask the honourable gentleman from Toronto (Hon. Mr. Campbell) to speak on this resolution.

Hon. Mr. ROBERTSON.

Hon. G. P. CAMPBELL: Honourable senators, a resolution in the same form as this has been passed by the other House. The purpose of the resolution is to obtain the Senate's approval of the agreements necessary to carry out certain provisions in the convention that was recently entered into at Chicago, and also to obtain approval of the convention itself.

Before specific reference is made to the agreements and the convention, honourable members may find it interesting to know something of Canada's contribution to the preparation of the convention at Chicago. Back in 1942 the Canadian Government felt that in the near future all nations should be called together to study international air transportation problems. Departmental officials were instructed at that time to collect data and information respecting air traffic and matters pertaining to civil air navigation problems throughout the world. A great deal of information was obtained, and in 1943 the Prime Minister presented to Parliament a statement of the broad lines of the Government's policy with respect to international civil aviation.

The Government continued to study the subject, and invited other countries, particularly the United Kingdom and the United States, to call a conference of all nations for the purpose of dealing with this important question before the cessation of hostilities. It was felt that Canada had an extremely important part to play in the development of post-war international aviation. It was also felt that prior to the war a great deal had been learned about the subject by other countries, and that this information could be made available at a conference, so that some general programme and policy could be formulated for the development of international air transportation. Honourable senators may recall that before the war there were no multilateral agreements in effect, and each country had to make special arrangements for the operation of its planes over another country. This resulted in many cases of hard bargaining, particularly among European countries, and developed what may be termed unrestricted competition in international air transportation.

In 1944 the Minister of Munitions and Supply, then in charge of the programme being worked out, tabled a draft convention in the other House. Later this was revised, and became the basis for discussion at the Chicago conference in November of that year. I feel that our citizens can take pride from the fact that of all the countries assembled at that conference Canada was the best prepared and probably the best represented. This

is pretty well demonstrated by the fact that of all the formal documents and proposals brought forward Canada's draft convention was adopted as the basis for discussion.

While the conference did not meet with the entire success that had been hoped for, a very substantial step forward was taken, and, there was established the framework of an international organization charged with the responsibility of continuing studies and co-operating with all countries who are parties to an interim agreement. Within the next two or three years a further conference is to be called, and it is hoped that the problems remaining over from the Chicago conference may then be solved in a satisfactory manner.

The documents before the Senate for approval consist of: 1. An interim agreement on international civil aviation, signed by Canada on December 7, 1944. This agreement has been tabled and will be found in pamphlet form in treaty series 1944 No. 36. The agreement established a body to be known as the Provisional International Civil Aviation Organization, sometimes called PICAO. The structure of this organization consists of (1) an interim assembly, composed of representatives of all the member countries, and meeting annually; and (2) an interim council of twenty-one members elected by the assembly at its annual meetings. Canada was again honoured by the choice of Montreal as first seat of the organization.

The council is constantly in session in Montreal. It receives reports from member-countries and has power to set up technical and other organizations to conduct inquiries and collect facts relating to the development of civil aviation.

The interim agreement, which is intended to be the framework of a more permanent agreement, sets up an organization that is substantially the same as the proposed permanent organization which is to be formed within three years of the coming into force of the interim agreement. The permanent agreement will contain provisions for the enforcement of orders by a court and for appeals to an international court. This I will deal with later. The organization set up under the interim agreement is now functioning.

The important document is the convention itself, because it embodies all the principles agreed upon between the member-countries. It will be found in the same treaty series No. 36 to which I have already referred. The convention, divided into several parts, deals with certain principles, one of the most important being the preservation of the sovereign rights of the member-countries. Each member-country is accorded the right to fly its planes over the territory of other member-countries; but to each country is reserved the right to designate routes, prescribe safety regulations, and so on within its own boundaries. Provision is also made for registration of planes, display markers, and all other matters relating to aviation. These provisions are in some respects similar to those which apply to vessels operating in international waters; that is, planes must be registered, must carry certain papers, and must keep a log. In short, the regulations and conditions laid down are made as universal as possible, but a plane flying over the territory of another country must at all times comply with the regulations of that country.

One important provision under the convention deals with the inability of any state to provide the facilities and landing fields which may be required to ensure safe and efficient operation of planes. Contributions may be made by the organization to this end.

The convention further provides for the International Civil Aviation Organization. This is the permanent organization already mentioned, which is to be formed within three years from the date of the interim agreement. Like the present organization, it is to have an assembly and a council. The articles of agreement are set out in full in the treaty to which I have referred. I think it is unnecessary to refer to any particular item, but I would point out that the articles contain enforcement provisions, so that when a dispute arises between any two members it may be decided upon by the council. If necessary, an appeal may be taken to an arbitrator to be agreed upon by the two members or to be appointed by the council. If necessary, there may be an appeal to the International Court.

This convention has been signed by, I think, fifty-two nations, and will become operative when passed by Parliament.

Hon. Mr. BALLANTYNE: May I ask the honourable gentleman to name the countries that are not signatories to this agreement?

Hon. Mr. CAMPBELL: I am not prepared at the moment to give names of all the countries.

Hon. Mr. BALLANTYNE: Just the better known ones.

Hon. Mr. CAMPBELL: I might say that Russia is one of the major countries which has not yet signed. The complete information can be obtained if the honourable senator desires it.

Hon. Mr. BALLANTYNE: That is all right.

Hon. Mr. CAMPBELL: Another agreement signed at Chicago was the International Air Services Transit Agreement, which provides for two freedoms. It was hoped that some provision could be made whereby a unilateral agreement could be arrived at between countries to permit a plane to fly over a certain country, pick up passengers and carry them to another country. For instance, a plane travelling from Canada to France might be permitted to take on passengers in Canada, Newfoundland and England, and carry them to France. However, the representatives of the countries assembled were unable to come to terms. The only agreement reached at the Chicago Conference was for the two freedoms. Under the International Air Transport Agreement each contracting State grants to the other contracting States: 1, the privilege of flying across its territory without landing; and, 2, the privilege of landing for non-traffic purposes. In other words, it is now possible for planes going from one point in Canada to another to fly over any part of the United States, and to land in that country for servicing without further permission; but they are not permitted to pick up passengers in the United States.

Hon. Mr. ASELTINE: Nor are they allowed to take on freight.

Hon. Mr. CAMPBELL: That is correct. They are not permitted to carry traffic of any kind. It is left to the various countries to negotiate bilateral agreements on such questions. Canada has already negotiated an agreement with the United States. The negotiation of an agreement with Great Britain to permit the taking of passengers from Canada to that country, and the picking up of passengers there and bringing them back to Canada, is under way.

Hon. Mr. ASELTINE: That same restriction applies, does it not, to boats engaged in coastal shipping?

Hon. Mr. CAMPBELL: Yes.

Hon. Mr. ASELTINE: I recall that on one occasion when I was in Alaska, boats were not allowed to take on passengers under similar circumstances.

Hon. Mr. CAMPBELL: That applies to vessels trading coastwise. That is to say, a boat sailing from one Canadian port to another may call at an American port en route, but she may not pick up passengers or freight there. On the other hand, a boat travelling from a Canadian port to an American port may carry passengers or freight to and from either country. It was hoped that a similar arangement could be made with all the countries represented at the Chicago Conference. However, such an agreement was not effected.

If honourable senators are interested in the terms of the International Air Transport Agreement, they will find it at page 60 of the Treaty Series. The five freedoms sought by Canada and some of the other countries represented at the Chicago Conference were as follows:

1. The privilege to fly across its territory without landing.
2. The privilege to land for non-traffic purposes.
3. The privilege to put down passengers, mail and cargo taken on in the territory of the State whose nationality the aircraft possesses.
4. The privilege to take on passengers, mail and cargo destined for the territory of the State whose nationality the aircraft possesses.
5. The privilege to take on passengers, mail and cargo destined for the territory of any other contracting State and the privilege to put down passengers, mail and cargo coming from any such territory.

The first two freedoms were agreed upon, but the other three remain unsettled. It is necessary that individual states bargain for these privileges as they wish to obtain them.

I do not think I need take the time of this honourable House to further discuss the details of the many provisions contained in the convention. In conclusion I may say that it has been the policy of those in charge of Canada's air programme to keep pressing for multilateral agreements, or agreements between nations which would enable them to retain in peace-time the spirit of good will and co-operation that was enjoyed during the period of war.

Some Hon. SENATORS: Hear, hear.

The motion was agreed to.

GOLD PRODUCTION IN CANADA

DISCUSSION

The Senate resumed from Thursday, November 29, the adjourned debate on the notice of Hon. Mr. McRae:

That he will call the attention of the Senate to the development of our gold resources and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly the employment of labour, the establishment of new communities and the importance of the gold which it will provide in taking care of our foreign obligations.

Hon. JAMES MURDOCK: Honourable senators—

Some hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: Honourable senators, the subject before this honourable House refers to the development of Canada's gold resources. When reference was made in this discussion to gold, I presumed that gold meant money. As individuals we are not permitted to have gold, but we deal in money which is backed by gold.

At the outset of my remarks may I say that I am not one of the senators referred to in an editorial in the Ottawa Journal yesterday. I shall discuss this particular question from an angle which is different from that taken by those who have preceded me.

Since this discussion started on the 28th of October we have listened to some very valuable information about prospecting and the development of gold production. I think, honourable senators, we are particularly under obligation to our honourable friend from Vancouver-Burrard (Hon. Mr. McGeer) who, in thirty-five pages of the Senate Hansard, gave us a tremendous amount of data and numerous references to historical matters relating to the development of gold resources in Canada.

But I want to look at this question from a new angle, and mention some things that probably have not been referred to. Gold means money, I think we all agree. I wonder if honourable senators have ever undertaken to figure up the amount of money that we spend on schools, churches and charities in this Dominion of Canada of ours, and also what we spend on the prevention and handling of crime. It will be found that the cost of preventing and handling crime exceeds by more than $500,000,000 a year the sums spent on all the schools, churches, and charities in the Dominion. Why? Because of the inherent selfishness of human nature.

Too often we hear over the radio, and almost every day we read in the newspapers, of robberies and hold-ups Why? Because some human beings have undertaken to get gold, or to get its equivalent in order to benefit by the protection that gold affords to the monetary system of Canada. I am one of the millions in this country and elsewhere who might like to see some other plan substituted for the gold backing of our monetary system. I understand that we have in a part of Canada a considerable smattering of people who believe that we could get along first-rate without having gold behind our money. I do not think we could do that. I think we must have some reasonable protection. My honourable friend from Vancouver (Hon. Mr. McRae), who initiated this discussion, referred to the gold buried in the hills of Kentucky. He said:

> It may interest honourable senators to know that while some years ago the United States had a 200 per cent coverage for its outstanding currency, the coverage at the present time is somewhat less than 40 per cent. Its reserves of gold were so depleted that last January legislation was passed by Congress reducing the coverage from 40 per cent to 25 per cent in anticipation of that country not having gold enough to maintain the official coverage of 40 per cent.

I think my honourable friend is mistaken. If he will inquire from railroad men, bus men and others in the vicinity of the Kentucky Caverns, where the gold is buried, he will probably find that there is substantial protection for incoming additonal deposits of gold, but no coverage or protection for outgoing quantities. My personal judgment is that there has been a continual coverage of that gold in the hills of Kentucky for the last several years. Others are entitled to their own view. But let us ask why the great United States, whose money has a higher value than that of any other country in the world today, should have to give gold to South American countries to pay its debts to them.

We come to the chief point in my honourable friend's submission to us: that is, the work of miners and prospectors in developing further gold resources in this Canada of ours. Many men who were formerly miners have suffered from years of war sacrifice, either as prisoners of war or in other ways, and I am one of the Canadians who do not think we shall be able to get these men to go into the outlying parts of the country and delve in the mines in future—not for a considerable length of time in any event. But prospectors are very busy. A few weeks ago I asked a postman whom I know very well, "How is business?" He said: "Why, we are overloaded every day now with these one-cent letters from the mining companies at Toronto and elsewhere. We are just smothered with the mail that we get for delivery." I have no doubt that every day we all receive, both at home and in our Senate boxes, letters from mining prospectors—for that is what they are, people who are prospecting mines that may or may not have any value at all. That condition has existed now for some weeks.

May I adopt another role for a moment, by quoting the Bible? In I Timothy, sixth chapter, tenth verse, the Bible tells us:

> For the love of money is the root of all evil.

Let us try and develop that, and, if we can, prove it. What has caused many wars of years gone by? We are proud to be living in Canada, a country of about twelve million people and having 444,000 more square miles of territory than has our great neighbour to the south, with a population of about 135 millions. How is it that one of these two nations is, unfortunately, not still a part of the great British Empire? What caused the separation? Let us read from the encyclopedia:

Boston Tea Party

When repealing the Townsend Act, the British Parliament had continued the tax on tea, partly as a symbol of their right to tax the colonies, and partly to aid the financially embarrassed East Indies Tea Company.

Patriots in America were certain that no tea should reach the consignee in America. At New York and Philadelphia the tea ships were permitted to return home with their cargoes intact. At Charleston, Mass., officials seized the tea and held it in government warehouses. In Boston, Governor Hutchinson would not allow the tea ships their clearance papers to return, and so the patriots, disguised as Indians, boarded the ships after dark on December 16, 1773, opened the cases and threw the tea into the harbour, and thus commenced a war that divided the North American Continent into the United States and Canada.

Money! Gold! There was no other cause, except that in the vicinity of Boston there were a number of so-called patriots from overseas who had lived in the Mother Country in a condition that they considered unfair and unjust, and who were only too eager to have some reason for retaliating against Great Britain. That is what caused the separation, and made Canada and the United States two distinct countries.

That was back in 1773. Let us come a little further on. What about the South African War? That was caused by gold and money. Let us read again from the encyclopedia:

South African War 1899-1902

The Boers resented the influx of miners and prospectors following the discovery of gold in 1886 and they refused the Uitlanders adequate political rights.

After the Jamieson Raid of 1895 the situation became more acute and the Boer War of 1899 developed. The British army, using 450,000 men, lost 5,000. The Boer army, with 366,000 men, lost 3,700.

The real cause of the two wars mentioned in those brief references was gold, money. But let us come down to present-day conditions. The other day in a committee—I think it was the Banking and Commerce Committee—my honourable friend from Churchill (Hon. Mr. Crerar) made a statement that I thought was not only correct but very opportune. He said:

We are out of the war now, at least for the time being.

That we are out of the war, is self evident, and my personal judgment is that we are out only for the time being. Every day we hear over the radio and read in the papers that war is continuing in different parts of the world. What for? I do not think it can be shown that the underlying cause in any one of these cases is not the effort of human beings to get some of the wherewithal to live more decently or happily with their fellows.

Let us refer for a few moments to the second Great War and discuss what horrified us all around 1934-35. I am sure that in those days we all were horrified when we read in the papers about the position that the madman of Germany was taking with respect to the Jews. We all know that no people in the world work harder or are more loyal to their own interests and zealous to secure a competence, the means to live and carry on. What was the underlying intent of the madman of Germany? Is it not reasonable to assume that he was bent on the annihilation of the Jews and the confiscation of their wealth? Why? Because it was known the world over, and particularly in Germany, that the Jews individually and collectively had substantial nest eggs laid away.

Let us go a little further. Press reports from a neighbouring capital have for several months kept us informed of important negotiations between British and United States representatives. The Globe of Monday last contained a dispatch from Washington, headed: "Special meeting on British loan lasts six hours." This is the concluding paragraph:

A few more days will tell the story of three months of negotiations—complete success or final failure. The point at issue—with all the cards on the table—is British concessions for which the Americans are calling as conditional to the loan. The most important now under discussion are reduction of British import and exchange controls and release of blocked sterling.

In other words, the proposal, if our intelligence is at all reliable, is to keep the British pound at $4.04 or even lower, and so far as possible to crowd the British Empire from the markets of the world in order that the United States may monopolize them.

I am sorry that my friend from Lethbridge (Hon. Mr. Buchanan) is not in his seat, because the Ottawa Journal of yesterday contains a short quotation from the Lethbridge Herald as follows.

Politicians all across the line are trying to prove that Cordell Hull started the war with Japan.

What is there to that—or is there anything? Let us see. Up to the 7th day of January, 1941—

Hon. Mr. HAIG: December.

Hon. Mr. MURDOCK: Up to the 7th day of December, 1941 two prominent Japanese diplomats had for weeks been in discussion with Mr. Hull and his associates in an effort to arrive at some understanding between their two countries. Right now there is an investigation going on in our neighbouring capital as to the reasons for the Pearl Harbour "incident". But we shall not be told the real cause. We shall not be told that the Japanese representatives were trying by every means at their command to evade payment of their money, at a discount of four or five times the value of the American dollar, for scrap iron and other commodities that had been shipped to Japan in the preceding three or four years. In my humble judgment money was the cause of the war between Japan and the United States.

A great deal more might be said in this connection. I had hoped that at some time in this long-drawn out discussion, notice of which was introduced on the 23rd of October, somebody might deal with the monetary question. Money is truthfully described in the biblical quotation I made a little while ago as the root of all evil. It has been the cause of all the wars in days gone by. I only went back to 1773, but I could prove to honourable members that hundreds of years before that money was the cause of numerous wars. In my humble judgment the honourable senator from Churchill (Hon. Mr. Crerar) was absolutely right the other day when he said, "The war is over for the time being." We are going to have another war. Money will be the cause of it, in one man's judgment, because as individuals and human beings we have grown up to believe that it is consistent and logical and proper for us by every means at hand to get a reasonable competence in gold or its equivalent in money. Money is the cause of all the present-day hold-ups, and of all the shootings and other tragic circumstances connected therewith.

I have spoken for only twenty-five minutes, but I could continue a great deal longer and cite many other circumstances in support of my contention. However, I should prefer to have someone tell me whether gold, that is, money, is not the most evil thing that has ever afflicted the world. And again I say, I am one of the fellows who do not know how we could back our currency in any other way.

On motion of Hon. Mr. Haig, the debate was adjourned.

BUSINESS OF THE SENATE

On the motion to adjourn.

Hon. Mr. ROBERTSON: Yesterday, in order to provide opportunity for a meeting of the Committee on Commerce and Trade Relations on Thursday, I suggested that at the conclusion of our business today we might adjourn until tomorrow night at 8 p.m. It has, however, been pointed out to me that it might convenience some honourable senators to meet tomorrow at 3 p.m. and later adjourn during pleasure, to reassemble at 8 o'clock at the call of the bell.

With that explanation, honourable senators, I move that the House do now adjourn.

Hon. Mr. BALLANTYNE: I take it from the honourable leader's remarks that the Senate will be sitting on Friday?

Hon. Mr. ROBERTSON: So far as the immediate business before us is concerned, I must say frankly that I know of no particular reason for a Friday sitting. I had thought that in the event of an unexpected burst of activity in another place, we might facilitate the closing of the session by sitting on Friday; but we have pretty well cleaned up our business, and unless something unforeseen develops I shall move tomorrow night that the Senate adjourn until Monday.

Hon. Mr. BALLANTYNE: I thought that after the committee had reported Bill 173 respecting the Department of Reconstruction and Supply, it would be ready for our consideration and we might sit on Friday to deal with it. But I am not asking that we do sit. Am I to understand that the debate will not proceed tomorrow on Bill 173?

Hon. Mr. ROBERTSON: It will depend largely upon what action the committee take. Should they report the bill tomorrow evening, I see no reason why it should not then be discussed. I have endeavoured to ascertain what likelihood there is of the session terminating towards the middle of next week, and my present information is that the other House will not have finished its business before the end of next week. This being the case, I see no particular reason why the Senate should meet on Friday.

Hon. Mr. HAIG: I think tomorrow we could safely adjourn until Monday. The bill now before the other House is still under discussion on the motion for second reading, and there does not appear much prospect of its being disposed of in short order.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, December 6, 1945

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

HON. W. H. DENNIS

FELICITATIONS ON HIS RETURN TO THE CHAMBER

Hon. WISHART McL. ROBERTSON: Honourable senators, before the business of the House is proceeded with, I hope I may have permission to express on my own behalf and, I am sure, on behalf of all honourable members, the very great pleasure it is to see in his seat today the honourable gentleman from Halifax (Hon. Mr. Dennis).

Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: I ask the indulgence of the House while I make a personal reference. Ever since I first went to the city of Halifax—Senator Dennis and I were young men at that time—our associations have been of the closest and happiest. We roomed together in the old Y.M.C.A., and whatever differences of opinion we may have had on such trivial matters as politics were far outweighed by our very pleasant personal relations.

I am happy to see Senator Dennis looking so much better than when I last saw him. I know I speak for all honourable members when I voice the hope that his recovery will continue to be steady and rapid, and that his native city, his native province and the whole country will long have the benefit of his very great contributions to the public welfare.

Some hon. SENATORS: Hear, hear.

Hon. W. H. DENNIS: Honourable senators, I appreciate very much your cordial reception of the kind remarks of the honourable leader of the Government (Hon. Mr. Robertson). I regret that owing to illness it has been impossible for me to be in attendance earlier this session. Though absent, I have continued to take an intense interest in the work of the Senate, which I have always regarded as of prime importance to the proper functioning of the Parliament of Canada.

BUSINESS OF THE SENATE

Hon. WISHART McL. ROBERTSON: Before I move that the Senate adjourn, I would remind honourable senators that the adjournment is for the specific purpose of enabling them to attend a meeting of the Committee on Commerce and Trade Relations. The committee will assemble in room 368 to deal with two important measures. One is a bill for the ratification of the Bretton Woods agreement. In response to my inquiry, the Minister of Finance and Dr. Clark have assured me that Mr. Rasminsky, Executive Assistant to the Governor of the Bank of Canada and Alternate Chairman of the Foreign Exchange Control Board, and one of the greatest authorities on the subject-matter of the agreement, will attend before the committee between now and 4 o'clock.

After discussing the Bretton Woods agreement, the committee will hear Mr. MacKinnon, Minister of Trade and Commerce, and his Deputy, on questions relating to Canada's foreign trade. As honourable members are aware, we shall shortly be asked to consider a bill to amend the Export Credits Insurance Act by increasing the aggregate amount of loans and securities from $100,000,000 to $750,000,000. As the measures referred to may not reach this House until very late in the session, it is to the interest of all honourable members to attend these meetings in the meantime.

It had been my thought to move that the House adjourn during pleasure to reassemble this evening at the call of the bell, and then to move that we adjourn until Monday at 8 o'clock. But as there may be some further matters ready to come before the House tomorrow afternoon, with leave of the Senate, and following the suggestion of the honourable leader opposite, I would move that we now adjourn until tomorrow afternoon at 3 o'clock.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, December 7, 1945

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

INTERNATIONAL LABOUR ORGANIZATION—PROTECTION OF WORKERS

REPORT OF COMMITTEE

Hon. JAMES MURDOCK presented the second report of the Committee on Immigration and Labour, as follows:

1. Your committee have in obedience to the order of reference of the 12th November, instant, considered the following proposed resolution:—

"Resolved, that this House do approve of the Convention concerning the protection against accidents of workers employed in loading or unloading ships (revised), which was adopted by the General Conference of the International Labour Organization of the League of Nations at its sixteenth session in Geneva on the 27th day of April, 1932."

2. Your committee recommend the adoption by the Senate of the proposed resolution.

He said: Honourable senators, on November 1 the honourable leader of the Government submitted the resolution approving this convention to the House, as set forth at pages 195 and 196 of Hansard. Perhaps I should place before the House this additional information.

The terms of this convention are incorporated in the regulations for the protection against accidents of workers employed in loading and unloading ships. These regulations, approved by Order in Council P.C. 3120 of December 14, 1938, were later amended, and as approved by another Order in Council, P.C. 1342 of February 19, 1943, were issued under the provisions of section 467 of the Canada Shipping Act, 1934.

Under the regulations, which have been in operation since 1938, Inspectors of Ships Tackle have been appointed at various ports throughout the Dominion, namely, at Port Alberni, Vancouver, Montreal, Charlottetown, Halifax, Saint John. Now that additional personnel is available, and higher salaries are being offered, I understand that inspectors will be appointed at other ports. These inspectors have authority to prevent the unloading of a ship until the standards required by the Canada Shipping Act have been complied with, and to see that only proper safety devices in good condition are used.

The I.L.O. Convention has been ratified by the following countries: Chile, China, United Kingdom, Italy, Mexico, New Zealand, Spain, Sweden, Uruguay.

The United States have ratified three maritime conventions, all passed at the 1936 conference, this being the first conference attended officially by that country where there were any conventions coming within its federal scope. It has not concerned itself with conventions passed in earlier years.

Conventions regarding minimum age at sea, unemployment indemnity due to shipwreck. minimum age of stokers and trimmers, medical examination of young persons at sea, seamen's articles of agreement, and the marking of weight of packages transported by vessels, are also incorporated in the Canada Shipping Act.

An additional Inspector of Ships Tackle will be appointed in Vancouver, and new appointments are expected in Quebec and Montreal. A maritime session of the International Labour Conference is to meet in Seattle early in June, 1946. At this conference it is probable that additional conventions or recommendations of particular interest to Canada will be put forward, and no doubt these will be considered in the light of our general shipping policy.

The Hon. the SPEAKER: When shall this report be taken into consideration?

Hon. Mr. MURDOCK: At the next sitting of the House.

PENITENTIARY BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce, on Bill 92, an Act to amend The Penitentiary Act, 1939.

He said: The committee have examined this bill and now beg leave to report it without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

WAR SERVICE GRANTS BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 176, an Act to amend the War Service Grants Act, 1944.

He said: Honourable senators, the committee made only minor amendments to this bill.

The motion was agreed to, and the report concurred in.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

HYDRO-ELECTRIC DEVELOPMENT IN NEW BRUNSWICK

REPORT TABLED

Hon. Mr. ROBERTSON: Honourable senators, I beg to lay on the table a report on the tidal powers, Petitcodiac and Memramcook estuaries, Province of New Brunswick, 1945.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill P8, an Act to amend the Canadian and British Insurance Companies Act, 1932.

The Bill was read the first time.

FOREIGN INSURANCE COMPANIES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill Q8, an Act to amend the Foreign Insurance Companies Act, 1932.

The Bill was read the first time.

LIVING CONDITIONS IN TOWN AND COUNTRY

EDITORIAL COMMENT ON ADDRESS BY ONTARIO MINISTER OF AGRICULTURE

On the Orders of the Day:

Hon. R. B. HORNER: Honourable senators, before the Orders of the Day are called, I should like to direct attention to an editorial which appeared in the Ottawa Journal of last Wednesday. It is as follows:

Back to the Cities?

For years we have had it dinned into us that what this country needs is more people on the land. "Back to the farm" became a slogan. Now comes Ontario's Minister of Agriculture, Mr. T. L. Kennedy, to declare this cry all wrong, saying that what we need is a movement back to the cities. If, says Mr. Kennedy, some 50,000 of Ontario's 192,000 farmers could be dispensed with things would be better.

We wonder. For what Mr. Kennedy doesn't tell, though it is pretty relevant to his case, is what the 50,000 farmers he would get rid of would do when they got to the cities. Where, and at what, would they work? Farmers are customers of the cities; their backbone. If, then, there were fewer farmers, fewer people on the land to buy the things which the city factories make, wouldn't there be less work in the cities? More unemployment, more crowding, more slums?

Mr. Kennedy says that a lot of farmers aren't much of farmers, anyway; that they merely make a living.

That may be quite true. But what about the thousands of city workers who barely break even, and who have no opportunity to raise a family in the healthful conditions associated with the farm?

The editorial continues:

He is probably right; but even if he is right, isn't it still true that a man making a living for himself and his family on a plot of land is less likely to be a State liability than a man in the city who, during a depression (our young planners for "full employment" will pardon us), falls out of work?

Mr. Kennedy seems to us to look at farming as a sort of business, as an occupation merely to make production more efficient and to make money. But farming, we suggest, is more than that. It is, we think, a way of life; something that goes to the roots of a nation, that is born and exist in love of the soil, that is associated with human dignity and independence.

It might be better, of course, if all our farmers could be efficient, with nothing but great mechanized farms, or even great collective farms —we think, however, that such a development, even if it were possible would take something from the fibre of our country: remove something from it that goes deep into our history. At any rate, we are on the side of the farmer, prefer the man who wrests an honest living from the soil, maintaining his independence the while, to the man who, working in the city, is perhaps compelled to dwell in a slum.

That, honourable senators, is a splendid editorial and I agree with it entirely. About twenty-five years ago, when manufacturing industry was fast reaching the point where in a few months it could turn out sufficient goods to supply the needs of a whole year, Henry Ford suggested that industry should to a certain extent be decentralized by establishing small subsidiary factories in the country. These would operate in the winter months when work on the land is impossible, and close down for the spring and summer months when the employees can busy themselves on the land. He put his suggestion into practice by making available to his workers land within convenient reach of Detroit. I have always stressed the advantages of life on the farm, in the belief that farm life would encourage an increase of population which would provide a better market for the manufacturing industries in our cities. I am therefore very glad of this opportunity to make these brief comments on this excellent editorial.

Some hon. SENATORS: Hear, hear.

CANADA'S NATIONAL FLAG

REPORT OF COMMITTEE

Hon. NORMAN P. LAMBERT moved concurrence in the final report of the Joint Committee of the Senate and House of Commons appointed to consider and report upon a suitable design for a distinctive national flag.

The motion was agreed to, and the report was concurred in.

SENATE STANDING COMMITTEES— THEIR CONSTITUTION AND FUNCTIONS

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR moved concurrence in the second report of the Special Committee appointed to review the constitution and functions of the Standing Committees of the Senate.

He said: Honourable senators, the committee devoted several sittings to consideration of the matters dealt with in this report, and I think it might be well for me to explain briefly the background from which we approached our work.

Except for a few minor changes from time to time the rules of the Senate have not been revised since 1906. On the other hand, the rules of the House of Commons were revised in 1927. Naturally this resulted in a considerable difference between the rules of the two Houses relating both to private and public legislation, and we have made the revisions necessary to bring our rules into harmony with those of the other Chamber.

In both Houses it used to be the practice to deal with public bills in Committee of the Whole, but for the past fifteen years or more it has been more usual for the Senate to refer such bills to a standing committee. The reason for this change was to allow parties interested in the proposed legislation to present their views, and also to enable the Senate to secure information with regard to Government measures either from the Ministers in charge of them in the other House or from their departmental officials.

In the view of your committee, this practice has now become a custom. While it was felt at the outset that in view of the large number of rules of this House we could reduce the number of standing committees, on reconsideration it was the consensus of opinion that a reduction would not make for more efficient operation. It was felt, however, that it would be beneficial to increase the number of senators on the smaller committees. May I now give this honourable House some details of the amendments suggested by the committee.

The first amendment is to Rule 78, which provides for the standing committees. It was suggested that this rule be amended in the following manner:

That the number of senators composing the Committee on Standing Orders be increased from 9 to 15;

That the number of senators composing the Committee on Banking and Commerce be increased from 42 to 50;

That the designation of the Committee on Railways, Telegraphs and Harbours be changed to the Committee on Transport and Communications.

Because the Committee on Railways, Telegraphs and Harbours is less busy than it once was, it was thought that this committee should handle all matters pertaining to transport and communications, including radio, airways and other related subjects.

Further proposals under the amendment to Rule 78 are:—

That the number of senators composing the Committee on Miscellaneous Private Bills be increased from 25 to 35;

That the designation of the Committee on Agriculture and Forestry be changed to the Committee on Natural Resources, and that the membership of the committee be increased from 9 to 40 senators.

It was the view of the members of the Special Committee that the Committee on Agriculture and Forestry should cover fishing, mining, and related industries, and consequently that its membership should be increased, so that all interested senators could attend its meetings.

There also are recommendations:—

That the number of senators composing the Committee on Immigration and Labour be increased from 9 to 35;

That the designation of the Committee on Commerce and Trade Relations of Canada be changed to the Committee on Canadian Trade Relations, and that its membership be increased from 9 to 35 senators;

That the number of senators composing the Committee on Civil Service Administration be increased from 9 to 25.

While the Committee on Civil Service Administration of this House has not functioned to any extent in the past, having regard to the possibility of such legislation coming before us, it was considered wise to continue the committee.

Hon. Mr. HARDY: Has the committee ever functioned?

Hon. Mr. SINCLAIR: I am not aware that it has.

Other proposed amendments are:—

That the designation of the Committee on Public Health and Inspection of Foods be changed to the Committee on Public Health and Welfare, and that the number of senators composing this committee be increased from 9 to 35;

That the number of senators composing the Committee on Public Buildings and Grounds be increased from 9 to 15;

That the number of senators composing the Committee on Finance be increased from 35 to 50;

That the number of senators composing the Committee on Tourist Traffic be increased from 15 to 25; and

That the membership of the Committee on External Relations be increased from 25 to 35 senators.

I draw to attention the fact that no changes are recommended with respect to the committees on the Library, the Printing of Parliament, Internal Economy and Contingent Accounts, Debates and Reporting, Divorce, or the Restaurant.

Your committee recommends that the House of Commons be requested to unite with the Senate in the appointment of a joint Standing Committee on Public Buildings and Grounds. Honourable senators will recall that the committee of this House presided over by the honourable senator from Rockcliffe (Hon. Mrs. Wilson) has functioned every session, particularly during the summer season. Recommendations for the improvement of buildings and grounds made by that committee have been carried out by the Federal District Commission, and I think the result has been a general improvement of surroundings. However, it was felt that a joint committee might be more effective than a committee of one House.

Further, your committee proposes an amendment to Senate Rule 107, whereby the period of publication of notices for private bills will be reduced from five weeks to four. This will bring the Senate rule into harmony with a similar rule of the House of Commons which has been in effect since 1927. Because of the difference in the rules of the two Houses there has been confusion on the part of those promoting legislation. It was thought wise, therefore, to have these rules harmonize.

A third amendment reduces the delay from five weeks to two weeks from the date of mailing a notice to a Provincial Secretary, the Clerk of a County Council or municipal corporation, before a petition for a private bill can be considered by the Standing Orders Committee. This amendment will bring the Senate rule into harmony with the House of Commons rule.

The fourth amendment repeals Rule 109, which requires that an applicant for a private bill to construct a toll bridge must give notice of the rates to be charged. Since the creation of the Board of Transport Commissioners this provision has been unnecessary.

The fifth amendment provides a new Rule 109 designed to overcome undue delays on the part of promoters of private bills in proceeding with their measures before committees.

The sixth amendment repeals Rule 110 with respect to the time limit for the presenting of petitions and private bills to the Senate. The new Rule 110 will be in harmony with the House of Commons rule, and is intended to avoid existing misunderstanding and confusion due to a difference in the time limit.

The seventh amendment repeals Rule 111, which requires the Committee on Standing Orders to report on each petition for a private bill. Under the proposed new Rule 111, which conforms to the procedure in the other House, the examiner of petitions will report direct to the Senate when petitions for private bills comply with the rules. If this amendment is adopted the Committee on Standing Orders will be called to meet only when there is non-compliance with the rules or a doubt in the mind of the examiner as to the sufficiency of the notice. The present procedure causes considerable delay whenever, during an adjournment of the Senate, the examiner of petitions —the Chief Clerk of Committees—finds that a bill does not conform wholly to a rule, for he has to wait until the Senate resumes, which may be two weeks or longer, before a meeting of the committee can be called. The amendment would simply bring the procedure for handling these petitions into line with the procedure that has long been followed with respect to petitions for divorce. When a petition for divorce is received, it goes to the Chief Clerk of Committees, who examines it to see whether it complies with the rules; and any petition that is out of order is sent on to the committee. That procedure has proved very satisfactory in dealing with divorce petitions, and I think it would expedite the handling of petitions for private bills in general, while not weakening any of the safeguards.

The eighth amendment merely adds the words "or the examiner of petitions" to Rule 113, which amendment would follow as a consequence of the adoption of the proposed amendment to Rule 111.

The ninth amendment also is consequential.

The tenth and eleventh amendments would bring the provisions of Rule 134 into line with the practice.

The twelfth amendment, which is to Rule 136, is the same as the proposed amendment to Rule 107, whereby the period of publication of the notices will be reduced from five to four weeks, and the Senate rule would thus be brought into harmony with a similar rule of the House of Commons.

The thirteenth amendment brings the time limit for filing petitions for bills of divorce into harmony with the time limit in the House of Commons. The variation between the time limits in the two Houses has led to confusion and misunderstanding. The time limit in the other House is six weeks, whereas in this House it is sixty days. Some petitions that were acceptable under our rule have been too late under the Commons' rule, and as a result the petitioners have had to pay a fine of one or two hundred dollars. It is felt that confusion can be avoided by bringing the rules of the two Houses into harmony.

In conclusion I should like, on behalf of the committee, to express thanks to the Clerk of the Senate, the Law Clerk and the Chief Clerk of Committees for their valuable assistance in explaining to the Special Committee the practice and procedure under the rules governing standing commitees, particularly as to the handling of private bills.

Hon. WISHART McL. ROBERTSON: Honourable senators, I am sure I speak for the House as a whole in expressing appreciation of the work done by the honourable gentleman from Queen's (Hon. Mr. Sinclair) and the other members of the special Committee, and of their careful attention to the matter referred to them. It might be suggested that the membership of the proposed committees is too large. I would, however, emphasize what the honourable gentleman said as to the great volume of work done in the committees. Attention has often been called to the fact that every senator has the right to attend all committee meetings, and to take part in the discussions, though he cannot vote in any committee of which he is not a member. It would seem to me that the increased size of committees will make it possible for all honourable senators to participate to a greater degree than ever in the work done by the respective committees.

When the honourable gentleman was speaking, I was reminded that someone had asked me whether notices of committee meetings could not be published in the Senate Minutes at least a day in advance, so that all honourable senators would be kept informed of these meetings. I understand that practice is followed in the other House, but I have had no opportunity of ascertaining whether it would be helpful here. Of course, notices of committee meetings are always posted on the board in the corridor downstairs.

I wish again to express thanks to the Special Committee, and especially to its chairman, the honourable senator from Queen's (Hon. Mr. Sinclair), for the careful and efficient manner in which the order of reference was dealt with.

The motion was agreed to, and the report was concurred in.

EXPORT CREDITS INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 217, an Act to amend the Export Credits Insurance Act.

The bill was read the first time.

NATIONAL EMERGENCY TRANSITIONAL POWERS BILL

FIRST READING

A message was received from the House of Commons with Bill 15, an Act to confer certain transitional powers upon the Governor in Council during the national emergency arising out of the war.

The bill was read the first time.

The Senate adjourned until Monday, December 10, at 8 p.m.

THE SENATE

Monday, December 10, 1945

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY BILL

REPORT OF COMMITTEE

Hon. C. B. HOWARD presented the report of the Standing Committee on Banking and Commerce on Bill 173, an Act respecting the Department of Reconstruction and Supply.

He said: Honourable senators, the committee have in obedience to the order of reference of the 30th of November, 1945, examined the said bill and now beg leave to report the same with amendments.

The Hon. the SPEAKER: When shall the report be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

DEFECTIVE VENTILATION OF CHAMBER

On the Orders of the Day:

Hon. FELIX P. QUINN: Honourable senators, before the Orders of the Day are called I should like to draw the attention of

the honourable leader of the Government to the discomfort caused by a draught from the grill just behind me. Other members near me are also disturbed by this defective ventilation. I have repeatedly asked that the trouble be rectified, but without avail. Something should be done to shut off this draught altogether.

Hon. Mr. ROBERTSON: This is the first I have heard of the trouble. I can assure my honourable friend that I will make inquiries and see if the defect cannot be remedied.

BUSINESS OF THE HOUSE

On the Orders of the Day:

Hon. WILLIAM DUFF: Honourable senators, before the Orders of the Day are called I should like to make a request of the honourable leader of the House. It is now only about fifteen days from the Christmas holidays, which we all like to celebrate at home. In view of this, I should like to ask the honourable leader of the Government if he will be in a position tomorrow afternoon to advise us what legislation is likely to come before this honourable body between now and prorogation. I understand that the session is expected to end either this week or early next week.

Hon. Mr. ROBERTSON: I will endeavour to do so.

INTERNATIONAL LABOUR ORGANIZATION—PROTECTION OF WORKERS

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the second report of the Committee on Immigration and Labour.

Hon. Mr. ROBERTSON: Honourable senators, in the absence of the honourable senator from Parkdale (Hon. Mr. Murdock), I would move that this report be concurred in.

The motion was agreed to.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill P8, an Act to amend the Canadian and British Insurance Companies Act, 1932.

He said: Honourable members, I have asked the honourable senator from Vancouver South (Hon. Mr. Farris) to explain this bill.

Hon. J. W. de B. FARRIS: Honourable senators, this bill, which provides for putting British insurance companies operating in Canada on the same basis as Canadian companies, is a simple one. The memorandum from the Superintendent of Insurance is as follows:

Part VIII, sections 115 to 144, and the second schedule, apply to British companies; the schedule sets forth the classes of assets which may be vested in trust in a Canadian trust company by a British company for the purpose of securing its Canadian policyholders.

When the Act was passed, the classes of securities which might be so vested in a trustee corresponded to the classes of investment which Canadian companies were authorized to make under Section 60.

In 1934, by Chapter 45, an addition was made to the classes permitted to Canadian companies (see Section 60 (1) (b) (i-c)), but by what I believe was an oversight, no corresponding addition was made to the classes permitted to be vested in trustees by British companies. The amendment now before Parliament will bring the two groups of companies again into line in this respect.

The class of security added by the amendment is the debentures or debenture stock of any corporation which are fully secured by a statutory charge upon real estate of the corporation, provided the security has a ten-year record of continuous payment of interest in full immediately preceding the date of investment; bonds of such a corporation secured by pledge to a trustee of such debentures or debenture stock are also made eligible for vesting with trustees.

The whole purpose of the bill, as I see it, is to bring the two classes of companies into line as to investments which are to be made in Canada.

The motion was agreed to, and the bill was read the second time.

CONSIDERED IN COMMITTEE

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I would move third reading now.

Hon. Mr. LEGER: Honourable senators, is there any urgent reason why this bill should be read the third time now?

Hon. Mr. ROBERTSON: If any honourable member so desires, the bill can go to committee. I gave an explanation of the bill to the honourable leader opposite. It is not absolutely necessary to give the bill third reading now, but I am anxious that it proceed as far as possible.

Hon. Mr. ROEBUCK: Honourable senators, I suggest that the bill go to committee.

Hon. Mr. ROBERTSON: To the Committee on Banking and Commerce?

Hon. Mr. HAIG: Honourable members, may I suggest that we consider the bill in Committee of the Whole?

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. HAIG: The honourable gentleman from Vancouver South (Hon. Mr. Farris) gave a clear and accurate explanation of the purpose of the bill. It simply permits British companies to invest their Canadian funds in the same kind of securities that Canadian companies are allowed to invest in. The next bill to be considered deals with American companies, and has similar provisions.

Hon. Mr. PATERSON: Why should we not pass the bill now?

Hon. Mr. HAIG: If some honourable senators wish to discuss it, why not let the bill go to Committee of the Whole now?

Hon. Mr. ROBERTSON: Honourable senators, Bill Q8 is the same type of bill as this one. Would honourable senators agree to give that bill second reading and then refer both bills to Committee of the Whole?

Hon. Mr. CALDER: Yes.

Hon. Mr. HARDY: Honourable senators, I think it is a very good suggestion to refer bills of this kind to Committee of the Whole. The practice has been very much neglected in this House. In Committee of the Whole the bills could be disposed of in a very few minutes, thus avoiding delay.

Hon. Mr. ROEBUCK: Honourable senators, I have no very clear idea as to whether this bill is a wise one or not, but I do know that when you commence monkeying with rules affecting insurance companies you are getting into a matter of considerable importance. If we are to model our Canadian law upon British law—

Hon. Mr. FARRIS: This is the opposite to what you are suggesting.

Hon. Mr. ROEBUCK: —or some other law, I cannot see where it is going to end. I think this bill is important enough to receive some consideration, and it should not be given second and third reading in one night.

Hon. Mr. ROBERTSON: I move that the Senate go into committee on the bill.

The motion was agreed to, and the Senate went into committee on the bill.

CONSIDERED IN COMMITTEE

Hon. Mr. SINCLAIR in the Chair.

On Section 1—Debentures, etc., of a corporation:

The CHAIRMAN: Shall clause 1 carry?

Hon. Mr. HAIG: Before it is carried, may I read the explanatory note covering this bill?

This amendment will make available to British companies for the purpose of vesting assets in trust as security for Canadian policyholders a class of security in which Canadian companies are permitted to invest under paragraph (b) of subsection one of section 60. The sub-paragraph inserted recognizes a statutory charge upon assets and a record of continuous payment of interest on the obligations secured thereby as equivalent to the forms of security set forth in the preceding sub-paragraphs of the paragraph.

The bill itself provides as follows:

The debentures, debenture stock or other evidences of indebtedness of any corporation which are fully secured by statutory charge upon real estate or upon plant and equipment of such corporation used in the transaction of its business: Provided interest in full shall have been paid regularly for a period of at least ten years—

I do not see any objection to the bill.

Hon. Mr. FARRIS: May I point out to my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) that this is not a case of a Canadian corporation conforming to a law of Great Britain or any other country. It is quite the reverse. It is to put British companies on the same basis as Canadian companies in the matter of making investments.

Hon. Mr. LEGER: Do the words "real estate" in the bill mean real estate in Canada?

Hon. Mr. FARRIS: Yes. This provision is the same as the one that pertains to investments by Canadian companies.

Hon. Mr. LEGER: It simply means that a British company that owns real estate here may issue securities on the basis of that real estate?

Hon. Mr. HAIG: No, no. If a company owns an apartment, it may issue debentures secured by a mortgage on the apartment, and the British company can buy such debentures provided the interest has been paid for the preceding ten years.

In the province of Manitoba that practice is not common, but it is in other parts of Canada. For instance, a mortgage is secured in the name of the Royal Trust, the National Trust, or some other trust company. If debentures are issued against that mortgage, a Canadian company is allowed to buy those debentures. This bill permits British companies to do likewise.

Hon. Mr. LEGER: It is real estate in Canada?

Hon. Mr. HAIG: Absolutely.

Section 1 was agreed to.

The preamble was agreed to.

The title was agreed to.

The bill was reported.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

FOREIGN INSURANCE COMPANIES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill Q8, an Act to amend the Foreign Insurance Companies Act, 1932.

He said: Honourable senators, I have asked the honourable gentleman from Vancouver South (Hon. Mr. Farris) to explain this bill.

Hon. J. W. de B. FARRIS: Honourable senators, this bill is identical with Bill P8, except that this one refers to foreign insurance companies. Everything that I said about the other bill applies equally to this one.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

EXPORT CREDITS INSURANCE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 217, an Act to amend the Export Credits Insurance Act.

He said: Honourable senators, the Export Credits Insurance Act, which this bill seeks to amend, was passed in 1944. Part I of the Act established a corporation to engage in the insurance of commercial export credits. Part II permitted the Governor in Council, for the purpose of facilitating and developing trade between Canada and any other country, to authorize the Minister of Finance to enter into agreements with foreign governments or their agencies, to provide them with credits, or to guarantee credits provided to them by others in Canada.

The purpose of the measure before us is to increase from $100,000,000 to $750,000,000 the amount which the Government may lend to other governments or their agencies under Part II of the Export Credits Insurance Act.

No alteration is proposed in the amount of the guarantees which the Government may give under Part I of the Act—that is $200,000,000—or in the amount of business which the Insurance Corporation established by Part I is authorized to do. The proposed amendment is required to give the Government sufficient authority to make loans to allied governments in the next year or two, in order to enable them to purchase supplies in Canada. It is not the purpose of this amendment to provide funds for making loans to the United Kingdom or the sterling area in general. This matter will be dealt with by another agreement, which will be submitted at the next session of Parliament.

The bulk of the money provided under this bill will be for loans to our allies in Western Europe, the U.S.S.R., China and the Netherlands East Indies. Among the loans already arranged for, and those contemplated should this measure pass, are the following:

Country	Loan Made	Loan Promised
Czechoslovakia	$19,000,000	None
Netherlands	25,000,000	$60,000,000 (additional)
Norway	13,000,000	17,000,000
Netherlands Indies	15,000,000	50,000,000
Belgium	25,000,000	To be agreed
U.S.S.R.	3,000,000	Additional amounts offered
France	None	242,500,000
China	None	To be agreed
	$100,000,000	$369,500,000 plus

The difference between the additional amount requested under this bill, $650,000,000, and the amount promised, $369,500,000, will take care of any additional loans that may be made to China, the U.S.S.R., Belgium and Czechoslovakia.

Among the major matters of policy determining these loans are:

1. Canada's interest in the economic reconstruction of the allied countries and the developing of our export trade during the reconstruction period.

2. The long-term interest in developing export trade, apart from the immediate or short-term interest.

3. On the question of security: If Europe and Asia are economically healthy, wars are less likely to break out. Canada alone, of course, cannot tip the scales in this matter, but is prepared to recognize that she can help by taking the necessary risks in regard to repayment.

4. We are not charging allied governments a premium covering the risk we are assuming during the period of reconstruction.

We lend at an interest rate based on the cost to the Canadian Government of borrowing for a period equal to the average duration of the credit we are providing, plus a fraction of one per cent to cover the cost of borrowing other than interest. As the cost to Canada of money varies with the time of the loan, so do the interest rates vary. I am advised that the net varies from about 2·9 per cent to 3·1 per cent.

5. We ask for repayment over a series of years, commencing as soon as the borrowing country feels it would be possible, and extending in some cases for periods as long as thirty years.

6. We inquire about the nature and scale of the purchases to be made by the countries receiving the credits in order to see how they fit in with the supply position in Canada, to ensure that our own essential requirements in that respect are not in danger.

7. We are asking borrowing countries to purchase part of their requirements in Canada for cash; the actual proportion depending on the circumstances, but normally being in the neighbourhood of one-fifth or one-sixth. One allied country did not have the foreign exchange to enable it to buy in cash, so in that case the cash requirement was waived. I am not sure at the moment which country it was.

8. It has not been our policy to ask for commercial or other concessions as a consideration or a condition of these loans. We regard them as standing on their own feet. In one or two cases we have taken the opportunity of suggesting exchange of the most favoured-nation privileges in commercial matters to develop our future trade.

During the consideration of this bill in committee, the honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien) asked a very pointed question about future trade relations. I am advised that during the negotiations a suggestion was made to France. This is the pertinent paragraph of the letter of the Minister of Finance:

> At this time when Canada will be assisting France to increase substantially its imports from Canada for the purposes of reconstruction, and when the Canadian Government hopes to see an increase in the exports from France to Canada, it seems to be appropriate to suggest that Canada and France might agree to extend to one another most-favoured-nation treatment in commercial policy. Such action would, I think, impress upon the people both of France and of Canada our intention to develop future trade between the two countries on a mutually advantageous basis.

The relevant passage from the reply of the representatives of the French Government is as follows:

> As regards your suggestion—

That is, the suggestion of the Minister of Finance.

> —concerning the most-favoured-nation clause, this is a question which in due course will be discussed between the representatives of our countries, but in conformity with the general principles included in the lend-lease master agreement, which is well known to you, and that France has signed, I can now assure you that the French Government will collaborate with the Canadian Government in concerted action to eliminate all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers.

Now, honourable senators, it cannot be denied that, in entering into credit arrangements such as these on the scale contemplated, we are taking some risk; but bearing in mind Canada's position among the allied nations and the fact that export trade is of such vital importance to her economy, I submit that we should give favourable consideration to this bill. We are interested in this not only as a humanitarian measure which will contribute to the general re-establishment and reconstruction of the various countries of the world, particularly those with which we have been allied, but also as an instrument which may well have a very definite effect on our present and future economy.

Hon. Mr. BALLANTYNE: I should like to ask the honourable leader of the Government a question. Without specifying any particular country, suppose Canada sets up a credit of $25,000,000, to be expended on the purchase of Canadian goods, would the country receiving the credit be free to spend part of it on purchases from other countries?

Hon. Mr. ROBERTSON: The arrangement contemplates only the purchase of goods in Canada. But I understand there is under consideration a request by one or two countries to purchase some of our surplus war assets in Europe. That is the exception rather than the rule, because mostly the goods are needed for reconstruction or for immediate use.

Hon. Mr. BALLANTYNE: Would it not be a sounder policy for Canada to require in the treaty or agreement that the borrowing country expend the entire $25,000,000 in Canada?

Hon. Mr. ROBERTSON: The Minister assured me that that was the general policy. I might say to the honourable senator from Alma (Hon. Mr. Ballantyne) that not only

the amount of the credit, but in some cases cash, will be spent in Canada in excess of the credit.

Hon. Mr. BALLANTYNE: But will it be set forth in the agreement?

Hon. Mr. ROBERTSON: So he said.

Hon. JOHN T. HAIG: Honourable senators, I do not expect that anyone will oppose this legislation, because Canada is in a difficult position. The British Government has just concluded an agreement with the United States for a loan of $3,750,000,000, plus a balance of about $700,000,000 on lend-lease account. On the basis of population, as compared with United States, Canada would lend about $350,000,000. Conversely, in relation to the loan of $650,000,000 covered by this bill, the United States would lend $8,800,000,000. I am doubtful that the United States would lend anything like that amount. I have not yet seen a statement from the Minister of Finance, but I am worried about this legislation in that I have as yet seen no statement on how the Ninth Victory Loan of $2,000,000,000 was taken up—how much was sold to corporations and how much to individuals. Further, I should like to know how much was new money and how much was reconversion.

Hon. Mr. HARDY: It was announced by the Minister a short time ago that $1,000,-200,000 had come from private subscribers.

Hon. Mr. HAIG: How much of that represents reconversion?

Hon. Mr. CRERAR: May I ask my honourable friend what he means by "reconversion"?

Hon. Mr. HAIG: If I may, I will explain it by making a personal reference. A lady in whom I am very much interested asked me if she should make an investment in the 8th Victory Loan. This lady happens to be my wife. She said that she had $500 to invest. I advised her to invest it in the loan. I then went out of town for a week or two. When I returned she said she had invested $1,800. I said, "Where did you get the other $1,300"? Her answer was: "You don't know all about Victory loans. I made a profit by converting my old loan of $1,300, and I added another $500 to the $1,300". That incident illustrates what I mean by "reconversion".

Hon. Mr. CRERAR: In that case the earlier bonds were sold?

Hon. Mr. HAIG: No, they were taken over by the Government.

Hon. Mr. HARDY: By the Bank of Canada?

Hon. Mr. ROBERTSON.

Hon. Mr. HAIG: I do not know. I am not familiar with the secrets of my wife's business. I know that she invested $1,800 in the loan. and put only $500 of new money into it. Now I should like to know how much of the $2,000,000,000 was new money and how much was made up of old loans reconverted.

Hon. A. L. BEAUBIEN: Do not the public buy the loan?

Hon. Mr. HAIG: I do not know.

Hon. A. L. BEAUBIEN: I know that I sold some bonds to the bank.

Hon. Mr. HAIG: If the bank buys them no new money is brought in. In this borrowing business we are gradually reaching the bottom of the barrel. Reports for October of this year show that our level of industrial activity is back to that of 1942. We are backing up.

The loan to France of $242,000,000 represents a huge amount of money. Before the war Canada's trade with that country was not much more than $25,000,000 a year. France was a very small buyer of the products we had to sell. After the last war we made a loan to Roumania of $25,000,000.

Hon. Mr. BALLANTYNE: And we lost it.

Hon. Mr. HAIG: We lost it all. We made a loan to Greece, and it is gone too. I am not sure that loans of that kind do us any good.

Hon. Mr. HARDY: Not a bit.

Hon. Mr. HAIG: I will not go quite as far as my honourable friend, but I will go a long way with him. If we are making this loan to try to put the French people back on their feet I am satisfied, but only if we can afford such a contribution. There is no use our making a contribution to put some other part of the world on its feet if we are going to ruin ourselves in doing it. I would point out to the Government that the barrel from which it draws the money is not inexhaustible. When a demand is made at the next session for a reduction in taxes, the Government will have interest payments on these borrowings to meet.

I do not know what the proposed loan to Great Britain will be; but if it is proportionate to the United States loan, it will approximate $350,000,000—and no one here is going to vote against it. The buyer-country may put up 20 per cent of its own money on purchases made in Canada, but the profit will not be very large. At the present time Canada has very little to sell in the way of wheat, cattle, hogs and machinery.

I am not opposed to this legislation; I shall vote for it; but I want to warn the people of this country that we are drifting into large

financial commitments that some day will have to be met. At $25,000,000 a year it will take France a long time to pay back this loan together with the interest on it.

Hon. THOMAS VIEN: Honourable senators, with much of what the honourable gentleman (Hon. Mr. Haig) has said I entirely agree. I, too, believe that we should be prudent and careful in making loans to other countries; but like my honourable friend, I realize that in our post-war policy we must make provision for contributions to aid in the reconstruction of world trade.

In my opinion the loan of $250,000,000 to France, to be refunded over a period of years at a higher rate of interest than Canada is obliged to pay, is probably one of the safest loans we could make. France, before the war, had an excess of exports over imports amounting to $800,000,000 a year. Her gold reserves were, I think, second only to those of the United Kingdom and the United States. We know that economically the French colonial empire is exceptionally well balanced, and that France will be one of the first countries of the world to recover her former high position. If France, aided by her colonial empire, is unable to repay this loan we are talking to little purpose, for disaster shall have overtaken the economy of the world. Canada must start somewhere to fulfil her avowed intention of helping in world reconstruction, and I know of no safer way to start than by advancing this money to France to enable her to purchase from us the things she needs.

The honourable senator has suggested that Canada has very little to sell. The apprehension that we have nothing to sell is somewhat futile, for if we have nothing to sell, the money loaned is not going to be expended, because the purpose of the advance is to finance purchases in Canada. I repeat, apart from the United States and Great Britain I know of no country to which we could lend money more safely. During the war France passed through a great ordeal. But I believe that she will work out her own salvation and will shortly re-assume her former position and will carry out her undertakings with us as well as every other country in the world. The majority of our people, I believe, appreciate what the United Kingdom suffered during the war, and will strongly favour extending financial assistance to that country so that she may regain her former proud ascendancy. I do not hesitate to say that within a reasonably short period of years the United Kingdom will have repaid the loan and met the interest and sinking fund.

If I may be permitted to say so, there are certain limitations with respect to loans to the United Kingdom. In 1932 Great Britain entered into the Ottawa Agreements with Canada. These agreements were supposed to be reciprocal. Custom duties were frozen so as to give Great Britain and the British dominions preferential treatment on the Canadian market. We agreed that in our commercial agreements with other countries we would not disturb that preferential treatment. That meant that if a certain commodity carried 30 per cent ad valorem duty Britain and the other dominions would get a fifty per cent advantage by reason of the preference. We shall not be permitted to disturb that preferential treatment. If under our trade agreements with other countries it should become necessary to reduce the duty, we could not reduce it to less than 15 per cent, and British goods would then go on the free list in order to retain their preferential position over the intermediate tariff. We could go no further because, under the Ottawa agreement, the 15 per cent in favour of Great Britain must not be disturbed. Therefore, there was a horizontal freezing of the customs tariff, and this action was to be reciprocal.

Well, since the war and even since V-J Day there has been built up in the world what is called the sterling bloc. We all have heard about this recently. It was agreed that we would not disturb the preference given to Britain, and this agreement was to be reciprocal. But Belgium has become part of the sterling bloc, as have Greece, Syria, Iran, Palestine, Egypt and recently the Netherlands East Indies. Canadian goods can no longer be shipped to these markets without an import licence, and the sterling controller in each of the respective countries is refusing to grant such a licence. This is not reciprocal treatment. When the Ottawa agreements were entered into we gave to the United Kingdom certain specific and definite advantages on the Canadian market, and it was clearly understood that we were to have certain specific and definite advantages on the British market and in other countries. But now the reciprocal principle of those agreements is being disturbed, since Canadian goods can no longer be shipped to the United Kingdom. It is not merely a tariff wall that has been erected against them; it is a complete embargo. I say that is a brazen violation of the Ottawa agreements.

If on the Canadian market we cannot give any other country an advantage which would disturb the preference granted to Britain, if we cannot impose a duty on goods imported free under British preferential agreements, it would seem that Canadian products should

enter into the United Kingdom and the sterling territories as freely as they did when the agreements were made. I realize that the war caused a considerable upheaval, and that the United Kingdom needs United States and Canadian dollars. We have been supplying Canadian dollars to the United Kingdom in large amounts, and we do not complain. We have contributed graciously. Mr. Churchill himself referred to our contribution as a massive one. It has been massive not only in men and materials of war, but also in financial assistance. I am very proud that our country, Canada, was in a position to make such a contribution to the United Kingdom during the war. I must confess, however, I did not expect that right after the conclusion of the war not only would United Kingdom markets be closed to Canadian products, but that other markets to which we had reasonably free admission would come within the tentacles of Great Britain, and that by the establishment of the sterling bloc we would be prevented from trading on those markets.

I, therefore, agree with the honourable leader opposite (Hon. Mr. Haig), and would suggest to him that when we are dealing with the loan to Great Britain—

Hon. Mr. HAIG: My honourable friend is not discussing the matter to which I referred. He is dealing with the English loan, and that is not before us just now.

Hon. Mr. VIEN: No. I was referring to what my honourable friend said.

Hon. Mr. HAIG: I simply said that there was some other money that we would have to take care of. If my honourable friend had been at the committee the other day he would have had his question answered by the Minister of Trade and Commerce.

Hon. Mr. VIEN: I am not referring to what the Minister of Trade and Commerce said. We are dealing with a bill under which the Government seeks power to increase our loans to various countries.

Hon. Mr. HAIG: But the British loan is not covered by this bill.

Hon. Mr. VIEN: If my honourable friend will possess his soul in patience he will see that I am agreeing with him. But I am stating reasons that qualify my agreement. Although the British loan is not directly involved here, my honourable friend suggested that if the United States found it advisable and expedient to advance four billion four hundred million dollars to Britain, a proportionate contribution by Canada would be some three hundred million dollars.

Hon. Mr. VIEN.

Hon. Mr. HAIG: Three hundred and fifty million dollars.

Hon. Mr. VIEN: I am referring to that remark by my honourable friend. I agree that we should study carefully the demands for advances of all kinds, and I am suggesting that if Britain is in great need of United States and Canadian dollars, Canada is in great need of foreign markets. Our national debt before the war was about two billion dollars. When all these matters have been attended to it will probably be fifteen or seventeen or eighteen billions.

Hon. Mr. HAIG: About twenty billions.

Hon. Mr. VIEN: Well, let us say twenty billions. I wanted to be conservative for once. My friend is more liberal in this: he says twenty billions. How are we, with a population of twelve millions, going to carry such a load if foreign markets are closed to our products? How is Canada going to fare if it is jammed between the sterling bloc, the United States dollar territory and the rouble area? We are not linked up with the pound sterling, the United States dollar or the rouble, and if we are to survive we shall have to work out our own salvation in the markets of the world. It seemed to me that on this occasion we should state the facts bluntly and look at them squarely.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. VIEN: Now that the war is over we should consider Canadian interests. The British Commonwealth of Nations is spread all over the world. So extensive is the Commonwealth that we have boasted the sun never sets on the British flag. We are proud of that. But every part of the Commonwealth is supposed to look after its own interests. If Canadians do not look after Canada's interests, I should like to know who will do so. The duty of looking after Canada's interests is one that we owe to our children, to the whole country and to the Empire itself. If we neglect to look after Canadian interests we weaken the Commonwealth. If in years gone by Canadians had not paid proper attention to their own interests, we never should have been able to make the massive contribution we did make in men, materials and money to the United Kingdom and the United Nations.

I say, therefore, that the warning uttered by the honourable leader opposite (Hon. Mr. Haig) is most welcome and timely. But I do not know if he has gone far enough. I think I have gone a few steps farther in suggesting, with all kindness towards the United Kingdom and the British Commonwealth of

Nations, that we should now begin to consider Canadian interests first, second and all the time.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I should not like to consent by a silent vote to the very large amount asked for under this bill, because it does seem to me that, on their face, the loans are bad business. It seems to me quite clear that no careful credit manager would pass such loans on their merits as loans, with the expectation of their being paid back and being good loans from the point of view of the lender.

Staring us in the face is the fact that shortly after the last war we made advances of this kind to Rumania and other countries, and not one single dollar was paid back. Far be it from me to prophesy that any of the countries who will take advantage of this legislation will not pay back their loans; but I do say it is bad business. Nevertheless I am prepared to vote for this measure on the ground that humanity is more important than good business. I wish it to be understood, however, that I shall do so with my eyes open, otherwise I should feel that I was not discharging my responsibility as a member of this Chamber.

Canada does owe some duty to the world at large, and the money to be advanced will be used for clothes, food and the other necessaries of life to relieve the dire distress of men, women and children in the borrowing countries. That really is the direct purpose of the proposed loans—to enable those countries to re-establish themselves and to give sustenance to their people.

But aside from the humanitarian standpoint we must have regard to how these loans will affect our Canadian life. My mind goes back to the hungry thirties, when thousands of our people, lacking the necessaries of life, were unable to secure jobs. Yet the natural resources of Canada were as great then as they are now, and just as avaliable to man's hand. We had ample supplies in our warehouses and intelligent manpower to produce more of the goods needed in our homes and places of business. But in some jug-handled way our people were at that time prevented from converting our vast natural resources into food and clothing, and had very little purchasing power, and so during those dreary years they struggled and suffered. Then came war. Canada withdrew from production lines thousands of her young, healthy and vigorous men for military service abroad. She threw into the boiling cauldron of war, armaments and food and clothing to the value of twelve billions of dollars. Those goods were sent across the seas as fast as ships were available. But while we were doing that our homes were better supplied than they had ever been; we were better fed, better clothed and better housed.

It is a strange phenomenon that by engaging in the destructive processes of war we are able to give to our people a greater quantity of the things they need. To my mind it shows how little we know of the fundamentals of the society which we are supposed to govern. At last the war is over, and unemployment, to put it mildly, is now a stark reality in this country. The time may be not far distant when some—let us hope not all—of the evils that befell us in 1930 and succeeding years may again be upon us. Then all the goods we required were stored in our warehouses, but our people had been so robbed of their purchasing power as to be no longer able to procure those things which they themselves had produced. That same picture is presenting itself to us today. In order to ease the transition from war to peace, we passed social legislation that will tend to maintain purchasing power by enabling the housewife to buy needed commodities. This legislation in my judgment will serve humanity in a double sense: it will help the people of the borrowing countries, and it will have a stimulating effect on industry and employment in our own country.

I intend to vote for this measure but, as I have said, I shall do so with eyes wide open, realizing that much of the loans may not be paid back, but willing to trust the countries to which the Minister of Finance will extend these credits, and regarding the measure rather as a piece of humanitarian legislation than sound business.

Hon. GERALD G. McGEER: Honourable senators, with much of what the last speaker (Hon. Mr. Roebuck) has said I think we can all agree, but there are other things that must come to our minds as we review what is proposed by this bill. Today $750,000,000 is not very much money, but it was an impressive amount back in the days when hundreds of thousands of Canadians were unable to find jobs in a country where jobs were actually more numerous than the workers to do them. Today we are advancing $750,000,000 to Belgium, Holland, the Netherlands East Indies, Russia, and Czechoslovakia. In addition we are putting several hundred million dollars into the Bretton Woods agreement. We are also proposing, according to the press, to advance a billion and a half dollars to Great Britain. Apparently we are finding no great difficulty in making these enormous commitments.

I wonder if we have altogether forgotten the huge loans that were made to European countries after the last war. We lent a considerable amount of money to Rumania. How much did the United States lend to Germany? Billions of dollars. How much did the United States lend to South American countries? Hundreds of millions of dollars. Honourable members will probably recall a congressional investigation which disclosed the conditions of affairs surrounding the then loaning policy of the United States. That policy was for the very same purpose that these foreign loans are designed for, namely, to stimulate foreign trade. The loans were largely promoted by international financiers operating in New York and other places, in co-operation with exporting companies.

What happened in the wake of these enormous loans to foreign countries, made not only by the United States but also by Britain? Have we already forgotten that during the pre-war years a large part of the most valuable commodities of our foreign trade was taken from this country to build the very armaments with which we were subsequently attacked? Yes, we boasted, and rightly so, of our enormous mineral production. We exported our nickel, our asbestos, our copper, our lead and a great many of our other commodities, including pulpwood and food supplies. These went directly to the countries that precipitated the last war. I am not sure that we are amply protected against a repetition of that kind of foreign trade, because there is nothing humanitarian about Canadian exports being financed for shipment abroad if again they are to be used to build up foreign armaments. There is some indication in the debates in another place that the loan agreements will contain certain powers for supervising and controlling the nature of the purchases by the borrowing countries; but we in this House are asked to pass upon the loans without ever having an opportunity to peruse the agreements. I have never seen them laid on my desk.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McGEER: They might be available. With proper investigation of these matters we might have been able to add some of the securities that were so hopelessly lacking in the programme of foreign trade carried on following the last war.

From the standpoint of our relations with the different countries I am not sure that these agreements are altogether advantageous. For instance, I find it rather difficult to understand why we should be lending $65,000,000 to the Netherlands East Indies. I find it hard to appreciate why we should advance $242,000,000 to France. If the loans are to be repaid, we must take back from those countries in one way or another the equivalent of what we are going to ship to them. We might in time attain a fair balance of trade, but I should like to know just how $242,000,000, the amount of the loan to France, was arrived at. My information is that the loans to the various countries provide for cash expenditures in Canada. But is there anything to prevent a country from purchasing goods in Canada and taking them out of the country and selling them in competition with the Canadian producer? Do these agreements give any guarantee that the price level is to be maintained on any basis co-related to the levels under which these loans are being advanced? There may be such a provision, but I do not know of it.

I do know that much of the export trade which Canada enjoyed in the past was built up not only on war itself, but on the preparations for war which continued with ever increasing intensity up until 1914. And it began again almost at the moment the Treaty of Versailles was signed.

One hesitates today to oppose any form of co-operation in the world of international affairs, but it does seem that we in Canada and the people throughout the British Empire, who have borne the terrific burdens of the past, would do well to look to the future with the greatest care and caution. Failure to avoid the mistakes of the past may easily cause us to again squander a large portion of our enormous heritage of wealth, and to meet with greater disaster ourselves. In the dying days of Parliament we are asked to pass in a few minutes on more than one billion dollars of commitments for foreign loans. If we do so, are we going to exceed the limits of our financial powers? Are we going to put all our eggs into the basket of foreign trade, or are we going to think in terms of building up in this country, which is capable of supporting millions where thousands are living today, an enormous national home for our own people?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: With this gigantic foreign trade programme before us, I ask: Where is the programme for our cities, our provinces and for the development of our tourist trade, which is the finest kind of foreign trade any country ever enjoyed.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McGEER: We are plunging into the vortex of foreign trade that produced disaster in the past. Even with very limited information on these huge commitments one

hesitates to oppose them because of the hope for world improvement, the need for which at this moment cannot be denied.

In considering this enormous programme we should not overlook the tremendous change that has taken place in our financial and economic thinking. Back in the hungry 30's when some of us in the other place suggested that some money should be spent to eliminate level crossings and to prepare defences for Canada's $35,000,000,000 of developed wealth, we were told there was no money available. Ever since I was knee high to a grasshopper I have been in public life, listening to financial arguments in cities, provinces and dominions, and I have always been led to believe that the sound financial system was one in which your exports exceeded your imports, thereby giving you a favourable balance of trade. Thus countries with an unfavourable balance of trade were forced to hand over their gold, and the more gold you secured the greater your internal buying power and improvements.

We have been told that Canada was a young country; that she had neither the years nor the capacity required to produce, develop and accumulate the wealth to build railways, highways, schools, hospitals, cities and industries. But now, in addition to meeting our appalling financial obligations resulting from the recent war, we are invited to shovel out millions of dollars, yes billions, as gifts to countries which we used to think had vast stores of accumulated wealth.

This discussion is not going to end with the closing of this session of Parliament. We must lay the foundation for a saner administration of our foreign trade and our internal economy. I think it was the Right Honourable Winston Churchill, leader of the Conservative Party in England, who said it was a mistake even for England to depend too much upon foreign trade. He said that foreign trade must never be anything more than the spilling over of the surplus of a country's internal production. England is in a very different position from Canada. I have always been of the opinion that the Dominion made the mistake of trying to follow too closely economic theories that applied to a country such as England, with a large population and limited resources. Canada, in contrast, has a small population and tremendous resources.

I propose to give this measure my support. I hope that out of the situation confronting us will come the kind of thinking that will put us to work to build a Dominion of Canada which will be able to make an enormous contribution to the whole world.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, some matters related to this measure have already received consideration in committee. I am prepared to comply with the feelings of honourable senators in regard to sending the bill itself to a committee.

Hon. Mr. McGEER: Is there any explanation why France is to get $242,000,000?

Hon. Mr. ROBERTSON: I have no particular information as to the amount.

Hon. Mr. McGEER: I notice the rates of interest vary from 2¼ per cent to 3 per cent. I am assuming that the variation is due to a difference in the terms of the loans.

Hon. Mr. ROBERTSON: It was so stated by the Minister. It represents a fraction of 1 per cent for the cost of raising the money, over and above the actual interest.

Hon. Mr. McGEER: If we can give foreign loans at that rate why do we charge the Harbour Commissioners 5 per cent?

Hon. Mr. DAVIES: Honourable senators, after listening to the speeches on this bill tonight, I should feel much happier if the bill went to committee, where it could be discussed in detail.

Hon. Mr. ROBERTSON: To a standing committee or Committee of the Whole?

Hon. Mr. DAVIES: A standing committee.

Hon. Mr. ROBERTSON: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

NATIONAL EMERGENCY TRANSITIONAL POWERS BILL

MOTION FOR SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 15, an Act to confer certain transitional powers upon the Governor in Council during the national emergency arising out of the war.

He said: I have asked the honourable senator from Vancouver South (Hon. Mr. Farris) to explain this bill.

Hon. J. W. de B. FARRIS: Honourable senators, it was several weeks ago when my honourable friend first suggested that I explain this bill. I agreed to do so before I read it. After I had the original draft of the bill I was somewhat concerned. In fact, I almost felt that my honourable friend had asked me to explain it in order to keep me quiet. However, the measure in its present shape presents none of the difficulties that I saw in the original draft.

The bill is entitled, "An Act to confer certain transitional powers upon the Governor in Council during the national emergency arising out of the war." I have divided consideration of it into four headings. Under the first I suggest that we acquaint ourselves with the nature and scope of the bill.

The scheme of this bill involves, first, a provision to terminate the War Measures Act. Secondly, section four authorizes the Government to continue the orders and regulations made under that Act. In the third place, it bestows very wide powers upon the Governor in Council. That is done by section 2, and I propose at a later stage of my examination of the bill to read to the Senate the provisions of that section.

In considering the nature and scope of this bill I think it is well for honourable members to understand that as a result of the last election the Government of this country received a definite mandate to carry on its post-war programme. The bill, as I follow it, contains the basic powers to enable the Government to do that. I think it is at least two months since the bill in its original form was introduced in another place. It has been before Parliament ever since, and it has been discussed and radically amended. It has a basic relation to the powers of the Government to carry on its post-war programme, and was introduced in the first session of Parliament after the election. As I see it, in those circumstances the duty of the Senate with respect to the bill is very definite and restricted. The Senate should not retard passage of the bill in any way, or obstruct or limit the powers that the Government has asked Parliament to give it. The duty of this House in considering a bill of this kind in the circumstances that I have mentioned is to offer constructive criticism, if that may be made, and to go no further.

The second heading for consideration is the constitutional aspect of the bill. There is no question, honourable senators, that this measure definitely and extensively invades the powers normally exercised by the provinces under section 92 of the British North America Act, and more particularly in connection with property and civil rights. The bill, as I have already said, terminates the War Measures Act. From a speech made by the Minister of Justice in another place I understand that it is the Government's present policy to divide emergencies into two classes—war and post-war—and that in so doing it is carrying out a recommendation made by the Canadian Bar Association. Honourable senators will recall that when the War Charities Bill was before us last week there was a rather full discussion on the question of the Dominion's powers to enact war and post-war measures in times of emergency. The discussion was participated in particularly by the legal members, who I suppose are best qualified to deal with such a matter. I was among those privileged to participate. At that time reference was made to the case of the Fort Frances Pulp and Paper Company versus the Manitoba Free Press, an action having to do with a dispute that arose between certain pulp and paper companies and the Paper Controller some two or three years after the last war. In that case the Privy Council laid down a definite proposition which is applicable to our consideration of the present question. It was this, that the general provisions of section 91 empowering the Dominion to make laws for the peace, order and good government of Canada must of necessity in case of a grave national emergency confer very wide powers upon the federal Parliament.

I take it that when we consider this question, divorced from all political aspects, there is not a single honourable member who will not agree that Canada's post-war emergency arising out of its international problems is almost as grave as was the war emergency itself. There can be no doubt in our minds that as a matter of practical government it would be almost impossible at this time to leave many of the matters referred to in section 2 of the bill to the casual and disjointed administration of the provinces, as would happen in normal times. That cannot be done. I think we are in agreement that there is a grave post-war emergency which fully satisfies the requirements laid down by the Privy Council and so confers jurisdiction upon the Dominion.

That brings us to the third heading for consideration. It is one thing to say there is an emergency; it is another to decide what powers should be taken away from the provinces and conferred upon the Dominion in order to deal with that emergency. I would ask honourable senators to consider the regulations and orders in council passed under the War Measures Act. I have not checked up to find out how many hundreds or thousands of these regulations and orders in council

have been passed in the last six years. The number is very large. While it might be worthwhile on a political platform to criticize the Government for passing so many orders, I feel that when we look at the matter seriously we recognize that most of them were necessary and appropriate. Now we come to this position. The War Measures Act is to be terminated and a new Act is to take its place, but many of these orders and regulations are still operative and have not been completely fulfilled. How are you going to bridge the gap?

The orders in council that have not been fulfilled must be continued. This presents some difficulty. The original bill provided that Parliament should declare holus-bolus, if I may use that expression, that all these regulations and orders in council should be validated and continued in force. Well, that was asking a lot of Parliament, because it was not practicable to have all these regulations and orders printed and placed before both Houses. If they all had been printed, there is not a chance in the world that they could have been studied and understood before Christmas.

Hon. Mr. LEGER: Will the honourable gentleman permit a question?

Hon. Mr. FARRIS: Certainly.

Hon. Mr. LEGER: Is there anything in this bill that restricts the power of the Governor in Council to pass as many orders in council as before? As I read it, the bill gives the Governor in Council even more power than he had under the War Measures Act.

Hon. Mr. FARRIS: I shall come to that in a minute. I have arranged my argument in what I hope is a rather logical sequence, and I do not want to omit any of the points that I think should be dealt with.

I am dealing first with the Orders in Council and the regulations actively operating on the day when this new measure replaces the War Measures Act. What are you going to do with all those past Orders in Council? You cannot drop them and start de novo; you would have confusion worse confounded. It was first suggested that Parliament should more or less sight unseen give all these past Orders in Council validity for the duration of the new measure.

Exception was taken to that suggestion, and I can understand the justification for it. Any member of this or the other House might have said, "Well, that is a large order, that is asking a great deal of Parliament." So a compromise was reached which seems to me to be rather a sensible plan. In effect Parliament said, "All right, the Government has passed these Orders in Council. We as a Parliament will not take the responsibility of passing them over again because we have not seen them; but the Government that has passed them will be given the power and the responsibility of continuing these Orders in Council so far as it may be necessary to do so." That is what is provided by section 4.

I do not want to labour that, honourable members, but I say some method had to be adopted for giving continuity to legislation. Because that is what these Orders in Council are; they are a form of legislation necessary under the emergency conditions that have existed. And so if we are to bridge the gap and carry these regulations over some provision must be made. That has been done by saying, "The Government shall accept responsibility now and for the future—mark you, future only so far as this new Act continues—of reinstating or giving continuity of operation to so many of the Orders in Council and regulations now existing as they may consider necessary to provide for this continuity of operation." That is sensible; I do not know of any better system.

The next thing we have to consider—this deals somewhat with what my honourable friend from L'Acadie (Hon. Mr. Léger) has just asked—refers to the new powers under this bill. They are very wide; so wide that I think we should know exactly what they are, and I am going to call your attention to them. They are found in this section 2:

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

(a) providing for and maintaining the armed forces of Canada during the occupation of enemy territory and demobilization and providing for the rehabilitation of members thereof,—

I do not know how we could do less than give the Government that power.

Hon Mr. LEGER: There is no objection to that.

Hon. Mr. FARRIS: In fact I am not sure that my honourable friend will object to any of the subdivisions of the section.

Hon. Mr. LEGER: I am not so sure.

Hon. Mr. FARRIS: (Reading)

(b) facilitating the readjustment of industry and commerce to the requirements of the community in time of peace,

What are you going to do about that, would you cut it down?

Hon. Mr. ROEBUCK: I should like to know what it means.

Hon. Mr. FARRIS: Could I put it into plainer language? "Facilitating"—my honourable friend knows what that means.

Hon. Mr. ROEBUCK: Could you put it into more obscure language?

Hon. Mr. FARRIS: "Facilitating the readjustment of industry." I take it that that is plain enough. If my honourable friend asks me, "How are you going to facilitate it?" I would say that a year after the facilitations have taken place you could look back at them and find what they are; but I should think they can only be ascertained from time to time as occasion arises.

Hon. Mr. ROEBUCK: It is not clear what the requirements may be.

Hon. Mr. FARRIS: I do not know what the requirements may be; but I do know it means power is left in the Government so that whatever exigencies may arise they can use it to facilitate the readjustment of industry. I have not the slightest doubt that that is a mighty good thing for Canada.

An Hon. SENATOR: Hear, hear.

Hon. Mr. FARRIS: Let me repeat that paragraph:

(b) facilitating the readjustment of industry and commerce to the requirements of the community in time of peace,

This is the next paragraph:

(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;

My honourable friend from L'Acadie says: "Is not that as wide a power as the Government had under the War Measures Act, or even wider? I say it is equally wide, and I cannot believe that any honourable senator —including my honourable friend from L'Acadie—has any doubt that the necessities for the exercise of that power are just as great to-day as they have been at any time in the last five years.

Hon. Mr. LEGER: The only objection I would have there is to "use and occupation of property and rentals." And I am not a landlord.

Hon. Mr. FARRIS: What would my honourable friend suggest?

Hon. Mr. LEGER: I would cut that out entirely. I think the country would be better for it.

Hon. Mr. FARRIS: I should think that was one of the most essential provisions in this bill.

Hon. Mr. ROEBUCK.

Hon. Mr. LEGER: I do not agree with my honourable friend; that is all.

Hon. Mr. FARRIS: The next provision is this:

(d) assisting the relief of suffering and the restoration and distribution of essential supplies and services in any part of His Majesty's dominions or in foreign countries that are in grave distress as the result of the war;

Unless some point is raised, I would assume there is no question about that.

(e) continuing or discontinuing in an orderly manner, as the emergency permits, measures adopted during and by reason of the war.

I hope, honourable senators, that the accent by Parliament, and particularly by the Government, will be on the word "discontinuing."

Those powers, as I have said, are wide It will be recalled that in the original bill there were other provisions in this section that were very disturbing. They are not there now.

Hon. Mr. HAIG: Why?

Hon. Mr. FARRIS: Well, I am not a mind-reader. I understand there were some sections about deportation and matters of that kind. I suspect they were put in by departmental officers rather than by members of the Government.

Hon. Mr. HAIG: Was that the only change in the bill?

Hon. Mr. FARRIS: I have not analyzed all of them. My honourable friend has both bills before him.

Hon. Mr. HAIG: I suggest to my honourable friend that that is not the real basis. The answer to my question is that the provinces objected to the wide powers contained in the original bill.

Hon. Mr. FARRIS: I understood the provinces did.

Hon. Mr. ROEBUCK: And public opinion.

Hon. Mr. HAIG: I do not know about public opinion, but I know the provinces did.

Hon. Mr. FARRIS: I do not know what my honourable friend implies by public opinion.

Hon. Mr. HAIG: I did not say anything about public opinion. I was answering the interjection of my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck). I asked the honourable gentleman whether at the recent Dominion-provincial conference the provinces did not insist that drastic amendments should be made to the original bill.

Hon. Mr. FARRIS: I do not know about drastic amendments.

Hon. Mr. COPP: Has a report been published of what took place in the conference?

Hon. Mr. HAIG: It was published in the press.

Hon. Mr. FARRIS: My information is that the provinces took exception to some parts of this bill. I do not know whether those parts have been eliminated or not. I take it that the provinces were objecting to the invasion of provincial rights. So far as they were objecting on that broad principle, I am not entirely in sympathy with them. Generally speaking, I have the strongest views on the maintenance of the powers conferred upon the provinces by the British North America Act; but in the present period and in the immediate emergency confronting us, I am not at all sure that the provinces have well taken their point when they say, "We object to the invasion of provincial rights." If in the provision I am going to deal with in a moment there is any suggestion of permanent interference with the provisions of section 92 of the British North America Act, then I say I am one hundred per cent in agreement with the provinces. We do not know exactly what the ministers of the various provinces said, because what leaks out in the newspapers cannot be regarded as authentic. But I want to put it to the honourable leader opposite (Hon. Mr. Haig) and to other members that Parliament, including this House, has in connection with this bill to do one of two things. Either it must restrict to a minimum the powers to be conferred on the Government and hope that those powers so restricted will be wide enough, and if they are not that the Government will call Parliament into special session to confer additional powers; or, in the alternative, Parliament must say, "We are going to make the powers that we confer on the Government as wide as we think will be sufficient to cover every emergency that may arise, and then rely on three things: first, the good sense of the Government, that they will not abuse these powers; secondly, the short period for which these powers are given —it is very short; thirdly, the provisions of this bill by which Parliament can annul any action that the Government takes. The bill provides that orders in council passed by the Government, and reported to Parliament within a specified time, may be annulled by a resolution of the two Houses.

I wish to call to the attention of honourable senators, a very important amendment made in committee of the other place. When the bill was submitted by the Minister of Justice in its second draft form it contained the provision that either House could annul by resolution any order in council passed by the Government. I should have thought that was a logical provision and that the bill should have remained in that form. However, in committee it was decided otherwise; and the change is very important in relation to the recognition of the powers of the Senate. By the change in the form of the bill as presented by Mr. St. Laurent, the other House has declared it has so much confidence in the Government as to the exercise of their wide powers that, by a self-denying ordnance, it has deprived itself of the power, alone, to repeal any order in council. An order in council can be repealed only by the joint action of both Houses. To my mind this is very significant. In the first place, it is an evidence by the other Chamber of its confidence in the discretion of the Government; in the second place, it is a remarkable tribute to the Senate.

An Hon. SENATOR: Hear, hear.

Hon. Mr. FARRIS: It is the declared opinion of the Commons that any action on its part must be concurred in by the Senate. I am sure, honourable senators, that this House is duly appreciative of the action taken in committee in another place, and will not in any way repudiate the recognition of the fact that no resolution by the other House can be effective unless it has the concurrence of the Senate as well.

Hon. Mr. VIEN: Will the honourable senator please tell me what section contains the provision to which he has just referred?

Hon. Mr. FARRIS: It is Section 2, subsection 3:

Every order in council made under this Act shall be laid before Parliament within fifteen days after it has been made if Parliament is then sitting, or if Parliament is not then sitting, within fifteen days after the commencement of the next ensuing session thereof—

When Mr. St. Laurent brought the bill in it contained the words, "if the Senate or". Now it reads as follows:

—if the Senate and House of Commons within the period of forty days, beginning with the day on which any such order in council is laid before Parliament and excluding any time during which Parliament is dissolved or prorogued or during which both the Senate and the House of Commons are adjourned for more than four days, resolve that it be annulled—

That means that if the Senate and the House of Commons both resolve that an order in council is to be annulled, it shall cease to have effect, but without prejudice to previous operations.

Hon. Mr. VIEN: In what particular does this section add any powers to Parliament, since Parliament has the power to repeal the whole Act?

Hon. Mr. FARRIS: That is true, but Parliament acts by means of legislation, which requires the introduction, and the first, second and third readings of a bill in both Houses, and the assent by His Majesty, or his representative the Governor General. The bill provides that annulment can be effected simply by a joint resolution of both Houses. I repeat that when Mr. St. Laurent brought Bill 15 into the other place it provided that either House could by resolution annul an order in council. Apparently the members of the other Chamber were not satisfied to entrust to themselves alone the responsibility of annulling orders in council, and they have now insisted that the resolution to be effective must also pass the Senate.

Honourable senators, the one further question in regard to this bill that should be considered is its duration. I call the attention of honourable senators to the recital of the bill. It is a transitional bill. There is no label of permanency about it. It is a bill to get us from a wartime emergency into a post-war emergency, and from that into a normal peace-time period. How long that will take no one knows. This bill provides for one year and possibly longer—

Hon. Mr. LEGER: Possibly two years.

Hon. Mr. FARRIS: —if the House is not sitting when the time is up.

Hon. Mr. LEGER: It will possibly last two years.

Hon. Mr. FARRIS: No, that would be impossible.

Hon. Mr. LEGER: If Parliament met in December, 1947 it would last two years.

Hon. Mr. FARRIS: Yes, but let us be realistic about these things. The Government of the country must have the estimates passed, and they are not going to juggle them to extend the term of the bill. If the Government want to extend the life of the bill they must assume that they have the power of the House of Commons behind them. If there was an election on somebody might want to make a speech—

Hon. Mr. LEGER: Either I do not understand the section or it is worded in such a way as to be very confusing.

Hon. Mr. FARRIS: I do not think it is confusing at all. Let me read it to my honourable friend:

Hon. Mr. FARRIS.

Subject as hereinafter provided, this Act shall expire on the 31st day of December, one thousand nine hundred and forty-six.

Hon. Mr. LEGER: We have a definite period there.

Hon. Mr. FARRIS: Is there any trouble about that?

Hon. Mr. LEGER: No.

Hon. Mr. FARRIS: And then:

—if parliament meets during November or December, one thousand nine hundred and forty-six—

My honourable friend will see the purpose of that provision, because some decision has to be made for the future.

Hon. Mr. LEGER: It does not state what would happen if Parliament met before that date.

Hon. Mr. FARRIS: Those are the times in which it naturally would be necessary for Parliament to make provision for the future. These matters should be dealt with on a realistic basis. If Parliament is not sitting within a month or two of the expiry of this bill it is carried over until such time as Parliament is sitting.

Hon. Mr. LEGER: That is reasonable.

Hon. Mr. FARRIS: Let me read further:

—if Parliament does not so meet it shall expire on the 15th day after Parliament first meets during the year one thousand nine hundred and forty-seven—

Of course under the British North America Act a new Parliament must be sitting within a year of the termination of the previous Parliament. There are other practical necessities, the greatest of which is the thirty-first day of March.

Hon. Mr. LEGER: This year we met in September.

Hon. Mr. FARRIS: Yes, we met in September this year, but provisional estimates were passed to carry us over. To start with we can assume that the Government are carrying on intelligently and that when the session is called Parliament will be behind them. I can see no reason for my honourable friend raising the objection.

So far we have been dealing with the term of this bill, and the provision that the bill will terminate when Parliament is in session at the end of 1946. If Parliament is not in session the bill will terminate fifteen days after Parliament does meet in the following year. We can assume under those circumstances that Parliament would meet well before the 31st of March in order to get the estimates through.

I should like this honourable House to consider this further provision:

—provided that, if at any time while this Act is in force, addresses are presented to the Governor General by the Senate and House of Commons respectively praying that this Act should be continued in force for a further period, not in any case exceeding one year, from the time at which it would otherwise expire and the Governor in Council so orders this Act shall continue in force for this further period.

That provision simply means, honourable senators, that in addition to the provision for the termination within a year, or shortly after the expiration of a year, the two Houses may, with the concurrence of the Governor in Council, extend this Act for another year. There should be no cause for worry there, because we have the matter entirely within our own control.

Hon. Mr. LEGER: Will the honourable gentleman who has studied this bill tell us the effect of subsection 2, page 4.

Hon. Mr. FARRIS: I have not looked up the information, but I am quite sure the answer is this, that when an Act expires if a certain thing is left suspended like Mohammed's coffin, it will be carried on and finished up.

Hon. Mr. LEGER: That is all right.

Hon. Mr. FARRIS: I hope the honourable gentleman will take that explanation, as from one lawyer to another.

In conclusion I simply want to say that this bill does contemplate the possibility that after the expiry of a year and one or two months Parliament may find it necessary to extend operation of the Act for another year.

Hon. Mr. LEGER: The Government has almost given notice of that.

Hon. Mr. FARRIS: I have considerable apprehension that that will happen, and I fear that when that proposal is made we shall have to agree to it. I say that with great regret, because I think every one of us feels that this process of regimentation cannot end too soon.

Hon. Mr. LEGER: Hear, hear.

Hon. Mr. FARRIS: I say to honourable members that I do not believe the ending of regimentation—of orders and rules and regulations—will depend primarily on Parliament. I think it will depend primarily on the vigilance of the members of the Government. You and I know, honourable senators, what will be the tendency of the different departments that are continuing to administer regulations carried over from war-time. Just as sure as human nature continues to be as it always has been, there will be a tendency on the part of the various officials to prolong their official existence by going as far as they can to make necessary the continuance of the regulations and controls which justify that existence. I say, as my considered opinion, that on each individual member of the Cabinet there rests a great responsibility to be vigilant in seeing to it that those serving under him do not create necessities for the perpetuation of their own controls.

In the second place, the period of time during which these controls will last rests probably more with the public than with anybody else. The story is told that Abraham Lincoln was once asked how long a man's leg ought to be, and he said it ought to be long enough to reach the ground. Controls will last just as long as they are needed to give effect to what the people demand. I think we should recognize that. The average man is almost utterly inconsistent in his demands upon the Government. In one breath he asks for Government provisions which can only come about by controls and regulations, and in the next breath he complains that he is restricted by the operation of those very controls and regulations. In this country some people today are preaching doctrines which, if they prevail, will mean that our war-time regulations, orders in council and restrictions will not end in one or two years, nor for a long time. Whether we are to have free enterprise or a perpetuation of the restrictions that we gladly suffered in war-time is a matter that in the last analysis the people themselves must decide. The sooner that is understood the better. We cannot decide it here tonight, nor shall we be able to decide it a year from now when this same question comes up again. But sooner or later Parliament and the country as a whole must decide whether Canada is to throw off these shackles or submit to others that are even worse.

Hon. Mr. VIEN: May I ask the honourable gentleman a question: Could he be a little more specific as to what powers exercised by the Government under the War Measures Act are being curtailed or abrogated by this measure?

Hon. Mr. FARRIS: I do not think you can put your finger on anything and say it is being abrogated by this bill. About all that one can say is that this measure will enable the Government to carry out the powers delegated to it and to wipe out these powers one by one as they become no longer necessary.

Hon. Mr. HAIG: Honourable senators, I move adjournment of the debate.

Hon. Mr. ROEBUCK: Before the motion is put, I should like to express an opinion.

Hon. Mr. LEGER: Eleven o'clock.

Hon. Mr. HAIG: I have moved adjournment of the debate.

On motion of Hon. Mr. HAIG, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 11, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, in response to the specific request of the honourable gentleman from Lunenburg (Hon. Mr. Duff), and for the general information of honourable members, I should like to make a statement, based on the best information that I have been able to secure up to the present moment, as to the legislation that is likely to come before us.

I will deal first with legislation now in the other place, and which will be presented for our consideration. It comprises: the Supply bill; amendments to the National Housing Act, 1944; an amendment to the Senate and House of Commons Act to provide an allowance for sessional expenses; the Bretton Woods ratification agreement; an agreement with the Province of Alberta to amend the agreement entered into with that province under the authority of the Dominion-Provincial Taxation Agreement Act, 1942; a bill to amend the Veterans' Land Act 1942; a bill to provide rehabilitation allowances to unemployed veterans; four bills—arising out of budget resolutions—to amend, respectively, the Income War Tax Act, the Excess Profits Tax Act, the Dominion Succession Duty Act and the Special War Revenue Act; a resolution confirming the action of the Prime Minister of Great Britain, the President of the United States and the Prime Minister of Canada, with respect to the atomic bomb.

As far as our own House is concerned this is the situation. On our Order Paper today there are two bills which have been returned from the House of Commons with certain amendments; also an item for consideration of the amendments made by the Banking and Commerce Committee to the Department of Reconstruction and Supply Bill. I hope we may be able to pass this bill today, and so facilitate progress. Other legislation now before the Senate or its committees includes: the National Emergency Powers Bill; the War Appropriation Bill, and the Export Credits Insurance Bill. We are arranging for a meeting of the Finance Committee this evening to further consider the War Appropriation Bill, and tomorrow morning there will be a meeting of the Banking and Commerce Committee to deal with the Export Credits Insurance Bill. If we give the National Emergency Powers Bill second reading today, it is my intention to refer it also to that committee. If the committee could dispose of those bills tomorrow morning, we might be able to give them third reading at the afternoon sitting, thus cleaning up our Order Paper preparatory to the reception of whatever legislation may come to us from the House of Commons. The only other matter awaiting our consideration is the current resolution in respect to the atomic bomb agreement.

That, I hope, affords my honourable friend from Lunenburg (Hon. Mr. Duff) the information which he asked for yesterday.

Hon. Mr. WHITE: I would call the attention of the honourable leader of the Government to an important meeting of the Internal Economy Committee tomorrow morning at 11.30.

Hon. Mr. DUFF: Honourable senators, I appreciate the information which the honourable leader of the Government has given us. We are still up in the air as to what may happen to the legislation still before the other House. I suppose we shall have to "wait and see." It does seem to me that if all the legislation the honourable leader has enumerated is yet to come to us from the other Chamber, we shall have to stay here over the New Year to get through the work of the session, and that it would be well for us to order our Christmas turkey dinner here.

INCOME AND EXCESS PROFITS TAXATION

REPORT OF COMMITTEE WITHDRAWN

The Senate proceeded to the consideration of the third report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940.

Hon. W. D. EULER: Honourable senators, the report of the Special Committee on Income Tax was submitted by me to the Senate last week. As honourable senators will remember, that report contained a request that the committee be permitted to continue after prorogation.

While I gave the reasons for that request when the report was presented, I might review them briefly now. The committee has a very large field to cover, and if it cannot function during the two months or more of the recess it will be quite impossible for it to make any recommendations to the Government in time to be incorporated in the Budget of 1946. This would result in the work of the committee being projected into 1947.

When I presented the report of the committee, an honourable senator pointed out that according to parliamentary practice all committees are dissolved when Parliament prorogues, and therefore cannot sit between sessions. As that limitation apparently applies to both the House of Commons and the Senate, the committee would have no authority until it was re-appointed at the ensuing session. Further, it was stated that a proposal that the committee sit, or that it be authorized by the House to sit after prorogation, would be an invasion of the Royal prorogative. To my non-legal mind such an interpretation seems rather theoretical and technical—I might say unprogressive and impractical, and certainly not in conformity with the much-talked-of principles of democracy. While it is contrary to the rules of the Senate to prolong or continue committees after prorogation, they can sit after adjournment—a distinction which does not appeal to me: and since our committee rules are made by the Senate I see no reason why this House could not revise, modify or suspend those rules.

I took occasion to consult the Law Clerk of the Senate about this matter, and he has submitted a rather lengthy memorandum which I shall now read in part. It says:

May's Parliamentary Practice 13th edition at page 56 says:—

"The effect of a prorogation is at once to suspend all business until Parliament shall be summoned again. Not only are the sittings of Parliament at an end, but all proceedings pending at the time are quashed, except impeachments by the Commons, and appeals before the House of Lords."

The powers, immunities and privileges of the Senate are dealt with in section one of the B.N.A. Act of 1875, known as the Parliament of Canada Act. The section reads as follows—

"1. Section eighteen of the British North America Act, 1867, is hereby repealed, without prejudice to anything done under that section, and the following section shall be substituted for the section so repealed.

The privileges, immunities and powers to be held, enjoyed, and exercised by the Senate and by the House of Commons, and by the members thereof respectively, shall be such as are from time to time defined by Act of the Parliament of Canada, but so that any Act of the Parliament of Canada defining such privileges, immunities, and powers shall not confer any privileges, immunities, or powers exceeding those at the passing of such Act held, enjoyed, and exercised by the Commons House of Parliament of the United Kingdom of Great Britain and Ireland, and by the members thereof."

That particular rule is part of the British North America Act of 1875, otherwise known as the Parliament of Canada Act. Assuming the interpretation of the rule is correct, the committee cannot possibly sit during the intervening two months. This is a regrettable situation, for if that portion of the committee's report dealing with special sittings cannot be passed the other sections are of no value. I would therefore beg leave to withdraw the report.

In conclusion, I wish to say that if the rules of this honourable Senate and its committees are under the control of the British North America Act, it is time the Parliament of Canada exercised the right to amend its own constitution, as South Africa, Australia and New Zealand have done.

Hon. Mr. HAIG: With the consent of the House, may I say a word on this subject? First, I think we should thank the honourable gentleman from Sorel (Hon. Mr. David) for directing the attention of the House to the rule governing special sittings of committees. We all remember things after we hear of them. The same situation occurred in 1935. The other House had a special committee, and after prorogation that committee was replaced by a Royal Commission which continued the investigation.

Hon. Mr. EULER: The Stevens Commission?

Hon. Mr. HAIG: Yes. A similar course could be followed here if it were deemed advisable.

Hon. Mr. FARRIS: Was that not done by Act of Parliament.

Hon. Mr. HAIG: No. A Royal Commission was appointed.

Hon. Mr. FARRIS: Does not that require an Act of Parliament?

Hon. Mr. HARDY: An order in council.

Hon. Mr. HAIG: An order in council was passed.

Hon. Mr. EULER: You would not get that in the present case.

Hon. Mr. HAIG: I am only making a suggestion. Like the honourable gentleman from Waterloo (Hon. Mr. Euler), I think this Tax Committee is rendering a real service to the country. Perhaps I am influenced in my view by the considerable time that I have spent at the committee's meetings. It seems to me that it would have been very helpful to the Government to have an interim report made by the committee shortly after the opening of the next session. If the committee does no work between sessions it will be impossible for it to make a report at that time, and therefore any recommendations it might make could not be given effect to until a year later. To be of use to the Government the committee's interim report should be made shortly after the next session begins. I do not know whether the honourable leader of the Government in this Chamber would care to represent to his colleagues in the Cabinet the desirability of passing an order in council converting the committee into a Royal Commission after prorogation.

Hon. Mr. ROBERTSON: This is the first time I have heard such a suggestion. If representations are made to me on behalf of the Committee I shall be only too happy to pass them on.

Hon. Mr. CALDER: Honourable senators, it seems to me that the point raised by the honourable leader on this side (Hon. Mr. Haig) should not be passed over lightly. The revising of our tax structure is an exceedingly important matter, and unless the committee can make a report early next session we all know what will happen. I am strongly inclined to the view that it would be a good thing if some means were agreed upon for continuing the investigation by a commission or some other body, if it cannot be continued by a committee of the Senate. Various organizations and people are eager to give evidence. Even if after prorogation nothing were done beyond recording their evidence, that would expedite matters to some extent at least. I should think that before we prorogue we should give a good deal of consideration to the desirability of having the inquiry continue between sessions.

Hon. Mr. EULER: If I may speak a second time, I would add that there is another difficulty. The mere fact that the committee itself cannot function means that the experts whom we have retained will find it practically impossible to carry on the work they otherwise could have done between sessions. That is especially so since the request that we made for funds, which are absolutely necessary if these officials are to carry on, has not yet been granted.

Hon. Mr. HAIG: Question.

The Hon. the SPEAKER: Is it your pleasure, honourable senators that the honourable gentleman from Waterloo (Hon. Mr. Euler) be allowed to withdraw the report?

Some Hon. SENATORS: Carried.

The report was withdrawn.

PRIVATE BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Senate proceeded to the consideration of the amendments made by the House of Commons to Bill F, an Act respecting the Quebec Railway, Light and Power Company.

Hon. Mr. ROBERTSON: Honourable senators, I move that these reports be concurred in.

The motion was agreed to.

PRIVATE BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill V2, an Act to incorporate Compagnie de Fiducie du Canada.

Hon. Mr. BEAUREGARD: Honourable senators, I move concurrence in these amendments.

The motion was agreed to.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY BILL

CONCURRENCE IN COMMITTEE'S AMENDMENTS

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 173, an Act respecting the Department of Reconstruction and Supply.

Hon. Mr. BEAUREGARD: I would move concurrence in these amendments.

Hon. Mr. ROBERTSON: Honourable senators, for the benefit of some honourable members who have raised a question on this matter, I wish to state that the Banking and Commerce Committee made some considerable amendments to the bill. I was not able to be present when these amendments were being discussed and inasmuch as they have a direct bearing upon the Minister's powers to renegotiate war contracts I made it a point as

soon as the amendments were printed to ascertain the view of the Minister as to whether or not they would handicap him or his department in re-negotiating war contracts that are still outstanding. I have his assurance that they do not handicap him or his Department in any way. I make this statement for the benefit of any honourable senators who may have had a question about this in their minds.

Hon. Mr. McRAE: Honourable senators, I do not wish this occasion to pass without expressing for myself, and I am sure for every member of the committee, appreciation of the excellent service rendered by the three legal members who originally discussed the bill in this House (Hon. Mr. Hayden, Hon. Mr. Campbell and Hon. Mr. Bench), and by my honourable colleague from Vancouver South (Hon. Mr. Farris), who in committee adjusted the latter part of the bill. They devoted a great deal of time to this matter and gave it very serious consideration. I never before knew of so much legal advice being given for nothing.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: I am sure we all are deeply grateful to them for the active interest they took in this bill.

Hon. Mr. BENCH: Free advice is usually bad advice.

Hon. Mr. McRAE: Not this time.

The motion was agreed to, and the amendments were concurred in.

NATIONAL EMERGENCY TRANSITIONAL POWERS BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 15, an Act to confer certain transitional powers upon the Governor in Council during the national emergency arising out of the War.

Hon. JOHN T. HAIG: Honourable members, Bill 15 is probably the best-known bill that has come from the other place this session.

Hon. Mr. COPP: Would my honourable friend leave out the word "known" and describe it as the best bill?

Hon. Mr. HAIG: I simply say that it is the best-known bill. I do not think any other measure of this session was more thoroughly discussed in the other House. The bill has had a strange history. In its original form it was strongly criticized by an honourable member of another place a day or two before the Dominion-Provincial Conference was held. According to press reports—I am going by nothing else, for I have no secret information—representations made by some of the provincial premiers resulted in certain modifications or changes in the bill. Be that as it may, from the standpoint of suitability the bill is much better than the one originally proposed.

Last evening I listened with a great deal of pleasure to the address of the honourable senator from Vancouver South (Hon. Mr. Farris). Not being an authority on constitutional law, I shall not venture to express any opinion on the constitutionality of the bill, but I admit that he seemed to make out a fairly good case in that respect. What worries me is not the bill itself but the sentiment behind it. There is apparently in the Ottawa area a determination to continue all wartime controls into peacetime. I appreciate the honourable gentleman's statement that the operation of the bill is limited to a maximum of two years; but I am disturbed that it should be thought necessary to introduce such a drastic measure. I am persuaded that a lot of government officials in Ottawa think they are not only the Government of Canada, but also the House of Commons and the Senate, rather than servants of the people. The sooner they get that notion out of their heads, unquestionably the better it will be for them and for Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I shall deal with this aspect a little more in detail when I discuss section 2, but I feel that that sentiment is implicit in the bill. As Canadians we readily admit that some of these officials, many of them as dollar-a-year men, rendered a great national service during the war; but we do not believe in bureaucratic government. It does not matter how able one of these officials may be, he is not answerable to the people. Responsibility to the electorate is the underlying principle of democratic government. The people should be at liberty to make their own mistakes—and they make them through their elected representatives. Someone may say to me, "All right, my dear Haig, but you are not an elected representative of the people." I reply, "Yes, I am. I was elected to this House because the government in power at the time a Senate vacancy occurred in Manitoba saw fit, wisely or unwisely, to appoint me to this Chamber." I go home and in discussion with the people of my province—and I may add, of several other provinces—get their opinions on questions that are upper-

most in their minds. In judging those opinions I am not influenced by reflecting how they may affect me politically, but how they will affect the country as a whole. This feeling of detachment is, I submit, a very important factor in dealing with public questions.

I come now to the principal section of the bill, section 2, which confers certain powers on the Governor in Council. Paragraph (a) provides for the maintenance of our armed forces during the occupation of enemy territory. This is necessary. I do not see any occasion for the next paragraph:

(b) Facilitating the readjustment of industry and commerce to the requirements of the community in time of peace.

Industry itself will take care of its readjustment from war to peace. The Government may facilitate that readjustment, but that is one of the purposes of the bill we passed a few minutes ago. This paragraph may not do any harm, but I think it is superfluous.

The really operative paragraph is (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.

We as members of the Senate are here because certain of our provinces declined to enter Confederation unless they were given representation in this House out of proportion to their population or wealth. There is little doubt that the Maritime Provinces would never have come into Confederation but for the provision in the British North America Act that they should have one-third of the representation in this House, a proportion which by subsequent agreement was reduced to one-quarter. They have one-tenth of the membership of the House of Commons, and if their representation was strictly on a population basis they would not enjoy even that proportion. A perusal of the Confederation debates discloses that the province of Quebec agreed to Confederation much more readily when it was conceded one-third of the representation in the Senate—since by agreement reduced to one-quarter. In fact all the provinces insisted on a second Chamber in which there would not be the disparity that would result from a strict application of representation by population. I submit that this paragraph is an interference with provincial rights. I was glad the honourable senator from L'Acadie (Hon. Mr. Léger) questioned the continued control of property and rentals. On rental control I am not speaking for my party, but strictly for myself. The control of rents has been one of the chief causes of our housing shortage.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I defy any person to disprove my statement. The erection of houses by our small builders is a kind of semi-speculation and semi-occupational job. They build houses to sell, and if they cannot sell they rent them. The minute you put on rental controls you stop the building of small speculative dwellings. True, it may be said that those engaged in building construction could not get supplies. That is a mistaken idea. They could get supplies until the controls went into effect. Then the trouble started, and the small builder either modified his plans or abandoned them altogether. The reason was obvious. Why would any man undertake speculative building when the supply of materials became scarcer and scarcer and prices rose higher and higher, and he was faced with the additional drawback of inefficient labour? As a result, during the war the average cost of building rose about 25 per cent. Immediately the housing and rental controls went into operation real estate values increased, and anybody that knew anything about housing immediately said; "My house is now worth $1,000 or $1,500 more." Client after client came to me and said, "I want to sell my house. What shall I ask for it?" I said, "Put up your price by $1,000 or $1,500, and you will get it." What happened after rental control? You could not put a tenant out under six months, and later you could not put him out at all. This simply aggravated conditions, and to-day we have one of the most acute housing shortages in the history of the country.

Hon. Mr. LEGER: Right!

Hon. Mr. HAIG: We have been stampeded now into adopting a Government housing scheme. I have discussed that before and I will not repeat my remarks. If there was ever an invasion of property rights you have it in this paragraph. In my opinion not one of the housing and rental controls can be justified as a war emergency measure. The war did not destroy or damage any houses in Canada. If this were England, where so many buildings have been destroyed, I could understand this law.

May I say a word about salaries and wages? Wages of organized labour have been steadily rising. Orders in council did not stop increases in wages, but only restricted the income of the white-collar man.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAIG: Controls prevented an increase in salaries to people such as teachers. When it was suggested that salary controls be

removed, it was said, "Oh, we will have inflation." I can tell you that with 200,000 unemployed people in Canada we will not have inflation very much longer.

Section 2, paragraph (c) of the bill makes use of the words, "to ensure economic stability". I do not grasp the meaning of those words. The next phrase is, "and an orderly transition to conditions of peace".

Hon. Mr. LEGER: Nobody understands that.

Hon. Mr. HAIG: I cannot appreciate what transition has to take place. The manufacturing output of Canada for the month of October, 1944 was back to the 1942 level. Transition is taking place of its own accord. Now we are lending $600,000,000 or $650,000,000 to Europe, and for a while there will be a certain demand. But when that demand is filled what will happen? I think we will have a transition to peace without any act of Parliament.

Hon. Mr. BENCH: Would the honourable gentleman be in favour of releasing all the controls and letting inflation run wild?

Hon. Mr. HAIG: No, I would not. I will deal with that matter when I come to paragraph (e).

Hon. Mr. BENCH: My only reason for asking is that my honourable friend appears to be dissecting paragraph (c) and criticizing it piecemeal.

Hon. Mr. HAIG: Yes, I am.

Hon. Mr. BENCH: In order to get the full effect of the clause it must be read as a whole. All these various controls are required for the purpose of ensuring economic stability and an orderly transition to conditions of peace.

Hon. Mr. HAIG: My contention is that these controls should have nothing to do with property. I maintain that they should have nothing to do with rentals, because the cure is worse than the disease.

Hon. Mr. BENCH: Surely the control of rentals is an element in the cost of living.

Hon. Mr. HAIG: Yes, but when you put on controls you cut off supply.

Hon. Mr. McGEER: Why include salaries in the controls?

Hon. Mr. HAIG: Yes, why are salaries controlled? There are plenty of people to take the jobs, and the only controls necessary are those that will keep wages from going too low. In my opinion they are not likely to go too high.

Hon. Mr. BENCH: From our experiences in the last war—

Hon. Mr. HAIG: The last war did not create that problem. Unfortunately I am old enough to remember the last war.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. BENCH: That was a solar plexus blow.

Hon. Mr. HAIG: I apologize. I did not mean to direct that remark to my honourable friend.

I can see the necessity for paragraph (c) of the section. I entirely agree with comments of the honourable senator from Vancouver South (Hon. Mr. Farris) in regard to it.

I appreciated very much the closing words of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) when he said we must stand up and fight to rid ourselves of controls and regulations. I am trying to do that in a small and humble way today. While I am willing to vote for this bill, I may say quite candidly that a large number of its provisions are not necessary. One can easily understand why the Government is reluctant to give up the controls—it is much more convenient to pass an order in council than to pass an act of Parliament.

If we do not stand up now and fight against regulation and regimentation another party may come into control in another place, who will say to us: "You passed regulations in days gone by, why do you refuse to do so now?" I do not believe at all in the principles of one of the parties in this country which is now clamouring for regimentation. We should carry out our own policy, and it should not be one of regimentation and control.

Some Hon. SENATORS: Hear, hear.

Hon. S. A. HAYDEN: Honourable senators, there are one or two items of interest in this bill which I think should have the attention of honourable senators in committee.

Section 5 of the bill, purports to provide that the war against Germany and Japan shall for the purposes of the War Measures Act be deemed no longer to exist as of January 1, 1946. This section is very carefully worded. I think it is important for us to know why the section is worded as it is, because it does not purport to say that the state of war is at an end. As honourable senators know, when Canada entered this war it was by virtue, first, of a proclamation declaring an apprehended state of war. This was followed by an emergency meeting of Parliament at which a resolution was passed

authorizing the declaration of war, and subsequently by a proclamation by the Governor in Council declaring war. That proclamation by the Governor in Council declaring that a state of war existed as of September 10, 1939, was not passed under the provisions of the War Measures Act, but rather, by virtue of a certain provision of the Act, such proclamation made the provisions of the Act operative. That proclamation is still outstanding, and there are many contracts in existence, containing various provisions as to terms, dates, and the rights of the parties to the contracts. I would assume from the provisions of paragraph 5 that such contracts are not to be dealt with by virtue of the powers contained in this bill. I think the Government's attitude in this respect should be clarified.

I would point out further that while the bill in its present form, is much better than it was in its earlier form, I am still not satisfied as to its effect. It will be observed that orders in council and administrators' orders passed under the War Measures Act remain in force after the 1st of January, 1946, under the provisions of this bill. They continue in force only if the Governor in Council passes an order making them effective. For instance some of the orders in council affecting the Foreign Exchange Control Board come into force and effect under authority of this bill. Yet, in the orders passed during the war by the Foreign Exchange Control Board provisions are to be found which take away every vestige of civil liberty that we enjoy. This is no reflection on the administration of the Foreign Exchange Control Board; but we find in the orders authority for taking a person into some kind of custody, detaining him, taking him before an examiner, refusing him counsel, examining him under oath and subsequently laying a charge against him, and then, on the trial, reading evidence which was taken in that ex parte way, for the purpose of convicting him.

While extraordinary procedures of that kind may be entirely justifiable in war-time, I wonder how far we should go in approving of them in peace-time. In committee it might be advisable to consider whether it would not be in the best interests of Canada to provide under this bill some sort of blanket investigatory powers, whereby some of the civil liberties of the subject would be restored and at the same time necessary controls would be maintained by continuing certain war-time orders in full force and effect, but minus their objectionable features.

Hon. Mr. HAYDEN.

On the question of what is meant in section 2 (1) (c) by giving the Governor in Council power to authorize acts for maintaining, controlling and regulating the use and occupation of property, I find myself in the same position as the honourable gentleman who spoke last (Hon. Mr. Haig). For the life of me I cannot comprehend what authority the federal Government needs for maintaining, controlling and regulating use and occupation of property, when rentals are also separately mentioned in this subsection. So I think some clarification of this matter is needed. In closing I wish to state that I intend to support passage of the bill.

Hon. C. C. BALLANTYNE: Honourable senators, I desire to supplement the view that has been so well expressed by my honourable leader (Hon. Mr. Haig). He, however, did not touch on ceiling prices, and that is a matter that I particularly want to speak about. I know the argument of the Government is that if you increase ceiling prices you run the risk of inflation; but a large class of goods manufactured in this country could be removed from under the price ceiling with very little effect on the cost of living. As honourable senators know, I have been in business since my very young days, first with smaller private enterprises and later with large industrial concerns, with which I am still closely associated. So I am aware of the difficulties in carrying on business under the various controls. For instance, the cost of coal has advanced 47 per cent, and the cost of labour also has increased. Yet, although in the past few years one industry after another has advised the Government of the assistance that business would receive from the lifting of controls, the Government has seen fit to keep them in effect. The policy as enunciated has been increased production and revenue, and I have no objection to this; but I do not see how the maximum that business men would like to reach can be attained if these controls are to remain.

My leader touched on the position of the white-collar class. One of Canada's largest industries, with which I am connected, handled a billion dollars' worth of war contracts, and I have some knowledge of the strenuous work that the white-collar class, which includes skilled engineers and architects, did during the six long years of war. Under the controls that we had in the past and which the Government wishes to perpetuate, the salaries of these people cannot be raised. I do not agree with the argument that if salaries were no longer frozen we might have inflation. Last year when the famous Family Allowances Bill was going through I sat here and heard one honourable senator after another extol the

many virtues of that measure. The outstanding argument was that it would increase purchasing power. I agreed with that argument then, and I say now that it has proved to have been right. But I do not find that the Government is greatly alarmed about the danger of inflation arising from increased purchasing power derived from payments made under the Family Allowances Act. Then why not remove the control that freezes salaries? Why should these white-collar men who have worked so hard during the past six years not be given the substantial increases in salary to which they are entitled?

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. BALLANTYNE: I recognize that there have to be some controls—controls of certain prices of exchange, and so on; but I do object to this bill: the powers that it confers upon the Governor in Council are too sweeping, too wide. I do not suppose that we can do anything about it at this late date, especially since it was modified before being sent here from another place.

Like my leader, I listen to a great many people in different walks of life, and I want to say that the public will not be satisfied with the controls authorized by this bill. The people much prefer the Atlantic Charter, which was conceived by that great President, the late Mr. Roosevelt, and by that outstanding British statesman, the Right Honourable Winston Churchill. The people of Canada are tired of controls and are longing for freedom. To put it in a nutshell, they are saying: "Keep the controls that are necessary to prevent inflation, but do not go beyond that." I read in the press that our powerful and friendly neighbour to the south has removed all controls with the exception of those on rubber and sugar; but here we are now proposing to put into effect substantially the same controls that we had under the War Measures Act.

I was tremendously impressed last night by what was said about the prime importance of Canada's domestic trade. But the fact is that our manufacturers, wholesalers and retailers are hobbled by controls and excessive taxation. I know that reference to the excess war profits tax is not germane to this bill, and I will say nothing more than that it greatly restricts expansion of business.

For the reasons that I have endeavoured to expound I do not like the bill, but I suppose we shall have to vote for it. Surely, however, at a very early date the Government will remove the price ceiling insofar as it is possible to do so, and will lift the restrictions on salary increases so that the white-collar classes can be given a fair remuneration for their work.

Everyone knows that Canada must have export trade, and it is not necessary for me to say anything about that. I want to emphasize the importance of developing our domestic trade, and to point out that we are going to have a difficult time doing this, not only because of competition between businesses of the same kind in Canada but also because of competition from the United States.

I should like to join with my honourable leader and say to the experts—possibly I may be permitted to say it to the members of the Government as well: "Cast off this war-mindedness and let us get down to peace, prosperity and expansion."

Hon. ARTHUR W. ROEBUCK: Honourable senators, I wish to say just a few words. To begin with, permit me to compliment the honourable senator from Vancouver South (Hon. Mr. Farris) on his excellent presentation of this subject. I was particularly impressed by the closing paragraph of his speech, wherein he expressed the reluctance he felt in approving the type of legislation which is before us. In that reluctance I heartily share.

The bold statements which are made have not at all convinced me of the necessity for continuing these controls. It is fairly clear to my mind that had the civil servants and perhaps those who are bossing them really desired it, the war controls would have been abolished by this time. The onus of proof that these extraordinary powers are necessary is on them, and to my mind they have so far not discharged that onus. It may be that some controls are still advisable, but if so they are few and very unimportant. We went through the war of 1914-18 without any legislation of this kind, and while we had some inflation we survived it.

Hon. Mr. McGEER: It corrected itself.

Hon. Mr. ROEBUCK: Yes, of course it did. The trouble is that when you plug one hole you cause another one to open up. As soon as you control one condition, another one breaks out in a different place.

In the early part of his speech, the honourable gentleman from Vancouver South (Hon. Mr. Farris) made this statement:

> As I see it, in those circumstances the duty of the Senate with respect to the bill is very definite and restricted. The Senate should not retard passage of the bill in any way, or obstruct or limit the powers that the Government has asked Parliament to give it. The duty of this House in considering a bill of this kind in

the circumstances that I have mentioned is to offer constructive criticism, if that may be made, and to go no further.

I see no such duty resting upon this House. It may be that in the circumstances it is necessary that we pass this bill. Indeed, I do not see how we can help ourselves; but I submit it is not incumbent on us to give powers to the Government simply because we are asked to do so.

I am making these few disjointed remarks only for one purpose. I give notice that should a similar bill come before us one year from now I shall feel even less disposed to vote for it than I do now. I shall require the strictest proof of the necessity for such powers before consenting again to their continuance. Furthermore, it should be thoroughly understood that we are granting the present extension only because of the peculiar circumstances in which we are placed, and that we do not expect the Government to use the powers simply because they are available.

An Hon. SENATOR: That is right.

Hon. Mr. ROEBUCK: One pleasant feature of this situation has been the disappearance up to date of certain of the controllers and their controls.

Some of the controllers have disappeared "unwept, unhonoured and unsung." The country was glad to get rid of them. We can say to the controllers who remain: "The nicest thing you can do is to bow yourselves out and bid us goodbye."

Some Hon. MEMBERS: Hear, hear.

Hon. W. RUPERT DAVIES: Honourable senators, I want to align myself with those honourable senators who are opposed to this bill in principle, but who by force of circumstances or by reason of the position so well explained last night by the honourable senator from Vancouver South (Hon. Mr. Farris) are going to vote for it.

In my judgment the bill is very conflicting. Paragraph (b) of section 2 is said to be for the purpose of:

facilitating the readjustment of industry and commerce to the requirements of the community in time of peace.

I do not think that maintaining control of salaries and wages is helping to facilitate "the readjustment of industry and commerce."

There are two reasons why I do not like these controls. One is that they are to be continued for another year; I think six months would have been ample. The other is that during the war years control was established over wages, and certain standards were set up for various districts. This control is still in effect. As an instance let me cite a business that I know something about—the newspaper business. The standard of wages or salaries allowed to editors, reporters, linotype operators and pressmen in Kingston, Brantford or St. Catharines is somewhat lower than that allowed in, say, Hamilton, Toronto, London, and even Windsor. A newspaper publisher at Windsor can offer to a newspaper employee at Kingston, Brantford or St. Catharines—admittedly more or less irregularly—inducements amounting to an increase of about $10 a week; but the publisher of a newspaper in these three cities cannot even offer an increase of $5 a week to hold an employee. I do not think that the continuance of a control of that character is facilitating the bringing back of commerce and industry to a peacetime basis. We are sick and tired of these controls; they are disrupting the newspaper business all over the country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVIES: I think it is time to discontinue them. If we have to submit to these conditions for another year I do not know what we are going to do. You will find every newspaper office short of help, and the men do not want to work overtime. Why should they? The result is great difficulty in getting out the newspaper on time. I must confess I am sorry that we are asked to continue these controls for another year. I should have been more willing to vote for an extension of six months. I do not contemplate with any pleasure being controlled for another year.

Nor do I contemplate with any pleasure the continued power which is given to the selective service group. Of course I know that now an advertisement can be put in a newspaper without having to channel it through selective service, and so delay its appearance for three or four days or a week, no matter how urgent the advertisement may be. But even now, for some strange reason which I do not understand, if you desire to advertise for a certain type of help, you have to take your advertisement into a selective service office to be stamped. The only reason I can see for this procedure is that the man wielding the stamp may continue to be paid a salary.

I intend to support the bill, but with reservations.

Hon. Mr. BALLANTYNE: Does not my honourable friend think we could very well do away with selective service?

Hon. Mr. DAVIES: I should be glad to do away with it tomorrow.

An Hon. SENATOR: How about today?

The motion was agreed to, and the Bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Committee on Banking and Commerce.

The motion was agreed to.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY BILL

THIRD READING

Hon. Mr. ROBERTSON: With leave of the Senate, I should like to revert to Order No. 4, consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 117, an Act respecting the Department of Reconstruction and Supply. These amendments have been concurred in, and it would facilitate the general business of the House if the bill could be given third reading now.

Hon. Mr. HAIG: Agreed.

Hon. Mr. ROBERTSON: I move that Bill 173, as amended, be now read the third time.

Hon. Mr. HAIG: Before the motion is put I would take this opportunity of thanking the honourable Minister of Reconstruction and Supply for the courteous way in which he treated the members of the committee.

The motion was agreed to, and the Bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 12, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DOMINION-ALBERTA SUPPLEMENTARY TAXATION AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 218, an Act to authorize the Minister of Finance, with the approval of the Governor in Council, to enter into an agreement with the province of Alberta to amend the agreement entered into with that province under the authority of the Dominion-Provincial Taxation Agreement Act, 1942.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

VETERANS' LAND BILL

FIRST READING

A message was received from the House of Commons with Bill 233, an Act to amend the Veterans' Land Act, 1942.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

VETERANS' REHABILITATION BILL

FIRST READING

A message was received from the House of Commons with Bill 240, an Act to provide rehabilitation allowances for veterans.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

EXPORT CREDITS INSURANCE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 217, an Act to amend the Export Credits Insurance Act.

He said: The Committee have examined this bill, and now beg leave to report it without any amendment.

THIRD READING

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I should like to move the third reading of this bill now.

Hon. A. D. McRAE: Honourable senators, I am supporting this bill, but there are two or three features about it that I think should be clearly understood. The suggestion made by the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) relating to our public expenditures impressed me very much. There is a question in my mind as to how far we should go in our effort, which in the aggregate will not be great, to send our credit abroad. This bill increases the credit by $650,000,000 and we should all realize that borrowings to that extent will be required. I

am not sure that the bill provides that the money shall all be spent in Canada. The intention is that the money shall be utilized for the purchase of Canadian equipment and commodities of that type, but I would feel more confident in my support of the bill if we had a little more information as to what will be purchased. Apparently the question has not yet been decided. I should not expect the Government to provide commodities that we require in Canada and that are in short supply, such as farm products, including wheat and beef. In view of Canada's obligations, the extent to which we can finance exports at the present time is, in the aggregate, going to be very limited.

I am going to support the bill because I think it will help to bridge over the decrease in next year's exports, but I think we shall find that $650,000,000 will not go very far. Certainly we cannot continue this method indefinitely, and we must work out a more substantial plan. On the question of repayment, I was deeply impressed by the suggestions of the honourable senator from Vancouver-Burrard (Hon. Mr. McGeer) as to the expenditure of money at home.

There is nothing more that I wish to say, except to again remind the House and the country that the producers have to be paid and that, therefore, this measure means we must borrow an additional $650,000,000, which will be added to the already heavy burden our people are carrying.

The motion was agreed to, and the Bill was read the third time, and passed.

WAR EXPENDITURE AND DEMOBILIZATION APPROPRIATION BILL No. 2

REPORT OF COMMITTEE

Hon. NORMAN P. LAMBERT presented the report of the Standing Committee on Finance on Bill 172, an Act for granting to His Majesty aid for national defence and demobilization.

He said: Honourable senators, the committee have in obedience to the order of reference of the 27th of November, 1945, examined this bill and now beg leave to report the same without any amendments.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I would move third reading now. In doing so I wish to give honourable senators an undertaking that should they desire to discuss in committee or in the House any matter arising out of this appropriation, they may do so when we are dealing with the supply bill, which has yet to reach us.

Hon. Mr. LEGER: Honourable senators, I am not going to move an amendment or ask for a vote, but I wish to call attention to subsection (a) of section 2, which authorizes the expenditure of money for:

the security, defence, peace, order and welfare of Canada.

The word "welfare" seems to import something new. The wording in section 91 of the British North America Act is "peace, order and good government." I do not think "good government," and "welfare" are synonymous, and I should like to know the reason for the change. The substitution of the word for the well-known and well-understood phrase seems to be yet another encroachment on provincial rights! Personally I should prefer the use of the phrase "good government."

The motion was agreed to, and the Bill was read the third time, and passed.

INCOME WAR TAX BILL
EXCESS PROFITS TAX BILL
DOMINION SUCCESSION DUTY BILL
SPECIAL WAR REVENUE BILL

EXAMINATION BY COMMITTEE ON FINANCE

Hon. WISHART McL. ROBERTSON: As honourable members are aware, Bill 234, an Act to amend the Income War Tax Act, Bill 235, an Act to amend the Excess Profits Tax Act, 1940, Bill 236, an Act to amend the Dominion Succession Duty Act and Bill 237, an Act to amend the Special War Revenue Act, are based on the budget resolutions now before the other House. These bills will in due course come before us for consideration. Meantime, in order to give honourable members an opportunity to secure any information they may require, I would move, with leave of the Senate, that the Committee on Finance be authorized to examine copies of these bills.

Hon. Mr. LÉGER: Are they printed?

Hon. Mr. HAIG: Yes, and distributed.

The motion was agreed to.

INFANT MORTALITY

DISCUSSION

Hon. VINCENT DUPUIS rose in accordance with the following notice:

That he will call the attention of the Senate to the desirability of establishing a national organization in co-operation with all the provincial governments, whose functions would be to help mothers, to develop infant health and to reduce to its minimum infant mortality.

He said: For some time past, honourable senators, I have followed with close attention the progress made by the Canadian Mothercraft Society, established in Toronto some fourteen years ago. The work of this society is of national importance and should arouse the interest of every patriotic citizen. I was so convinced of this fact that I thought the matter should be brought to the attention of the Government for immediate action.

Since my appointment to this honourable body I have had to decide whether or not the Senate was a proper place in which to discuss this important subject; and if I may digress from my topic for a moment, I would say that I now feel in duty bound to bring this vital question to the attention of honourable senators, of the Government and of the country at large.

In some quarters we hear it said that the Senate, because its members are appointed for life, constitute an irresponsible body from which no good can come. That is the indictment. Let us examine this accusation in the light of sound logic. Members of the Canadian judiciary are in the same category as senators, since they too hold office for life. Yet who would dare to suggest that they are irresponsible. Far from it! The members of that distinguished body have acquired an enviable reputation for ability and integrity. Further, it is acknowledged that Canada's judicial system is one of the best in the civilized world. This may well be attributed to the fact that the members of our judiciary are appointed for life, which leaves them free to arrive at decisions with the utmost impartiality and to exercise an independence of judgment not otherwise attainable.

Now permit me to turn the spotlight towards our Christian clergy. Its members too are appointed for life: "sacerdos in eternum" How can we, in justice to all, have the temerity to say that these men have not played a very essential part in the building up of their respective communities? Let me speak of the deeds of our own priests from personal knowledge. It will suffice to mention just a few aspects of what the French clergy have done for Canadians of French origin. Among our most distinguished pioneers the clergy are to be found in large numbers. During the early period of New France they were missionaries and martyrs—yes, heroes whose names now adorn the best-loved pages of our national history. Could it possibly be said that because they were appointed for life they were irresponsible? Where would we be today if it were not for the heroic deeds of our humble priests who, without complaint have always remained with their parishioners through good fortune and ill, encouraging and sustaining them by advice and good example.

During the dark days which followed the conquest, it was the clergy who helped our ancestors through hardship and adversity. To these so-called irresponsible men should go a very large measure of credit for the attainment and success of our ethnical group in this country. Some people may think otherwise, but as far as I am concerned I shall ever be grateful to them.

I could go to other fields to prove the futility of the assertion that appointment for life means irresponsibility and that life tenure necessarily annihilates a sense of responsibility; but I think what I have said is quite sufficient. What this honourable body has done in the past would suffice to support the contention that appointment for life does not breed irresponsibility; but sometimes it is better to go outside one's own clan to convince one's opponents.

May I return now to my main topic, and submit to honourable senators that it is our duty, and the duty of every citizen in Canada, to see that life is maintained and preserved, and that infant mortality is reduced to the absolute minimum. I have introduced this subject during the last days of the session because it comes under provincial jurisdiction and might be an important item in the programme of the recently assembled Dominion-Provincial Conference.

Now I desire to give brief resumé of the movement known the world over as Mothercraft. The Mothercraft Society was founded in New Zealand in 1907 by Dr. Truby King, afterwards Sir Truby King. Dr. King, who was to become one of the greatest benefactors of humanity, was alarmed by the infant mortality in his country. As a scientist of great experience in another field, he undertook to save the lives of the rising generations. In the solution of this problem it was his good fortune to have the close collaboration of the wife of the then Governor-General of New Zealand, a daughter of our one-time Governor-General, Lord Dufferin. In the early days of the society, infant mortality in New Zealand was 88·8 per thousand live births. The success of Dr. King's venture, in spite of innumerable difficulties, is indicated by New Zealand's present infant mortality rate of 28·7 per thousand live births, which is the lowest in the world.

The effect of this great achievement soon spread to other nations of the British Commonwealth. The honour of extending this humanitarian movement to Canada goes to

the very distinguished philanthropist, the late Irving E. Robertson of Toronto, who was encouraged and sustained by his distinguished wife, who, when he died, became his immediate successor in that national endeavour. To give you a more accurate description of the movement in Canada, allow me to quote from a lecture which Mrs. Robertson delivered before the Ottawa Women's Club on November 30, 1944:

> My husband, who was a Canadian newspaperman, was deeply interested in health, and in maternal and child care. My New Zealand nursing friends were establishing Mothercraft in various parts of the world, having been loaned in response to requests from groups who were often with some knowledge of Mothercraft in their country of origin and did not want to be deprived of it in new homes. In each case when Mothercraft was established the results were apparent. My husband wanted to know what it was in Mothercraft that brought such results, and why it was so different to other health agencies. He spent four years investigating, not only in the British Commonwealth, but in Norway, Sweden, Denmark, Holland and Germany, and satisfied himself that Mothercraft was the best of all, and was something Canada should have. The fact that Mothercraft took mother and child together was an important factor.
>
> It wasn't the teaching, but the legislation and the organization that interested him. In 1931 he founded the Canadian society with the approval of the then Minister of Health, the late Dr. John M. Robb. As a medical man, Dr. Robb investigated for himself thoroughly Truby King's teachings; he too felt that this was a field that should be open to Canadian nurses. For the first year Dr. Robb watched every mother and baby that was admitted to the Mothercraft hospital, and was amazed at the results.
>
> We have gone on progressing, and now have our own hospital and headquarters with administrative and advice rooms. Up to date over 300 well-baby nurses and fifty-odd post-graduate nurses have received training. The students are drawn from coast to coast, and parents from all parts of Canada have written for nurses or advice.

This movement is now urgently needed, and the Canadian nation is conscientiously bound to adopt it. With our modern scientific development, there is no longer any excuse for leaving the up-building of Canadian families to the haphazard methods of the past. A nation is to be judged by the way the family, its nucleus, looks after itself. It is now admitted that the expectant mother is in duty bound to follow a strict dietetic regime if she desires, as she surely must, to give birth to a healthy and normal baby. And this new being has an inherent right to require of those who are responsible for his care that they shall adopt correct scientific methods to see that he is well nourished and is brought up in a proper atmosphere. Although the infant is unable to express himself, it is as if he were telling his parents: "The best way to prove your love is to see that I get proper maternal care, with suitable food and clothing, pure water, exercise, rest and sleep, and that I am kept clean and warm and form regular habits. You must look after these things for me, because I have the right to live and become a healthy child with the opportunity of developing into a successful citizen, who in turn will repay you a hundredfold with gratitude, filial love and solicitude." Indeed, honourable senators, the child has an inalienable right to be helped not only by his parents but also by us, for it is our duty to collaborate in the enactment of legislation to safeguard the child's welfare.

Permit me, honourable senators, to quote statistics on infant mortality in Canada. In 1940 there were 240,000 children born alive; in the same year 13,783 died under one year of age, and 17,092 under five years of age.

Hon. Mr. QUINN: Are these figures for the whole of Canada?

Hon. Mr. DUPUIS: Yes, for the whole country. When you look upon the dead body of a little baby you think of the great loss the parents have suffered. Every time a child does not grow up to play its part as a citizen, the country too suffers a loss. Think of the great loss that is represented by the death in one year of 17,000 children under five years of age! Millions of dollars are spent to induce people to come to Canada from other countries —I am not objecting to that—and every credit is due to those who in years gone by have journeyed here from abroad and have become good citizens. But surely there is no more worthy way in which we can spend our money than in protecting the health of our Canadian children.

Statistics for the period 1931 to 1940 show a loss of 159,000 children under one year of age. During the ten years from 1935 to 1945 we lost upwards of 60,000 infant children—more than the population of this country in 1760, when France ceded Canada to England. These figures must bring home to us how seriously infant mortality may affect potential increase of population when we reflect that the descendants of the 60,000 people who in the eighteenth century lived on the shores of the St. Lawrence river from the Great Lakes to the sea, and on the shores of the Richelieu river, now number some 7,000,000; approximately 3,500,000 in Canada and the same number in the United States.

I should like to put on Hansard the tabular statistical statement to which I have referred:

Deaths of Children Under One Year of Age and Death Rates per 1,000 Live Births in Canada, by Provinces, 1926-40

Infant Mortality

Year	Canada	P.E.I.	N.S.	N.B.	Que.
1931 ...	20,360	128	914	944	9,443
1932 ...	17,263	132	849	774	7,744
1933 ...	16,284	118	791	821	7,270
1934 ...	15,870	130	807	878	7,388
1935 ...	15,730	145	838	866	6,939
1936 ...	14,574	137	781	806	6,220
1937 ...	16,693	152	812	1,072	7,580
1938 ...	14,517	114	754	859	6,486
1939 ...	13,939	168	761	893	6,210
1940 ...	13,783	137	802	934	5,856

Deaths of Children Under One Year of Age and Death Rates per 1,000 Live Births in Canada, by Provinces, 1926-40

Infant Mortality

Year	Ont.	Man.	Sask.	Alta.	B.C.
1931 ...	4,833	924	1,463	1,197	514
1932 ...	4,133	836	1,321	997	477
1933 ...	3,804	844	1,231	966	439
1934 ...	3,523	734	1,093	891	426
1935 ...	3,515	837	1,194	936	460
1936 ...	3,416	779	1,030	940	465
1937 ...	3,382	826	1,245	994	630
1938 ...	3,245	750	941	812	556
1939 ...	2,979	752	930	763	483
1940 ...	2,959	756	979	834	526

I wish to reassure our friends of the medical profession that there is no desire to undervalue their achievements in this field. Between 1926 and 1940 the admirable work of doctors and nurses has brought about a decline in the rate of infant mortality from 23,692 to 13,783.

I should like to give a few extracts from a speech which Her Royal Highness Princess Alice delivered before the Canadian Mothercraft Society at the opening of its new headquarters in Toronto on November 10, 1944. She said:

> There are still so many people who do not yet realize the meaning of mothercraft and who are inclined to be prejudiced against it solely from the idea that it is proposed to start another society in a field that is already covered by all the existing associations of people interested in child welfare. . . Mothercraft should be a corollary of our existing welfare clinics and a further development of what they are already undertaking . . . It is a sad reflection upon our modern times with all the immense progress in scientific knowledge that what after all is of supreme importance to our people, namely, the raising of a perfectly healthy and mentally well-balanced population, is the last science to be studied or to be given the deep attention it deserves.

Those words are very appropriate to the subject-matter of my motion. I submit that this important question should be brought before the Canadian public so that sufficient pressure may be brought to bear on our legislators to cause them to initiate the legislation necessary to solve this nationally important problem. It is essential to child welfare that there should be readily available to parents professional advice on how to take care of their babies so that they may become strong, healthy and well-developed men and women, fully equipped to carry on the glorious traditions of this great country.

I suggest to honourable members that in furthering the work I have referred to they may pay homage to their mothers, as I, in bringing this subject to their notice, pay homage to the memory of my saintly and beloved mother. In the name of Canadian mothers I pray you, honourable senators, to do your share in framing legislation to carry out the objects which I have set forth.

On motion of Hon. Mrs. Wilson, the debate was adjourned.

GOLD PRODUCTION IN CANADA

DISCUSSION CONCLUDED

The Senate resumed from Wednesday, December 5, the adjourned debate on the notice of Hon. Mr. McRae:

> That he will call the attention of the Senate to the development of our gold resources and what an active programme to increase our gold production could mean to the general prosperity of Canada, particularly the employment of labour, the establishment of new communities and the importance of the gold which it will provide in taking care of our foreign obligations.

Hon. Mr. HAIG: I yield the floor to the honourable senator from Vancouver (Hon. Mr. McRae).

Hon. A. D. McRAE: Honourable senators, in rising to close the discussion on my notice, which has appeared on the Order Paper for upwards of two months, let me first assure you that I do not intend to occupy very much of your time. I am grateful to those who have contributed to the discussion, which I hope has proved interesting and informative to the Senate and to the country at large. As a result, perhaps all of us now have a better realization of what an aggressive development of our gold mining industry would mean in the way of producing employment and adding to the economic stability of the Dominion.

I was much impressed by the suggestion of the honourable senator from Churchill (Hon. Mr. Crerar) that this House would be serving a very useful purpose if next session it inquired into the development of our natural resources. I entirely agree with him. This discussion necessarily does not lead to finality, and early

next session, if it meets with the approval of the Senate, I intend to introduce a motion to refer to a committee the subject of the development of all our mineral resources, so that those interested may have an opportunity to appear and give us their views. Then the committee might be able to recommend a programme which would help to solve the economic and other problems which undoubtedly lie ahead of us.

The honourable senators from Vancouver-Burrard (Hon. Mr. McGeer) and Parkdale (Hon. Mr. Murdock) expressed some doubts with respect to my statement as to the gold reserves available in the United States. In answering their doubts I am disposed to deal with cold facts, at least in part. The honourable gentleman from Vancouver-Burrard stated that, according to the calculations he had made from bank or Government reports, the United States might have a reserve of $20,000,000,000, and that its outstanding currency was $27,000,000,000. I think that is about right. Forty per cent of $27,000,000,000 would be $10,800,000,000. This would be the gold reserve necessary for a coverage of 40 per cent. It is a well-known fact that Congress during the past year reduced the coverage from 40 per cent to 25 per cent, it being felt that the Government was not in a position to maintain the higher rate. As a matter of fact —and again I must quote without the book— I believe the United States gold reserve at the present time is a little less than sufficient to give a coverage of 40 per cent, but not so low as was anticipated at that time, the drain on the reserves having somewhat let up in the interval.

In addition to the currency coverage of $10,800,000,000 the United States has several other commitments. For instance, under the Bretton Woods agreements the United States treasury would have to contribute $1,300,000,000. I believe a committee of Congress is already trying to ascertain the full extent of the country's commitments. Whether the gold reserve is $10,000,000,000 or $3,000,000,000 after all the commitments are deducted is not really pertinent to the question, and I have only dealt with it because some honourable member wondered whether my statement was even approximately correct.

I might say to the honourable senator from Parkdale in reply to his statement about the guarding of the gold in the Kentucky vaults that that gold does not have to be moved out to meet payments. It is earmarked and then it is no longer available for reserve purposes.

With the indulgence of the House I wish to deal for a few minutes with the subject of silver which was introduced by the honourable senator from Ottawa (Hon. Mr. Lambert). The question of silver is one that merits a much more thorough inquiry than we can give it at this time.

Silver, which is one of our precious metals, is as dead as a doornail in this country. There is not a single silver mill in Canada operating today. When I use the words "silver mill" I mean a mill whose large percentage of production is silver. The last mill to operate was the one at Mayo, on the Stuart River in the Yukon territory. That mill was operated for many years by the Alaska-Juneau people, and three or four years ago it was closed up entirely. They could not make money on thirty-five cent silver. As you know, silver went to practically an all-time low. As a result the Mayo mill sold its equipment for junk and abandoned the property. Today the scenic roads leading up the mountains to the mines are travelled only by cariboo, elk and an occasional grizzly bear.

The situation in Canada with respect to silver has changed with the price rise in the United States from thirty-five to seventy-one cents. It is said that even now the Mayo mine is attracting attention because better prices are hoped for in Canada. Certainly at thirty-five or even at forty cents silver mining is not profitable. Our silver today is almost exclusively a by-product of base metals, and some of it is in the gold bricks which reach the Mint.

The honourable senator from Ottawa (Hon. Mr. Lambert) referred to the American price of silver, and quoted the figure of seventy-one cents. That price, plus ten per cent exchange, makes our price seventy-eight cents an ounce. The honourable senator stated also that the price in London was eighty-three cents, and that the Bank of India in Bombay quoted $1.31 an ounce. My information on this unusual development is that the people of the Far East want hard money, and they are prepared to pay that price for silver rather than take their own paper currency. I think the same situation exists in Europe, because the price of silver there has substantially advanced.

The disappearance of silver in the United States and the remarkable decline in accumulated stock from 3,200,000,000 ounces to 250,000,000 ounces, as quoted by the honourable senator from Ottawa (Hon. Mr. Lambert), is most remarkable. The obvious reason is that the United States parted with a great deal of its silver under lend-lease. The metal was actually used in war equipment. This created a large market, but much of that silver is lost forever and cannot be recovered.

The silver production in Canada in 1940 was 23,000,000 ounces, and in 1944, 13,000,000 ounces; and I assume from a commercial report just to hand that we will have about the same production this year as in 1944. As I have stated, all this silver production comes as a by-product of other metals.

I think there is a very good reason for our domestic requirements of silver advancing to 7,660,000 ounces, as stated by the honourable senator from Ottawa. Unless the control prevents those interested in the silver industry from stocking up on silver, they would indeed be blind and neglectful of a great opportunity if they did not buy forty-cent silver at this time. I would mortgage my shirt for that purpose. In fact, I do not mind telling honourable senators that I tried the other day to buy a thousand ounces of silver, but was advised that no silver was available in either Montreal or Ottawa. My bankers informed me that even the Mint was short of silver. The question is, where is the silver that we produce going?

I could speak more authoritatively on this phase of the subject had my questions which have stood on the Order Paper for some days been answered. I believe they are very simple, and should be answered by referring to the records. I suggest that this domestic increase to seven and a half million ounces has been accounted for by purchases of people in the silver manufacturing business. Maybe some people have been able to gamble in silver, but I do not think there is much fear of that. I believe it is true that some of the big mines have been holding back their silver. Why should they sell silver at forty cents in Canada when the price in the United States is seventy-eight cents, and there is a reasonable certainty that it will soon reach one dollar?

Hon. Mr. PATERSON: May I ask the honourable senator what was the low spot of silver in Canada?

Hon. Mr. McRAE: About thirty-five cents an ounce.

If silver should go to one dollar in the United States, as I believe it almost certainly will, that means that our mines would get $1.10 an ounce for their silver. I do not think the control of silver is going to last very long at forty cents an ounce when there are prospects of selling it across the line at $1.10.

May I quote some figures that I have received direct from the Mint, and which are rather surprising? I may say that at first, with silver at forty cents, I feared it might go across the line and be melted down. But I do not think there is much danger of that now, because I have information from the Mint that our fifty-cent piece contains only 12 cents worth of silver at forty cents an ounce. They tell me we would not have to change the fineness of our silver until the price exceeded $1.66⅔ cents an ounce. There is great profit to the Government in buying forty-cent silver here for minting. I understand that they use about two and a half million ounces annually.

Hon. Mr. LAMBERT: Approximately four million ounces.

Hon. Mr. McRAE: If we take that much silver at forty cents an ounce as against the approximate American price of eighty cents it would amount to $1,600,000. That seems like a lot of money.

Hon. Mr. LAMBERT: That figure is correct.

Hon. Mr. McRAE: I submit to honourable senators that our mines are now loaded down with taxes, and that any further gouging out of something like this sum from our base metal mines that produce silver, and from gold mines that also produce silver, would add so much more to the tax burden. The situation is very similar to that of 1940 when, if I remember correctly the excess minting charges on gold showed a profit to the Government of $1,200,000, and of 1944, when they showed a profit of about $600,000. These sums added to all the excessive taxes the mines are paying just go to increase the burden.

Hon. Mr. LAMBERT: May I interrupt my honourable friend to say that he should not overlook the fact that the price of silver paid by the Mint during the past two weeks is higher than it was earlier in the year. It is a well known fact that the price of silver for all of the smaller producers, outside of the big five who supply the local industries, is seventy-one cents in New York. Under those circumstances I would expect the smaller mines to commence operation again. It should be definitely appreciated that the situation in respect of silver is much better now than it was when we started this discussion a few weeks ago.

Hon. Mr. McRAE: I believe it is a little better for the small mines, but as I see the picture—and if my questions on the Order Paper had been answered I would have the facts—the big mines, which were permitted to export, allowed the little mines, to the extent of their total production, to "carry the bag" so to speak.

The honourable senator's question contains a suggestion, and in replying to it I must say

that I am not going to deal as kindly with the Wartime Prices and Trade Board as he did. As I see it, their action in this matter is entirely unjustifiable. In my opinion they know very little about silver. As a matter of fact, I have a letter here from the manager of the British Columbia and Yukon Mining Association saying that in an interview the Chairman of the Wartime Prices and Trade Board did not indicate very much knowledge about silver—and his latest report to the association rather confirmed this observation.

I do suggest, honourable senators, that this trifling with one of our mineral resources by refusing to grant export permits for silver is another outstanding instance of price control which should not prevail.

It has been said that removal of the control of silver would disturb our internal economy. That in my opinion is absurd. We do not eat silver. Any internal economy we have in silver must refer to the manufacture of silver, and I do not think we are interested at this time in cheap silver for manufacturers. Silver, in any event, is a luxury and can be allowed to take care of itself. The people who buy silver have the money to pay for it. But let us not strangle one of our natural resources, as we are doing at the present time. I can say to you that for the last ten years no prospector would stop to drive his pick into a silver ledge, because there would be no market for such a mine. There is no opportunity today for people to take advantage of our silver development as long as export restrictions remain on the product.

The article published in the Ottawa Journal, quoted by my honourable friend, says, in brief, that the small mines will be able to export all their product but the larger mines will have to provide domestic requirements. Is that approximately correct?

Hon. Mr. LAMBERT: Up to 50 per cent of the silver production.

Hon. Mr. McRAE: And the gold mines have to provide 50 per cent of such silver as is in gold bricks, which of necessity come to the Mint. The working out of that will present quite a problem. It will require a great deal of work to check up on all the little mines and see that they get 71 cents for their silver.

The restriction on silver exports is simply one more of those hidden controls which, judging by the reception accorded to certain remarks made here yesterday, are so unpopular in this House. The development of this natural resource should be encouraged, but control retards it. I am not as worried about this matter as my words might indicate, because when silver rises to a dollar in the United States—that is $1.10 in our money—the top will blow off this wartime control so far as silver is concerned. I have no personal interest in silver and know very little about it, but the situation is fairly clear to all of us. I think we can look forward to this control being eliminated.

I often wonder how many other controls are outstanding. The other day I saw a Wartime Prices and Trade Board list of controls still in effect, and silver was not mentioned at all. In the eyes of the officials silver mining is apparently a forgotten industry—and well it might be, for it is in the doldrums.

We have an opportunity of opening up for our silver producers a market where they can sell their products at United States prices. There are a good many silver prospects throughout Canada. If silver mining can be expanded it might easily produce an annual export business of $25,000,000, which is about what it was twenty-five years ago. That is more than the exports we are likely to send to France, and under the bill we passed to-day, we voted France a credit of $242,000,000.

The committee which I hope will be appointed early next session to consider the development of our mineral reserves will have a full opportunity to study the silver question. I trust that before that committee gets to work the noose will have been taken off the neck of this strangled industry, so that it will have a chance to prosper again.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, December 13, 1945.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EXCESS PROFITS TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 235, an Act to amend The Excess Profits Tax Act, 1940.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I move the second reading of this bill now.

The motion was agreed to and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

DOMINION SUCCESSION DUTY BILL

FIRST READING

A message was received from the House of Commons with Bill 236, an Act to amend the Dominion Succession Duty Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move that the bill be read the second time now.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move third reading now.

The motion was agreed to, and the Bill was read the third time.

The Hon. the SPEAKER: Honourable senators, this bill has been read the third time and is now ready to pass. Is it your pleasure to pass the bill?

Hon. Mr. LEGER: Honourable senators, in order to have it clearly understood that these bills are not being rushed through in a careless fashion, I think the Chairman of the Finance Committee should state that they have been taken up and thoroughly discussed in that committee. I was present at the committee meeting and know what was done there, but other honourable senators may not.

Hon. Mr. ROBERTSON: Honourable senators, I might say that in order to facilitate the business of the House these bills, which have not yet formally come before us, were taken up in the Finance Committee, where they were explained by departmental officials and carefully discussed. It was probably due to oversight on my part that this statement was not made earlier, and I thank the honourable senator from L'Acadie (Hon. Mr. Leger) for calling the matter to our attention. This bill and the three others which are based on the budget are not being treated with the indifference that our action here this afternoon might indicate.

Hon. Mr. HAYDEN: Honourable senators, for purposes of the record, may I suggest that the Succession Duty Bill would undoubtedly meet with the approval of every honourable member, because it eliminates some of the hardships that occur under the present law when there are two successions within, say, a year or two years. Under this bill, in such circumstances, only a percentage of the estate passing on the second succession will be subject to Dominion succession duty tax. This is certainly a step in the right direction.

The Bill was passed.

SPECIAL WAR REVENUE BILL

FIRST READING

A message was received from the House of Commons with Bill 237, an Act to amend the Special War Revenue Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time.

Hon. Mr. ROBERTSON: With leave of the Senate, I move second reading now.

Hon. G. P. CAMPBELL: Honourable senators, this bill and the other taxation bills based on the budget resolutions, have reached us in the dying days of the session in the expectation that the Senate will pass them hurriedly and without giving them consideration. I feel that if we are to thoroughly analyse these bills we should devote several days to the work. I must say that I have not had an opportunity of considering as carefully as I should like to do this particular bill and the other taxation bills.

We have said on former occasions: "This is the last time we will expedite the passing of measures sent over to us on the eve of prorogation." I would remind honourable mem-

bers that probably this is not the last time we shall be confronted with this dilemma, and it seems to me that we should take a definite stand against a continuation of the practice. I know it is the wish of honourable senators to get home as quickly as possible, but I feel that we might well give further consideration to some of these bills, particularly the bill amending the Income War Tax Act, which I believe is still in the other House. I would ask our honourable leader to see whether on a future occasion it is not possible to cut down debate in another place so that similar legislation may reach us at least two or three weeks before the end of the session.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CAMPBELL: Probably that is wishful thinking, but we can always hope for better results,

Hon. Mr. ROBERTSON: I can assure my honourable friend that I shall be only too happy to do everything in my power to cut down debate in the other place.

Some Hon. SENATORS: Oh, oh.

Hon. SALTER A. HAYDEN: I may say, honourable members, that in anticipation of this bill reaching us a copy of it was submitted to the Committee on Finance and was examined at its meeting this morning. There was a good attendance, and I am sure a number of the senators now present are familiar with the purposes which this amending bill seeks to serve. One of the amendments relates to insurance premiums. At present insurance premiums paid to a Canadian insurance company from a source outside of Canada may be taxed in the outside jurisdiction, in addition to being taxed in Canada. The amendment in such case provides that the tax payable in Canada shall be reduced by the amount of the tax payable in the outside jurisdiction.

Another amendment reduces the tax on dressed furs from 25 per cent to 10 per cent. There is also provision for application of the 8 per cent sales tax. This requires some change in the definitions and the bringing back into the statute of persons who repair and remodel fur garments, so as to make them subject on a reasonable basis to payment of the sales tax on furs they remodel or repair.

The bill also repeals certain sections which imposed the sales tax, and the war exchange tax on goods with respect to which, prior to the war, Canadian citizens returning to this country enjoyed so-called exemption of $100.

Those are the main purposes of the bill. There are no omnibus sections seeking to confer general powers in order to deal with some particular case. I can only say that I heartily approve of the amendments and the form of the bill.

Hon. W. D. EULER: Honourable senators, had I been a member of the Finance Committee I should have said in Committee what I am about to say now. My remarks are prompted by what the honourable senator from Toronto has just said in reference to the tax on insurance premiums.

I was amazed a few days ago to learn on the very best authority that the tax on insurance premiums paid by Canadian insurance companies is 3 per cent, whereas the tax paid by American companies operating in this country is only 2 per cent.

Hon. Mr. HAYDEN: The premium tax on mutual companies operating in Canada is 3 per cent; on stock companies it is 2 per cent .

Hon. Mr. EULER: I accept the correction. However, British marine insurance companies operating in Canada pay no tax on premiums whatsoever.

Hon. Mr. HAYDEN: That is right.

Hon. Mr. EULER: I wish to call the attention of the Government to the unfairness of this anomaly.

Hon. Mr. HAIG: I was delighted to hear what the member for Toronto (Hon. Mr. Campbell) had to say. Had he been here five years ago he would know that then such a bill as this would have come in and been passed in ten minutes. We would not even have had it in committee sub rosa, nor would we have had an opportunity of calling experts to tell us what was going on. I must say that our experience this morning was very pleasant, for as the other honourable senator from Toronto (Hon. Mr. Hayden) knows, we had a very clear exposition of the whole question, and it was very helpful.

Hon. Mr. CAMPBELL: You do think there is an improvement.

Hon. Mr. HAIG: The bill provides for a reduction in taxation, so you do not hear any criticism from this side of the House. If you keep up the good work we will be through in short order.

The motion was agreed to and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I move the third reading of this bill now.

The motion was agreed to, and the Bill was read the third time, and passed.

NATIONAL EMERGENCY TRANSITIONAL POWERS BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 15, an Act to confer certain transitional powers upon the Governor in Council during the national emergency arising out of the war.

He said: Honourable senators, the committee have examined this bill and now beg leave to report same with amendments.

Hon. SALTER A. HAYDEN: Honourable senators, before this report is adopted, I should like to explain my position with respect to it. At the second reading stage I concluded my remarks by saying that in the main I would support the bill. That is still my position. However, there are one or two features of the bill as it comes before us now upon which I should like to comment.

The bill provides that for a period of a year certain powers may be exercised for the purpose of dealing with the emergency situation arising out of the war. In addition, it authorizes the continuance in force, on order of the Governor in Council, of regulations and orders passed under the War Measures Act. Under that authority it is now proposed to continue in some blanket form all the orders and regulations passed under the War Measures Act which are in force at the time the Governor in Council issues the order. The effect is that while any order made by the Governor in Council under Bill 15 can be cancelled by resolution of this House, or an independent resolution of the other place, the only way this House or the other could deal with orders passed under the War Measures Act, re-enacted or continued by virtue of this substitution, would be by a blanket resolution to cancel them all. Otherwise, we should have to deal with them by means of bills. For instance, if at the next session of Parliament it should be the desire of this House to cancel the rentals control order, it would be necessary to introduce a bill to that effect and have it concurred in by the other House. There are two lines of procedure which may be followed. First, any orders passed from the time this bill comes into force, can be cancelled by resolution of either House.

Hon. Mr. HAIG: No, that has been changed.

Hon. Mr. HAYDEN: Has that section been amended?

Hon. Mr. HAIG: Yes, it was amended in the House of Commons.

Hon. Mr. HAYDEN: There are two methods of procedure: One by resolution of this House dealing with a specific order; the other by a bill passed by both Houses. There would be no way in which we could deal by resolution with any particular order under the War Measures Act.

I was of opinion that the authority to bring any order under the War Measures Act into force should be derived from the bill, for dealing with the emergency arising out of the war. Apparently, however, that procedure was thought to involve too much work on the part of the Government in trying to segregate and analyze the various orders. So for the present, though in a somewhat critical frame of mind, I am prepared to accept the situation, and to make no objection to that phase of the bill.

Now I should like to offer one or two observations with respect to the powers of investigation under the bill. I have not been satisfied with the explanations given from time to time in justification of some of the extraordinary powers conferred in wartime, and which may now be continued by virtue of orders passed under the War Measures Act. One explanation for the giving of these wide and extraordinary powers of the Wartime Prices and Trade Board is that without them it could not function.

Let me take just a moment to explain the procedure. If the officials, under the War Measures Act, wish to see whether a merchant has been observing price ceilings, an auditor goes into that man's office, checks his records to ascertain basic-period prices, and then checks his invoices to see whether or not he has been conforming to those prices. There is nothing new in that procedure, so far as it goes; we have had it ever since the Income War Tax Act came into force. A large corporation makes its returns and in due course an auditor goes in to examine the books. The system has worked out very well, and no special powers were required for its continuance. Under the stock transfer provisions the same thing happens, as it does under the excise and the customs provisions. A similar course is adopted in the provincial field. For instance, the

contributions under the Workmen's Compensation Act are based on a percentage of the payroll, and auditors go in to see whether a contractor has been paying his proper share or not. But there is said to be some similarity between that procedure and the procedure of the Wartime Prices and Trade Board or some other agency which, clothed with extraordinary power, can seize an individual, examine him without his being allowed to obtain any advice, prefer a charge against him, take down his statement, and afterwards use it in evidence against him in order to secure a conviction. How there can be any relation between these two methods is beyond my ability to understand.

It seems that we are so anxious to maintain our reputation for fair dealing that in trials now going on outside Canada we see to it that ordinary peace-time privileges are granted to war criminals. We bend over backwards to see that accused men in Europe are protected by all the ordinary rights of peace-time. Yet we are prepared to have citizens of our own country remain subject in peace-time to extraordinary wartime provisions, in order that certain organizations may function properly. I do not think that any of these extraordinary powers are necessary or advisable or desirable. The civil liberty of the subject is a thing of great value. It was not easily won, and it should not be easily surrendered.

It is no answer to say that these extraordinary powers are required in order to get after crooks. Under our law every accused person is presumed to be innocent until he is proved guilty, and it is not our duty or function to support arbitrary orders because officials say, "Oh well, they will enable us to get after crooks." The purpose of legislation of the kind we are dealing with now is to regulate the conduct of businesses and of people, and we must presume that they are observing the law until we have evidence to the contrary.

Then there is the other strange statement that the public of Canada has acquired a psychological respect for these drastic orders, and that if we amend them even slightly, so as to make them harmonize with our conception of liberty, we are going to weaken respect for the law. I never heard a more ridiculous argument in my life. I have too high a regard for the intelligence of our people to be influenced by any such contention.

While in the main I am not satisfied with the amendments that have been made, I am willing to agree to concurrence in the report, and to wait and see what happens.

The motion was agreed to, and the report was concurred in.

THIRD READING

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I would move third reading of this bill, as amended.

The motion was agreed to, and the Bill was read the third time, and passed.

SITTINGS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, I desire to give notice that tomorrow I shall move:

That when the Senate adjourns today it stand adjourned until 11 o'clock on Saturday morning.

Hon. Mr. HAIG: That is notice of a motion you intend to move tomorrow?

Hon. Mr. ROBERTSON: Yes.

SENATE AND HOUSE OF COMMONS

EXPENSE ALLOWANCES TO MEMBERS

On the notice of motion by Hon. Mr. McGeer:

That no increase in the sessional indemnity of the members of the Canadian Parliament, that is the members of the Senate and the Commons, either by way of an increase in the amount presently paid or in any especial relief exempting the indemnity paid to the said members, or any portion of it, from taxation, shall be provided until

1. All Canadians earning $1,200 a year or less shall be relieved from the payment of income taxes.

2. All Canadians supporting wives and receiving $2,000 a year or less are exempt from the payment of income taxes.

3. An allowance, exempt from income taxes, is made for the maintenance of all dependents of taxpayers sufficient to give such dependents a minimum standard of decent Canadian living.

4. The provisions of "The Wartime Salaries Order, P.C. 9298 of November 27, 1941, as amended by P.C. 946 of February 6, 1942, P.C. 1549 of February 27, 1942, P.C. 4346 of May 26, 1942, P.C. 79/1385 of March 3, 1944, and P.C. 9505 of December 21, 1944, Office Consolidation, December, 1944," freezing salaries, are repealed.

5. All salaries and other allowances made to members of the Canadian Judiciary are made exempt from income tax.

6. All tax and rates imposed by the authorities of any city, municipality or other tax authority in Canada on Canadian homes is made a nontaxable part of the income of the taxpayer paying said taxes or rates on or in respect of the said home.

The Hon. the SPEAKER: Motion No. 1.

An Hon. SENATOR: Stand.

Hon. Mr. MURDOCK: What about this motion No. 1, notice of which was given on the 25th day of October? Are we not going to have a chance to discuss it at all?

Hon. Mr. COPP: The honourable gentleman who sponsors the motion is not here to proceed.

Hon. Mr. LEGER: It is out of order, anyway.

The notice stands.

SUSPENSION OF RULES

MOTION

Hon. Mr. ROBERTSON: Honourable senators, I desire to move:

That for the balance of the session Rules 23, 24 and 63 be suspended insofar as they relate to public bills.

Honourable senators will know that these rules specify the minimum time that ordinarily must elapse between the various stages of bills, and so on.

The motion was agreed to.

CANADA'S SILVER SUPPLY

INQUIRY

Hon. Mr. McRAE inquired of the Government:

1. What amount of silver is being held in Canada at present by the Dominion Government and by private companies, and for what purpose is it proposed to be used?
2. How much new Canadian silver was used in Canada during 1944 and 1945 for the minting of coins, and what price was paid per ounce to the producers?
3. What are the estimated requirements of silver for minting of Canadian coins during 1946, and what are the estimated requirements for other purposes in Canada during 1946, and for what purpose will it be used?
4. What reason is there for the sudden advance in Canadian consumption of silver during the past year?
5. What are the names of corporations or individuals to whom licences to export silver have been issued, with the amount of silver exported under each licence last year and in 1945 up to the latest date available?
6. What, if any, limit is imposed on silver purchases by companies using silver in their business?
7. Has any silver been sold in Canada to corporations or individuals not requiring silver in their business? If so, to whom and how much?
8. According to press reports the major silver refineries will supply approximately 50 per cent of their output for 1946 for domestic requirements. Will this, plus one-half of the silver by-product from the gold mines, provide sufficient for domestic requirements?
9. If the answer is no, then how is it proposed to give the small silver producers the export price for all their production as reported in the press?
10. What is the estimated silver production for the year 1945?

Hon. Mr. ROBERTSON: The answer to the honourable gentleman's inquiry is as follows:

1. At October 31, 1945, the Royal Canadian Mint held 1,090,556·19 ounces of silver. This includes silver in process of coinage and refining operations.

2. 1944, 2,456,021·39 ounces; 1945 (to Oct. 31), 1,719,548·26 ounces. Forty cents per ounce for silver purchased in the open market, 38·6 cents per ounce for silver contained in gold deposited at the Mint.

3. It is difficult to estimate the requirements for silver for the Mint, as coinage demands vary from year to year. It is believed that the requirements for silver for coinage in 1946 will not be less than that used in 1944. In addition 500,000 to 750,000 ounces will be required for medals to be struck for the Department of National Defence.

3. By agreement with the major refiners the Wartime Prices and Trade Board has arranged for half of their production, exclusive of requirements by the Royal Canadian Mint, up to a maximum of 4,800,000 ounces to be reserved for domestic requirements. The actual domestic allocation on this basis is expected to be approximately 4,150,000 ounces. Domestic requirements for other than coinage purposes are chiefly in the manufacture of sterling silver jewellery, flatware and hollow-ware, anodes for silver plating, silver nitrate for the photographic and chemical industry, alloys for brazing, bearing metals and photographic engravers' plates, and silver wire for jewellery and other uses.

4. During the war years jewellery, hollow-ware and flat-ware manufacturers were denied the use of tin, nickel and copper and, as a result, they turned to silver to meet their needs. While the restrictions on nickel and copper have been removed, those on tin still remain and the manufacturers have continued to use silver. The main increase has been in the production of sterling silver and anodes for silver-plating, both of which items are used almost exclusively in the manufacture of jewellery, hollow-ware and flat-ware.

5. It is contrary to departmental regulations and not in keeping with government policy to release intimate details concerning the personal business of individuals and firms. The following permits were issued in 1944 and 1945:

Silver Ore	Permits	Value
Jan. to Dec. 1944	32	$1,825,004
Jan. to Dec. 1, 1945....	21	347,755
Silver Bullion		
Jan. to Dec. 1944	62	1,965,949
Jan. to Dec. 1, 1945....	75	1,793,360

6. During the war years and to date there have been no quantity restrictions imposed on the purchase of silver by users. During 1946, a definite proportion of the total production of the major refiners has been reserved for domestic users at the Canadian price ceiling. (See Question 3 above.) These users will in general be entitled to share in the domestic allocation in proportion to their purchases of refined silver during the calendar year 1945.

7. There have been no sales of silver by primary producers to corporations or individuals who do not use silver in their business. No data is available as to subsequent sales made by these companies.

8. The domestic allocation described in the answer to Question 3 above will be less than the purchases of refined silver made during 1945 by Canadian users. This totalled approximately 6,100,000 ounces, exclusive of takings by the Royal Canadian Mint. The quantity of refined silver guaranteed to Canadian users at the domestic ceiling price is felt to be reasonable.

9. Production of silver by small independent producers who export their silver in concentrates or have it refined on a customs basis at a Canadian refinery, is not included in the estimated production of 8,300,000 ounces for 1946. Such production from small independent mine operators will be exported, with the understanding that the full export price, less refining charges, will be paid to the operators originally producing the silver.

10. The estimated refined silver production for 1945 is 10,500,000 troy ounces.

BUSINESS OF THE SENATE

PROROGATION—DURATION OF RECESS

Hon. A. D. McRAE: I should like to ask the honourable leader of the Government whether he can inform us when, approximately, Parliament will reconvene after the impending prorogation. This information would be very helpful to many senators, including myself, because we desire to arrange our personal affairs during the recess. Rumour has it that Parliament will prorogue until the end of February or the 1st of March—even the 15th. I am afraid such a long recess would be severely criticized by the Canadian people, particularly in view of the many grave problems before Parliament. The members of the Committee on Income Tax have a lot of work ahead of them, and if Parliament does not meet until late in March it will be very difficult for them to make a report before the preparation of the next budget. There is other equally important work that I am quite sure the Senate can do very effectively.

I understand the Dominion-Provincial Conference is to reassemble in January, but now that Ministers have the advantage of parliamentary assistants, it has occurred to me that Parliament might be called together by the end of January. This would give members of the other place an opportunity to waste a month or six weeks on the Speech from the Throne—as they usually do; then they would be able to get down to business. In the meantime we would have an opportunity of carrying on our committee work.

Hon. Mr. ROBERTSON: The best information I have is that the new session will open either late in February or early in March.

Hon. Mr. McRAE: It is too bad.

Hon. Mr. HARDY: Has the honourable senator considered that in certain quarters it might be thought very desirable that this committee should not report its findings too soon?

Hon. Mr. McRAE: I had not looked at it in that way. As a matter of fact the members of our Income Tax Committee have been working very diligently at night in the hope of making some progress, but unfortunately they ran up against the constitutional issue, which completely shut off all efforts to make progress during the recess. I am sure this suspension of the committee's activities will be very disappointing to the public, because it had been generally expected that the committee's work would bring about a long overdue simplification of our income tax law.

Hon. W. D. EULER: Following the remark of my honourable friend to the left (Hon. Mr. Hardy), maybe what I am about to state will give an opportunity of testing what he seems to have in his mind. I have sent out notices for a meeting of the Income Tax Committee tomorrow morning at 10.30, for the purpose of getting the opinion of the members as to whether we should ask the Government for an Order in council constituting a Royal Commission to take the place of the committee and continue its work during the recess.

Hon. Mr. HAIG: I am glad you took notice of my suggestion.

Hon. Mr. McRAE: If the Royal Commission were to be composed of members of the Income Tax Committee, excellent results might ensue.

Hon. Mr. FARRIS: That is the idea.

INTERNAL ECONOMY COMMITTEE

PARLIAMENTARY REPORTERS, SENATE—REPORT CONCURRED IN

The Senate proceeded to the onsideration of the fifth report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. WHITE moved that the report be concurred in.

Hon. Sir ALLEN AYLESWORTH: Honourable senators, the motion asks us to approve a report of the Civil Service Commission. I cannot approve the heading, "Parliamentary reporters, Senate", or the expression in the body of the report: "the salaries of the parliamentary reporters and the parliamentary reporters, Senate." I should think all parliamentary reporters are on the same footing. I do not understand why there should be a distinction.

But that is not altogether what I wanted to speak about. In the newspapers it is customary to speak of members of Parliament and members of the Senate. At any rate a leading Toronto morning newspaper of today's date made use of that expression in so many words. A few years ago a bill came to us from the other House in which there was identically the same phrase—members of Parliament and members of the Senate. We corrected it in committee. Afterwards the draftsman of the bill, an officer in one of the departments here, said that the phrase was inadvertent. If attention is not called to this sort of thing it will become not only inadvertent but deliberate. This report conveys by implication the same idea. It does seem to me that since this phrasing appears in an official report to the Senate, some notice ought to be taken of the apparent notion that there is a difference between members of the Senate and members of Parliament.

Hon. Mr. WHITE: Honourable senators, when today I saw this report of the Civil Service Commission my thought was that after "parliamentary reporters" the words "House of Commons" should have been inserted, because the Order in Council applies to parliamentary reporters in the other House, as to whom it became effective from the 1st of July, 1944. The purpose of the committee in bringing the discrimination to the notice of the Civil Service Commission is to put the parliamentary reporters of the Senate on the same salary basis as those of the other House.

The motion was agreed to.

DOMINION-ALBERTA SUPPLEMENTARY TAXATION AGREEMENT BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 218, an Act to authorize the Minister of Finance, with the approval of the Governor in Council, to enter into an agreement with the Province of Alberta to amend the agreement entered into with that province under the authority of the Dominion-Provincial Taxation Agreement Act, 1942.

He said: Honourable senators, I have asked the honourable member for Lethbridge to explain this bill.

Hon. W. A. BUCHANAN: Honourable senators, I am happy to speak to this measure because, if for no other reason, it brings to light the fact that a successful attempt has been made to do something toward rehabilitating the credit of the province of Alberta.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. BUCHANAN: If it were not for that, the bill would not be before the Senate today. In my explanation of the bill I wish to give honourable senators some of the background of the agreements made with certain provinces, and then to explain the simple provisions of the bill itself.

The purpose of this bill is to authorize the Minister of Finance to enter into an agreement with the province of Alberta to amend the agreement made with that province under the Dominion-Provincial Taxation Agreement Act, 1942. The effect of the amendment to the agreement will be to provide greater compensation to the province.

I shall now briefly explain why this amendment is considered necessary. Honourable members will recall the financial arrangements made between the Dominion and the provinces in 1941-42. The proposals were outlined by the Minister of Finance in the Budget Speech of April 29, 1941. He said at that time that each year for the duration of the war the Dominion would pay to any province which, with its municipalities, temporarily vacated the personal income tax and corporation tax fields, either:

(a) The revenues which the province and its municipalities actually obtained from these sources during the fiscal year ending nearest to December 31, 1940 (the tax receipts option); or

(b) the cost of the net debt service actually paid by the province during the fiscal year ending nearest to December 31, 1940 (not includ-

ing contributions to the sinking fund) less the revenue obtained from succession duties during that period (the net debt service option).

The payments were to be augmented by appropriate fiscal need subsidies where it could be shown they were necessary.

The Dominion then negotiated with all the provinces, and under the authority of the Dominion-Provincial Taxation Agreement Act, 1942, signed agreements with each of them. Alberta chose the tax receipts option, and did not receive any fiscal need subsidy. The choice of the tax receipts option, and the consequent failure to receive a fiscal need subsidy, resulted from the fact that Alberta was then paying only half of the contractual rate of interest on its outstanding indebtedness.

I now refer to a development which took place early this year, when Alberta indicated that she proposed to refund her outstanding indebtedness. Representatives from that province approached the Dominion to see what assistance would be given. In a letter dated March 3, 1945, tabled in the other House, the Minister of Finance said that to justify Dominion co-operation the plan would have to be fair and equitable and such as to fully restore the credit of the province. To achieve this objective it was fundamental that the plan should contain the following conditions: (a) the province of Alberta must recognize its liability for the amount of unpaid interest; and (b) it must recognize the higher interest rates which some provincial bonds carry to their maturity, or to the time when callable, as compared with the rate of interest to be borne by the new refunding bonds. If these two conditions were complied with the Dominion indicated that it would co-operate on the basis of treating the province in the same way as it would have been treated had it never defaulted on its bonded indebtedness.

This arrangement would involve a revision of the financial relations between the Dominion and the province of Alberta in two respects. First, the taxation agreement would be revised and the province would be allowed to accept the debt service option rather than the tax receipts option as the basis of the compensation by the Dominion to the province for having given up income and corporation taxes during the war. The result would be that during the currency of the agreement the province would receive $5,827,793.94 annually instead of the $4,080,860.64 now being received, an increase of $1,746,933.30. In the second place, based on the facts disclosed in the 1937 report of the Bank of Canada relating to the financial condition of the three prairie provinces, a special fiscal need subsidy of $600,000 would be paid to the province of Alberta for the four fiscal years prior to the coming into force of the taxation agreement, or a total of $2,640,000.

Alberta then proceeded with its debt reorganization programme, and on the 17th of May, 1945, the Minister of Finance made an announcement in the press to the effect that this programme appeared to comply with the principles outlined in his letter of March 3, 1945.

To carry out the debt reorganization programme the province required a substantial amount to provide for defaulted interest. It would not have been possible for the province to proceed with the plan unless the Dominion was prepared to make the additional compensation payable in the event of the taxation agreement being amended in the manner I have outlined. As Parliament was not in session on June 7, 1945, an order in council was passed under the War Measures Act, authorizing the Dominion to give the province additional financial assistance.

With the assurance of this assistance the province in July made its offer to its bondholders, and last October, 77 per cent of the bondholders having agreed, the plan was declared effective. The Dominion then paid to the province the difference between the amount actually paid to the province under the agreement and the amount the province would have received had the amended agreement been in effect from the beginning. The amount paid was $9,387,733.20, which represents the sum of $1,746,933.30 for each of four fiscal years since the tax agreements came into effect, plus the sum of $600,000 for each of the four years before the tax agreements came into effect.

The bill before the House is a simple one and gives statutory effect to the arrangement I have outlined.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate, I move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

VETERANS' LAND BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 233, an Act to amend the Veterans' Land Act, 1942.

He said: Honourable senators, I have asked the honourable senator from Rockcliffe (Hon. Mrs. Wilson) to explain this bill.

Hon. CAIRINE R. WILSON: Honourable senators, Bill 233 is an amendment to the Veterans' Land Act passed in 1942, and has received the unanimous approval of a select committee on Veterans Affairs in the other House.

The amendment provides for a little more flexibility as regards the construction of buildings, and increases to $6,000 the amount allowed for the purchase of property, including a $1,200 allowance for stock and equipment.

There has not been any great eagerness on the part of returning veterans to take advantage of the provisions for settling on the land, but it is expected that by the end of 1946 about 35,000 ex-service men will be established on the land under this Act. The provisions of the Act apply also to those who wish to engage in fishing operations.

It may be said that a number of the young returned men who might have been expected to go on the land are taking advantages of provisions which enable them to attend agricultural colleges. It may be that more qualified farmers will take advantage of the privileges offered under this Act than present figures would indicate.

Hon. JOHN T. HAIG: Honourable senators, I do not wish to use the words "I told you so", but when this bill came before us two or three years ago it was said that the maximum amount that could be granted was $4,800. The honourable member for St. Jean Baptiste (Hon. Mr. Beaubien) and I objected strenuously at that time on the ground that no veteran would be justified in going on to land that could be bought at that figure. I am very pleased to see that the amount has at last been increased to $6,000—but I am not sure yet that it is high enough. In Manitoba and I think also in Saskatchewan and Alberta, there has been a very good system adopted in connection with the buying of land. The test to which returned men are put in order to establish their ability as farmers is very commendable, and the severity of the test is perhaps the reason why the number of men taking up land is lower than expected.

After the last war the scheme for returning men to the land was well intentioned, but there was no proper examination of applicants. I recall very well an incident concerning two young men who served in the army as stretcher-bearers. They were together in the same unit through four and a half years of war. They slept in the same dugout and they worked side by side on the firing line, bringing back the sick and wounded. When they were demobilized they said they wanted to go farming together, and they bought half a section of land in Manitoba. Well, they were on the land three months, and they have not spoken to each other since. Neither had had any farming experience. I am speaking whereof I know, because they came to see me and I acted as arbitrator between them. Their case was one of the most pitiable I have ever witnessed. It was too bad that these two young veterans were allowed to go on the land.

In our province a good many returned men have failed to make good on farms. In a large number of cases it is said that the land was not of high quality, but most of the grief has been caused by the inexperience of the men and, especially among those who have married overseas, of their wives.

The honourable senator from Rockcliffe (Hon. Mrs. Wilson) referred to the courses in agriculture. There is a large class of young men taking the regular course in agriculture—not the short course—at our university this year. I cannot help thinking of one of these students. He flew over Germany forty-eight times in a Lancaster. With his cap on he looks about his real age, which is twenty-four, but when he is bareheaded you would take him to be sixty-five, for there is no more hair on his head than there is on this paper. The other night at a show he was sitting in front of two young girl students from the home economics class. One said to the other: "That fellow is taking the agricultural course at the college, and he must be sixty if he is a day." The other young men who were with him enjoyed the joke very much.

These agricultural courses are doing a lot of good in our province, and I believe in Saskatchewan and Alberta as well. Most of the returned men taking the course at Winnipeg have a keen desire to become good farmers. I know that, because some of them have visited at my home. After the last war a good many veterans seemed to think there was money to be made quickly out of land that could be got under the settlement scheme of those days. I am not sure that the present scheme will be successful, but I admit to the honourable senator from Rockcliffe that it is better than its predecessor. I hope that in the long run this one will justify itself. There is lots of room in the West, and no doubt in other parts of Canada, for young men who are ambitious to make good on the land.

Hon. A. D. McRAE: Honourable senators, although the maximum that may be advanced to a veteran is $6,000, the average will possibly be about $5,000. On that basis, if 35,000 men take advantage of the Act, as the hon-

ourable senator from Rockcliffe (Hon. Mrs. Wilson) suggests, there will be a total outlay of approximately $175,000,000. The honourable leader on this side (Hon. Mr. Haig) was very moderate in his statement about what happened after the last war. The soldier settlement scheme of those days was a dismal failure. As I remember, at the last committee meeting when this matter was dealt with we concluded it would be better to wipe off the debt than try to collect it. The amount outstanding at that time was, I believe, about $120,000,000. To make good at farming you must like the work and stay with it. Despite the best intentions a good many of the young men who take up farms under this Act will not be successful. Let us not be carried away by any ideas to the contrary.

Hon. W. RUPERT DAVIES: Honourable senators, I should like to ask the honourable senator from Rockcliffe (Hon. Mrs. Wilson) if she can tell us what percentage of the 35,000 who have applied for farms are first of all taking a course at an agricultural college.

Hon. Mrs. WILSON: I am sorry I cannot answer that question. As I understand it, those who are taking courses at agricultural colleges will not be eligible for the farm grants. I say that because I have a son who is planning to be a scientific farmer, and he told me he would not be eligible for the grant if he took the educational benefits.

Hon. Mr. HAIG: That is correct.

Hon. Mrs. WILSON: I imagine that all who take the college course will be treated in the same way. They will have whatever advantages arise from the course, but I doubt if they will be able to claim the farm grant as well.

There was a point I overlooked when speaking before. Agreements have been made between the Dominion and some of the provinces whereby certain provincial Crown lands will be available for settlement under this Act. I also understand that the Department of Mines and Resources has made it possible for veterans who came from Indian reserves to obtain land within the reserves.

Hon. Mr. DAVIES: It seems to me that the Government is going at this thing in the wrong way. The young men best qualified to make a success of farming will be those who take a course at an agricultural college. Why should the Government say: "If you take a course in agriculture we will pay your tuition fees and certain other expenses while you are a student, but we will not help you to get a farm after you finish the course"? Surely it is only reasonable to assume that the young men who qualify themselves to farm in a scientific way are most likely to make a success on the land. We all know something about the problems that arose after the last war because so many of the veterans who took up land under the soldiers' settlement scheme had no experience or special training. I wish the Act could be changed to make land grants available for veterans who are so anxious to become successful farmers that they are going through a preparatory course of one or two years at agricultural colleges. The men without farming experience and who do not take a course will be very apt to fail after they get on their $6,000 farms.

Hon. THOMAS VIEN: Honourable senators, the bill to provide benefits for veterans has been the subject of careful study in both Houses of Parliament. The grants made available had to be measured in terms of a certain relativity to this country's resources. These grants may be divided into three categories. First, there are the pay and allowances payable to the veteran, and extending over a certain period after his demobilization. Then there are grants for his re-establishment in civil life. Thirdly, there are grants to provide for his vocational training. A veteran, however, must choose between the vocational training and the grant of money provided for his establishment in farming or in business. A young man desirous of getting a land grant under this Act may first attend a course at an agricultural college, but at his own expense. The honourable senator from Kingston (Hon. Mr. Davies) suggests that the veteran who attends an agricultural college thereby increases his prospects of becoming a successful farmer and should, therefore, be entitled to the benefits of a land settlement. That would entail a duplication of benefits, and we should proceed with caution in that direction. I believe the Act amended by this bill, is extremely generous. The amounts involved are already enormous.

There is another point to which I should like to refer. I have recently been advised that when a veteran chooses to take vocational training, the amount computed against the grant to which he is entitled in that regard includes not only the cost of the training, but also a certain charge for overhead and administration. I doubt whether that was the intention of those who drafted the legislation and of the legislators who passed it. The Department should not charge administration and other costs against the amount made available to the veteran who elects to take vocational training. I am informed that

recently a veteran elected to take vocational training involving $115 as a disbursement to the school; yet the Department charged in the neighbourhood of $300 against his grant. I am speaking extemporaneously, otherwise I could cite the relevant section of the Act to show that no overhead or administration costs, but only the amount paid to the school, can be properly deducted from the benefit for vocational training. The young veteran to whom I have referred told me: "If this deduction is insisted upon, I have no alternative; I shall pay the school out of my own pocket, so as not to lose my right to the full amount of my benefit."

Hon. Mr. WHITE: Does this bill cover property set aside for veterans in urban centres?

Hon. Mr. CRERAR: No.

Hon. Mr. WHITE: Section 7A reads:

The director may for the purposes of this Act:

(a) erect on land acquired by him such buildings or effect such other improvements as he may deem necessary;

(b) enter into a contract with a person, firm or corporation, or with a province, city, town or municipal authority, for the erection of such buildings and for effecting such other improvements as he may deem necessary.

Hon. Mrs. WILSON: It was not the original purpose of the Act, but the demand for houses became so great that it was thought advisable to make this provision.

Hon. Mr. WHITE: I understand that originally a veteran was required to take an acre of land. That is a considerable area for a disabled man to cultivate.

Hon. Mrs. WILSON: I understand that the present section applies to groups of houses.

Hon. T. A. CRERAR: The Department of Mines and Resources administered the Veterans' Land Act until about two years ago, when it was transferred to the Department of Veterans Affairs. Consequently I know something of the background of the Act.

But first let me deal with the observation made by the honourable leader opposite (Hon. Mr. Haig) in respect of the Soldier Settlement Act following the war of 1914-18. Undoubtedly many mistakes were made in getting that Act into operation. Suitable controls were not in effect to ensure the selection of good farm land, and to make certain that the veteran possessed the necessary qualifications to become a farmer. This resulted, as intimated by the honourable leader opposite, in a very heavy loss to the federal treasury. All the experience of that administration from 1920 down to 1942 was utilized by the Government in the preparation of the present Veterans' Land Act.

The Act falls broadly into two divisions. The first has to do with the creation of small holdings—something which the Soldier Settlement Act did not provide for. A veteran may have a full-time or half-time job in a city or town. Under the Act he can secure a small holding adjacent to his work, and devote his leisure time to its improvement.

Hon. Mr. WHITE: Was not an acre of land the minimum?

Hon. Mr. CRERAR: I am just coming to that. On a small holding the veteran builds his home. He does not engage in farming, but he can raise chickens and vegetables and perhaps even keep a cow, and in that way reduce the cost of living for his family. That is a very wise provision and many veterans of this war are taking advantage of it.

The other division contains provisions to enable the veteran to take up farming as a means of livelihood. The experience gained in the administration of the Soldier Settlement Act indicated that on their release from active service some of the returned men might wish to take up farming without being equipped for it. As honourable members are well aware, to be a successful farmer a man requires a certain amount of experience, skill and knowledge. To ensure that the land selected is suitable for farming, small independent boards have been set up all over the country. Each board is usually composed of a practical farmer, a representative from the Veterans' Land Act administration and a real estate man, or in some cases a man who has had experience in a company making loans to farmers. The veteran selects his piece of land. Then the members of the board go over the land, take into account its proximity to markets, whether or not water is available, and the suitability of the soil for the type of farming the veteran wishes to engage in. Next, the price must be within the reasonable value of land in the district. Finally, the veteran must satisfy the board that he has the necessary qualifications to give him a fair chance of making a success of farming. If he has married a girl in the Old Country and is bringing her out to share his fortunes in the new home, it is pointed out to him that she should have a thorough understanding of the problems she will face as a farmer's wife. I believe that the great majority of those who have taken advantage of the Act will succeed.

There is a further provision which I do not think has been mentioned during this discussion. If the veteran locates on a farm, and

for ten years meets his obligations—which I may say are very modest—then the Government will forego $2,300 out of the $6,000. That is the present ceiling of the obligation he is permitted to undertake. So I look forward to this venture—because it is a venture—with a considerable degree of hopefulness.

Of course, over and above all the safeguards you may provide, there are certain unforeseen factors to be overcome. For instance, no one knows what the price of farm products may be five or ten years from now, nor all the economic conditions that largely govern the success of the individual farmer. But we have to assume that agriculture in this country will have a fair chance of success in the future, and I feel certain that the majority of those who take advantage of the Veterans' Land Act will be well satisfied with their venture.

As to whether or not war veterans should be asked to attend agricultural schools to acquire a technical knowledge of agriculture, I anticipate that many of them will do so voluntarily; but it must be borne in mind that many returning men who take advantage of this legislation will be the sons of farmers or young fellows from villages, and familiar with farm practice. In any case the bank clerk or the school teacher, or anyone else who has had no agricultural experience, and who wishes to take advantage of the Act, must qualify himself and satisfy the board that he is likely to become at least a moderately successful farmer.

I think, therefore, we can accept the bill without any question. The principal amendment raising the ceiling to $6,000 simply puts into statutory form what was made effective by order in council two years ago, when the administration of the Act was still under my supervision.

As I glance hastily at the other provisions I find they are all of a reasonable nature, and I think we can accept them as being valuable in improving the position of our service men.

Hon. Mr. SINCLAIR: May I ask the honourable senator if under the increased grant the repayments are for two-thirds, the same as they were under the $4,800 grant?

Hon. Mr. CRERAR: My recollection is that they are the same. That is to say, the repayments are made over the same period of years as when the ceiling was $4,800.

Hon. Mr. SINCLAIR: When the figure was $4,800 the veteran was obliged to repay to the Director of the Veterans' Land Act two-thirds of that amount. May I ask if it is now two-thirds of $6,000.

Hon. Mr. CRERAR: Yes, that is my recollection.

I overlooked mentioning that these amendments were considered by the Veterans' Affairs committee of the other House, and were unanimously agreed upon by that committee.

Hon. Mr. VIEN: Would the honourable senator say if the amount of the grant providing for vocational training is intended to include part of the administrative cost of the Department? For instance, if a returned man is entitled to a grant of $400 for vocational training, is it intended that that amount should be used exclusively to cover disbursements to the school, or is part of it to be applied to certain other expenses incurred by the department?

Hon. Mr. CRERAR: I speak without a complete knowledge of that point, but my understanding is that a returned man may utilize some of his war services grant to take a course, for instance, in an agricultural school, without in any way impairing his rights under the Veterans' Land Act. I do not think anything beyond the cost of his training would be chargeable against the grant.

Hon. Mr. VIEN: That was my understanding when the Act was before the other House, but I am advised by a veteran that the Department paid $115 to the school and charged $300 against his grant.

Hon. Mr. CRERAR: I have no certain knowledge on the matter, but I am greatly surprised to hear of such a case.

Hon. Mrs. WILSON: Expenditures of that nature should come under the Veterans' Rehabilitation Act.

Hon. Mr. ROBERTSON: Honourable senators, the next bill to be dealt with is Bill 240, concerning veterans' rehabilitation. It might be helpful if both Bill 233 and Bill 240 were sent to the Committee on Banking and Commerce, where specific consideration could be given to questions asked by honourable senators.

The motion was agreed to and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

VETERANS' REHABILITATION BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 240, an Act to provide rehabilitation allowances for veterans.

He said: Honourable senators, I have asked the honourable senator from Rockcliffe (Hon. Mrs. Wilson) to explain this bill.

Hon. CAIRINE R. WILSON: Honourable senators, the purpose of this bill is to place on the statute books measures which by order in council have been in force since 1940. The advantages extended to the returned man have been studied by a select committee of the House of Commons dealing with Veterans' Affairs, and have been made more flexible than they were as originally drafted.

In 1930 there were as many as 30,000 unemployed veterans of the First Great War, 90 per cent of whom were found to be without special skills. In an effort to prevent a recurrence of this situation, special allowances have been made for training the veteran. The measures I have referred to provide a monthly payment of $50 to single men and $70 to married men as out-of-work benefits; veterans also receive certain benefits while awaiting returns from their businesses, including farming. A third benefit is a monthly payment of $60 for single men and $80 for married men, with allowances for children. This applies to veterans who are temporarily incapacitated or to those who are taking either university or vocational training. The veteran who completes fifteen weeks in insurable employment will be given credit under the Unemployment Insurance Act for the entire term of his service in the armed forces.

I do not think administration costs were ever properly charged against a veteran. There may be some amendment necessary, as in the agricultural colleges the cost of living is much less than in the universities. In this way the veteran may be able to save a certain amount during an agricultural course.

The motion was agreed to and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Friday, December 14, 1945

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

47704—29½

INCOME WAR TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 234, an Act to amend the Income War Tax Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Honourable senators, I move the second reading now. I have asked the honourable gentleman from Toronto (Hon. Mr. Campbell) to explain the bill.

Hon. G. P. CAMPBELL: This bill in its draft form was before the Banking and Commerce Committee this morning. In the interval the bill has been amended in the other House, so it will be necessary to again refer it to the Banking and Commerce Committee in order that the amendments may be considered.

This bill, generally speaking, may be termed a measure to reduce income tax and to clarify certain sections of the present Act.

Subsection 1 of section 1 deals with contractual annuities. At the present time annuities are taxable both as to capital and income content. Recently representations were made to the Ives Royal Commission asking that annuities should be taxed as to income content only. When explaining the bill before our committee this morning the Deputy Minister for Taxation explained that in England annuities had always been taxed, and that, although several Royal Commissions had considered the question of relieving annuities from taxation, no action had been taken.

This subsection provides that only the interest content shall be taxable until such time as the capital has been entirely repaid.

Hon. Mr. HAIG: There is a formula to cover that.

Hon. Mr. CAMPBELL: Yes. When the capital has been entirely repaid the total annuity is taxable.

Subsection 2 of section 1 deals with annuities under a will or trust. This again is relieving legislation. It provides that only the interest shall be treated as income and that capital distributed by way of fixed periodic payments shall not be taxed. The onus is on the recipient or the trustee to show what is capital.

Section 2 deals with income derived from the operations of shipping and aircraft corporations. Under reciprocal arrangements between various countries, the income from the operation of ships owned or operated by

non-resident persons or corporations has been exempt from income tax. This section now places aircraft in the same position as shipping. Paragraph (y) of subsection 3 of this section merely changes the wording of the Act by which limited dividend housing corporations are free from tax.

Section 3 of the bill clarifies the law respecting superannuation or pension funds. At present pensions are not taxed. This amendment provides that all pensions shall be taxed, but there is a saving clause providing that superannuation or pension funds now in force shall be free of tax.

Hon. Mr. HAIG: Will the honourable senator please tell us what effect this has on civil servants?

Hon. Mr. CAMPBELL: There is no provision in the Act concerning civil servants. The pension schemes referred to are arrangements set up between employer and employee; and in certain instances labour unions may create pension funds and enjoy the benefit of tax deductions if payments from union dues are specifically made to such funds. To answer the question of the honourable leader opposite, I should say this Act does not affect the position of civil servants.

Hon. Mr. HAYDEN: That matter would be dealt with under the Civil Service Superannuation Act.

Hon. Mr. HARDY: Am I correct in the understanding that to be tax exempt a pension must arise from a fund that either the employer or the employee has established for that purpose?

Hon. Mr. CAMPBELL: That is right. Provision is also made to increase to $900 the amount of the contribution by employee or employer. That is to say, an employee who makes an annual contribution of $900 may deduct that amount from his taxable income, and the employer may do likewise. Provision is also made for payments on acount of past services.

Hon. Mr. HAIG: Is my honourable friend unable to answer the question concerning civil servants? It is my opinion that their pensions are tax free.

Hon. Mr. CAMPBELL: I cannot specifically answer the question of the honourable leader opposite at the moment, but I will get the information for him. It is my opinion that this does not change the position of civil servants.

Hon. Mr. HAIG: We will get the information in committee.

Hon. Mr. CAMPBELL. Yes.

Hon. Mr. CAMPBELL.

The Act as it formerly stood extended to oil and mineral companies the right to deduct from their taxable income a certain portion of the amount spent on development to the end of 1945. The bill extends this benefit to the end of 1946. This feature also was explained before the committee.

The provision which allowed the deduction of medical expenses has been extended to permit the executors of the estate of a deceased person to pay medical costs and deduct them from the income earned in the previous year.

Hon. Mr. MOLLOY: To what amount?

Hon. Mr. CAMPBELL: The amount has not been changed. It is worked out on a percentage basis.

Part XVIII dealing with private companies is perhaps the most interesting amendment to the Act. The adoption in the bill of some of the recommendations made by the Ives Commission enables a closely-held corporation, with fifty shareholders or less, to distribute income accumulated up to the end of 1938 on the basis of a payment of tax by the corporation in accordance with the rates and schedules laid down in the Act. Evidence given before the Ives Commission by many people and institutions from all across Canada clearly indicated that if a person died leaving a closely-held corporation in which there was a large accumulated income that had to be distributed, the high rates of income tax and succession duties made it impossible for the estate to pay both imposts. The Commission recommended that relief be given against that hardship, and any closely held corporation having fifty shareholders or less may hereafter take advantage of the procedure provided in this bill. The rates of tax commence at 15 per cent and run up to 33 per cent, the tax being calculated on the amount distributable to any individual shareholder. If, for instance, there was $100,000 of accumulated income distributable to four shareholders in equal amounts, each shareholder would receive $25,000, and the rate of tax imposed would be at the $25,000 level and not the $100,000 level.

The only other part of the bill I need mention is section 9, which attempts to clarify the rates of tax on incomes up to $3,000 in 1945, and up to $3,600 in 1946 and thereafter, where the taxpayer is in receipt of family allowances. Fixed percentages worked out for the various amounts of income are set forth in a table.

I do not think I need comment upon anything else at this stage, but I shall be glad to answer any questions.

Hon. Mr. PATERSON: May I ask the honourable gentleman if the amendments made in another place are of any importance?

Hon. Mr. CAMPBELL: I may say that the amendments were not before the committee, but I understand they contain nothing of any substance.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce. It will perhaps be recalled that previous bills of a like character have been referred to the Committee on Finance. However, at its sitting this morning the Banking and Commerce Committee had an opportunity to give some consideration to this measure before it reached the Senate, and I am suggesting that further consideration had better be given by the same committee.

The motion was agreed to.

NATIONAL HOUSING BILL

FIRST READING

A message was received from the House of Commons with Bill 239, an Act to amend the National Housing Act, 1944.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: I move the second reading now.

Hon. Mr. HAIG: Is the bill before us? It is not on my desk.

Hon. Mr. ROBERTSON: I was going to ask the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) to explain the bill, and after it has been given second reading I shall move that it be referred to the Committee on Banking and Commerce, which is meeting after the Senate rises. By that time the bill will perhaps have been distributed.

Hon. Mr. HAIG: I rise to a point of order. I do not think we should go on until the bill is distributed. I am greatly handicapped because I know nothing whatever about the bill.

Hon. Mr. KINLEY: I have a copy.

Hon. Mr. HAIG: But the rest of us also would like to have copies.

Hon. Mr. HARDY: I quite agree with the point taken by the honourable leader opposite (Hon. Mr. Haig).

Hon. Mr. ROBERTSON: Copies have just arrived and are now being distributed. Will the honourable gentleman be agreeable to our going ahead with the explanation now?

Hon. Mr. HAIG: Yes.

The Hon. the SPEAKER: I am advised that what is being distributed is a copy of the bill as read the first time in the other House.

Hon. JOHN J. KINLEY: Honourable senators, the measure now before the House for second reading, an Act to amend the National Housing Act, comprises in the main amendments to the National Housing Act, 1944, which we are told were necessary to clarify the law or conditions that were not entirely clear when the Act was put through last year. The amendments do not affect the principle of the 1944 legislation. There is, therefore, no outstanding principle to the bill itself. Some of the amendments now proposed were made effective under the War Measures Act, before Parliament assembled.

The amendments may be grouped under four general headings. First, there are minor verbal changes which are necessary to clarify the intent of certain sections of the Act. Most of these were made effective by Order in Council P.C. 392, dated January 18, 1945.

The amendments in the next group were made effective by P.C. 5794, dated August 30, 1945. These were required to provide for large-scale emergency operations in the field of rental housing.

The amendments in the third group relate to appropriation sections. These are in the nature of clarification, rather than of modification. Certain rigid restrictions of operation under the Act which were not originally intended are removed by the enlargement of the appropriation under Part II. At present there is in Part II an appropriation of $50,000,000 to cover loans, losses and guarantees in respect of rental housing projects. This is considered insufficient, and the appropriation has been increased to $150,000,000. In addition, authority is given to guarantee investments up to $125,000,000, which is an estimated limit of life insurance companies' investments under the Act. Under Part V of the Act there is a provision to appropriate $5,000,000 to provide a specific sum for housing research and community planning.

One proposed amendment arises out of legislation creating the Central Mortgage and Housing Corporation. It has the effect of per-

mitting the delegation of certain powers of the Minister of Finance under the Act to the new corporation, when it is set up.

I think it is apparent to us all, especially those connected with industry, that at the present time the whole activity of housing is controlled and limited by a general scarcity of skilled labour and a great shortage of building materials. In so far as what may be termed "low-rental houses" are concerned, the high prevailing costs make the situation difficult. In fact all three elements combined—labour, building materials and high prices—cause delay and high cost of construction, so that while there is an urgent need for more houses, and this legislation makes more money and facilities available, the problem is, after all, a physical problem, with a call for productive labour and for construction materials. The shortage of houses, though unfortunate, is a natural condition arising largely out of the war. For five years the country has been centring its efforts on war production, and the building of private houses was not only neglected because of war necessity, but to some extent was actually prevented by State control. We are told the same conditions, only more accentuated, prevail in the United States and in Australia.

Then again we in Canada are strong advocates of freedom for the individual. In this country a man's house is his castle, and the authorities are very loath, even in wartime, to put on controls which would compulsorily make housing accommodation available. While in some countries billeting is a regular method of making housing available, it is not invoked in Canada—I say this for purposes of comparison—so we can face the difficulties more cheerfully.

The other day the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) introduced Bill 23, the purpose of which is to set up the operating machinery necessary for the proper functioning not only of measures now upon the Statute Books relating to the National Housing Act, 1944, but the amendments contained in the bill now before the House for second reading. The most important of these amendments relate to the rental housing sections of the Act, and I should perhaps attempt to explain what is intended. The National Housing Act of 1944 contains three sections relating to rental housing. Section 8 makes it possible for an individual to borrow money from a lending institution—that is an insurance company or a trust and loan company—at an interest rate of 4½ per cent for twenty years, in order to construct a house or an apartment block for rental purposes. This is ordinary commercial rental accommodation. The Government participates with the lending company by putting up 25 per cent of each loan at 3 per cent, thus enabling the lending company to earn about 5 per cent on its share of each joint loan.

The provisions for the second type of rental project are to be found in section 9 of the Act. Under this section the Government stands ready to advance up to 90 per cent to a limited-dividend housing corporation. The conditions require that the rents shall be as low as possible, that the accommodation shall be rented to families of low income, and that the company shall not pay dividends of more than 5 per cent.

The provision for the third type of rental accommodation is found in section 11 of the Act. This section authorizes a life insurance company, subject to the jurisdiction of Parliament, to invest 5 per cent of its Canadian assets in rental housing projects. This was not previously permitted. In order to encourage the life insurance companies to go into the housing business, and to safeguard the policyholder's funds, the Government stands ready to guarantee a net return of 2½ per cent per annum.

It is necessary to give this brief description of the rental housing provisions of the Act in order to explain the effect of these amendments. In the summer of 1945 the life insurance companies expressed a willingness to help meet the need for rental housing by undertaking projects of the kind provided for in the Housing Act. They preferred, however, to organize subsidiary housing companies owned by all the principal insurance companies, and to act through them jointly rather than separately. The Government agreed, and one of the amendments makes possible the formation of what are known as "institutional housing corporations" and "institutional holding companies," owned by life insurance companies.

The life insurance companies also agreed to build low rental houses and to limit the profits of their subsidiaries to 5 per cent. This means that the institutional housing corporations and holding companies can qualify as limited-dividend companies and become eligible for Government loans up to 90 per cent of the value of the projects.

These amendments therefore make possible a very interesting type of housing development in Canada. Across the border in the United States companies like the Metropolitan Life Insurance Company have already undertaken large housing projects with considerable success. The Housing Act of 1944 permitted Canadian companies to do likewise, and gave a limited guarantee of earnings. The present bill goes even further and it is my

understanding that if present plans mature the Canadian life insurance industry, with Government encouragement, will soon be embarking on a housing programme quite unprecedented in this country. With tens of thousands of men being discharged from the forces every month, there can be no doubt of the need for all the rental accommodation that can be constructed during the coming year. I have no hesitation, therefore, in endorsing one of the chief underlying purposes of this bill.

There has been some comment on and a little criticism about the Government dealing with lending institutions and insurance companies in carrying out the purposes of this legislation. It is a great qualification for a person to know his business, and Canadian financial organizations are successful because they are under experienced and efficient management. They can therefore be expected to give the best service. They pay the Government 3 per cent for a portion of the money needed, which is supplemented by their own funds, and the borrower pays 4½ per cent per annum. This means between one per cent and two per cent for administration and such profit as successful management may make possible. I think everyone will admit that no government could administer national housing at so low a cost or do it so well and keep the percentage of loss so low. The financial institutions of Canada have in the last decade rendered outstanding service, and in the field of finance Canada is in a strong position. I think the co-operation of the Government with efficient private industry is the best kind of co-operatoin for the carrying out of such an enterprise as national housing.

In conclusion, may I add that, as we all know, more houses are urgently needed at the present time. This proposed legislation provides more ways and means to go ahead with the job, and those who assume responsibility for carrying out its purposes may be expected to use their resources to bring about the desired results as speedily as possible.

Hon. Mr. HAIG: Were any amendments made in the other House?

Hon. Mr. KINLEY: I think just one; but it was not of any importance.

Hon. Mr. LEGER: I notice that section 11, paragraph (6), provides:

> The rate of interest payable by the borrower in respect of a joint loan shall not exceed a rate of four and one-half per centum per annum calculated semi-annually and no other charge in respect of the loan shall be payable by the borrower—

If the paragraph ended there everything might be satisfactory, but there is a little joker in the concluding words:

> —except as may be authorized by regulation.

I should like to know what body is authorized to make those regulations, and is it the intention to increase the rate of interest by regulation?

Hon. Mr. MURDOCK: If my honourable friend will turn to page ten, Section 27, I think he will find 5 per cent referred to.

Hon. Mr. LEGER: Section 27 has the same wording. I think we should have something definite about those two sections.

Hon. Mr. HARDY: How is the honourable gentleman to get the information when this bill comes before us during the last twenty-four hours of the session?

Hon. Mr. LEGER: Could the bill be referred to committee?

Hon. Mr. HOWARD: It is going to be referred to committee.

Hon. Mr. LEGER: I rise to ask the honourable leader of the Government to refer the bill to committee, and not to attempt second and third reading today.

Hon. Mr. KINLEY: Honourable senators, as the honourable senator (Hon. Mr. Leger) has just stated, the provisions of this bill are highly technical and should be considered in committee. However, he has asked a question about Section 11, which reads as follows:

> The rate of interest payable by the borrower in respect of a joint loan shall not exceed a rate of four and one-half per centum per annum calculated semi-annually and no other charge in respect of the loan shall be payable by the borrower except as may be authorized by regulation.

I wish to point out that the administration of the bill will be under the control of the Central Housing Corporation, a corporation set up by a bill already passed by this House.

Hon. Mr. LEGER: I presume the rate of interest may be changed by regulation?

Hon. Mr. KINLEY: No. There may be some service charge for a deed and items of that sort.

Hon. Mr. LEGER: We will get the explanation in committee.

Hon. Mr. KINLEY: May I deal with the question of the 4½ per cent interest rate? The return to the companies is 5 per cent, because they get 25 per cent of the money from the Government at 3 per cent. The return to the company can readily be determined by calculation. The 5 per cent referred to in section 27 of the bill appears in another section of the Act, and the only amendment is the addition of the words "an effective rate", referring to the bank guarantees in Part IV. We can deal with this in committee.

The explanation in the bill is this:

According to the Government actuaries the calculation of "simple interest" is extremely cumbersome in the case of instalment loans particularly those involving monthly instalments. The effect of the change is to provide for an effective rate of interest of five per cent per annum.

This is under section 27, guaranteeing Home Improvement Loans to the bank.

Hon. Mr. HAIG: The explanation of the interest rate by my honourable friend is perhaps not as clear as it might be. If he refers again to the Act, I think he will find that 4½ per cent is what is charged the borrower, and the regulatory part largely refers to the provision now being inserted requiring payment of one-twelfth of the municipal tax rate per month when the contract is on a monthly basis. The five per cent effective rate of interest refers to the maximum the lending company can earn by reason of borrowing from the Government at 3 per cent and lending at 4½ per cent.

There is not much criticism of the regulations concerning the lending of money to corporations in that way. The practice has been in effect for some time, and many of the companies like it. The larger life insurance companies have been lending money in this way for some years. I presume this system of financing during the last three, four or five years makes these amendments necessary. My fundamental objection to the Act is that it permits the Government to build houses. If they were building decent houses I would not mind.

Hon. Mr. HAYDEN: The Government is not building these houses.

Hon. Mr. HAIG: Under this Act the Government can build houses.

Hon. Mr. HAYDEN: My friend is aware of the fact that they have set up—

Hon. Mr. HAIG: They have set up Crown companies.

Hon. Mr. HAYDEN: No, no. A company has been set up under the name of National Housing Enterprises, or some similar name.

Hon. Mr. HAIG: Yes, a name something like that.

Hon. Mr. HAYDEN: And various insurance companies contribute to this organization.

Hon. Mr. HAIG: Under what regulations are these houses being built? An honourable senator from Montreal asked in committee the other day—

Hon. Mr. HAYDEN: You are now referring to the wartime housing.

Hon. Mr. KINLEY.

Hon. Mr. HAIG: No; I am referring to provisions of this bill.

Hon. Mr. HAYDEN: No, no.

Hon. Mr. HAIG: As far as the bill goes, at the present time I fail to see that it is of any assistance to the building of houses. Whether it passes or not the same number of houses will be built. All the Government has to do to increase house building is to stop grabbing all the material for the second-class houses that are now being built. Without some such action this bill is absolutely useless.

I share the view expressed by the honourable senator from Toronto (Hon. Mr. Campbell) as to taxation bills coming late to this House, but there is no earthly reason why this bill should not have been before us two months ago. Even at this late date we do not get the bill as amended. I do not know what the amendments are, and how I can go to committee and discuss them intelligently is more than I can see. The taxation provisions come down under the Budget and we are reasonably familiar with them, but this bill is different. I can make no contribution to the consideration of this question because I have not had an opportunity to study the bill. I may be asked why I did not study it when it was first introduced in the other House. My answer is that it was introduced only three days ago. I protest against that action—

Hon. Mr. HAYDEN: Do you protest again?

Hon. Mr. HAIG: I protest the late introduction of this bill in the other place. First of all the members over there take seven weeks to discuss the Speech from the Throne and from three to five weeks to discuss the War Appropriation bills; then in the last two weeks of the session they pass on the most vital legislation of all. This bill is an extremely important one, and should be carefully studied both here and in the other Chamber. If this House is going to make any contribution towards sound legislation, it must insist on the earlier introduction of bills of a vital nature. There are rules in the other place to control the length of speeches. We shall be meeting again at the end of February—

Hon. Mr. EULER: Maybe.

Hon. Mr. HAIG: —and we shall be lucky if we are out of here by Labour Day. I predict that the next session will be the most strenuous that the members of the Commons have known in many years. Why do they not send some of the work over to us? If they want to make speeches for their electors, let them do so, and send the real business to this House.

Hon. Mr. ROBERTSON: With the last few remarks of the honourable leader opposite I do not violently disagree. While I have no personal knowledge of the details of the measure under consideration, my general impression is that the activities of the Government under this bill, directly or indirectly, are not concerned with the actual house-building, but rather with facilitating the building of houses by lending money to individuals, through corporations specifically set up for the purpose. My general impression is that the actual building of government houses is done under either Wartime Housing or the Veterans Affairs Department. I wish to say to the honourable gentleman from L'Acadie (Hon. Mr. Léger) that if the House sees fit to pass the motion for second reading, I shall move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. HAIG: I am agreeable.

Hon. Mr. KINLEY: The only change in section 27 is really the addition of the word "effective". The rate must not exceed an effective rate of 5 per cent.

Hon. Mr. HAIG: But what does it mean? It means what I said, that you cannot pay a higher rate than that.

Hon. Mr. HAYDEN: That is right.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SENATE AND HOUSE OF COMMONS BILL

FIRST READING

A message was received from the House of Commons with Bill 243, an Act to amend the Senate and House of Commons Act.

The Bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

Hon. Mr. HARDY: May I ask, without intending to be offensive, if second reading is put over to the next sitting in the hope that most honourable members will have gone home by that time?

Hon. Mr. ROBERTSON: I have no such thought. We are sitting to-morrow, and I am quite sure that honourable members will be in attendance then to deal with the business of the country, as they have been throughout this session. In the matter of the attendance of members at sittings of the Chamber and of the committees, the Senate does not have to take second place. I have no desire that business should be rushed through this House. While I could move second reading now, and honourable senators would perhaps be agreeable to the motion, I am suggesting that second reading be given at the next sitting.

Hon. Mr. EULER: Honourable senators, I also have no desire to be offensive, but it occurs to me that a distinction is being made between this bill and others which have been given first, second and third readings at the same sitting. The rules have been suspended to make this possible. Why the distinction?

INCOME AND EXCESS PROFITS TAXATION

REPORT OF SPECIAL COMMITTEE

Hon. W. D. EULER presented and moved concurrence in the fourth report of the Special Committee appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, and to formulate recommendations for the improvement, clarification and simplification of the methods of assessment and collection of taxes thereunder.

He said: Honourable senators, the report is as follows:

Your committee has held ten meetings and heard the following witnesses:—

Mr. C. Fraser Elliott, C.M.G., K.C., Deputy Minister of National Revenue for Taxation.
Mr. H. H. Hannam, President and Managing Director, Canadian Federation of Agriculture.
Mr. R. P. Bengough, President, Trades and Labour Congress of Canada.
Mr. G. Fay Davies, General Manager, National Life Insurance Company.
Mr. G. S. Thorvaldson, K.C., Winnipeg, Manitoba.
Professor J. L. McDougall, M.A., Queen's University, Kingston, Ontario.
Senator, the Honourable A. N. McLean.
Mr. Allan Meikle, President, Canadian Federation of Labour.
Mr. W. T. Burford, Secretary-Treasurer, Canadian Federation of Labour.

Clerical and expert assistance has been provided to analyse, collate and prepare a report in respect of taxing statutes and other jurisdictions, evidence and briefs.

Your Committee recommends:—

That immediately the Senate reassembles a Special Committee be appointed to examine into the provisions and workings of the Income War Tax Act and the Excess Profits Tax Act, 1940, with powers similar to those granted this session and, as far as is practicable, comprising the same senators.

Hon. JOHN T. HAIG: Honourable sentors, I want to take this opportunity of pay-

ing a richly deserved compliment to two honourable members of this Chamber. In moving the resolution to set up a special committee to consider the Income War Tax Act and the Excess Profits Tax Act, the honourable gentleman from Toronto (Hon. Mr. Campbell) rendered a valuable service to the country, and as a member of the committee I say candidly that his earnest participation in the proceedings at the various sittings has had much to do with the effective work that has been done. The committee has made a real contribution to the study and understanding of many details of the Income War Tax Act. As most honourable senators are aware, that is the only statute the committee has so far been studying.

The other member whom I wish to compliment is the Chairman, the honourable gentleman from Waterloo (Hon. Mr. Euler). I am unable to agree with some of his theories, but I want to pay a tribute to him for presiding over our sittings with marked ability and efficiency. Personally, I have found it very pleasant to serve on the committee, and one important reason for this has been my complete confidence that the Chairman would see that I, in common with all other members, got a square deal in the proceedings.

Someone may ask why I am making these remarks. I do so because too often in this House we fail to give recognition when some of our colleagues in a quiet, unobtrusive way render especially valuable public service, and I do not want to let the good work done in this instance go unnoticed. That work is another example of what the Senate can do on behalf of the people.

Hon. WISHART McL. ROBERTSON: Honourable senators, I should like to join in the well-merited tribute that has just been voiced by the honourable leader opposite (Hon. Mr. Haig). A short time ago I took occasion to say how greatly we all appreciated the work done this session by the Divorce Committee, whose members were required to give a great deal of time to the duties imposed upon them. I should hope that the services rendered by the Special Committee on the Income War Tax Act and the Excess Profits Tax Act may be typical of an increased usefulness of the Senate in various fields. While I am a member of the committee, the new responsibilities placed upon me, and the fact that I am not yet familiar with them, made it impossible for me to attend the meetings as often as I should have liked. I desire to express to the mover of the resolution (Hon. Mr. Campbell) and the Chairman of the committee (Hon. Mr. Euler), and to those associated with them, my personal appreciation of the splendid work the committee has done.

Hon. W. D. EULER: Honourable senators, following the excellent example of my leader (Hon. Mr. Robertson), who assigns the explanation of certain bills to various members, I am going to call upon the mover of the resolution (Hon. Mr. Campbell) to respond to the kind words to which we have just listened. While my name was not mentioned first, before I take my seat I want to express my own thanks to both leaders for their appreciation of the committee's work.

Hon. G. P. CAMPBELL: Honourable senators, I am sure we all realize now why the honourable gentleman from Waterloo (Hon. Mr. Euler) makes such a good chairman. He passes the work over to others and tells them to carry on.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CAMPBELL: I wish to express sincere thanks for the kind remarks that have been made by the honourable leader of the House (Hon. Mr. Robertson) and the honourable leader opposite (Hon. Mr. Haig). I feel that the committee, because of the untiring efforts of its members, has made some progress towards analyzing certain provisions of the Income War Tax Act. The committee's task is perhaps as heavy as any that has ever been undertaken by a committee of Parliament. I am confident that those who have appeared to make representations realize that the members of the committee have had a good deal of experience in business and professional life. With the assistance of those representations and of constructive suggestions from departmental officials we may be able early next session to bring in a report which will prove helpful to the Government, and to the Department of National Revenue in particular.

The motion was agreed to, and the report was concurred in.

VETERANS REHABILITATION BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 240, an Act to provide rehabilitation allowances for veterans.

The motion was agreed to, and the report was concurred in.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. HAIG: Now.

Hon. Mr. ROBERTSON: I move that the bill be read the third time now.

The motion was agreed to, and the Bill was read the third time, and passed.

VETERANS' LAND BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 233, an act to amend the Veterans' Land Act, 1942.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: I move that the bill be now read the third time.

The motion was agreed to, and the Bill was read the third time, and passed.

SENATE AND HOUSE OF COMMONS

SESSIONAL INDEMNITIES

Hon. GERALD G. McGEER rose in accordance with the following notice:

That no increase in the sessional indemnity of the members of the Canadian Parliament, that is the members of the Senate and the Commons, either by way of an increase in the amount presently paid or in any especial relief exempting the indemnity paid to the said members, or any portion of it, from taxation, shall be provided until

1. All Canadians earning $1,200 a year or less shall be relieved from the payment of income taxes.

2. All Canadians supporting wives and receiving $2,000 a year or less are exempt from the payment of income taxes.

3. An allowance, exempt from income taxes, is made for the maintenance of all dependents of taxpayers sufficient to give such dependents a minimum standard of decent Canadian living.

4. The provisions of "The Wartime Salaries Order, P.C. 9298 of November 27, 1941, as amended by P.C. 946 of February 6, 1942, P.C. 1549 of February 27, 1942, P.C. 4346 of May 26, 1942, P.C. 79/1385 of March 3, 1944, and P.C. 9505 of December 21, 1944, Office Consolidation, December, 1944," freezing salaries, are repealed.

5. All salaries and other allowances made to members of the Canadian Judiciary are made exempt from income tax.

6. All tax and rates imposed by the authorities of any city, municipality or other tax authority in Canada on Canadian homes is made a nontaxable part of the income of the taxpayer paying said taxes or rates on or in respect of the said home.

He said: Honourable senators, in moving this resolution I have some doubt as to whether or not the subject-matter should be discussed before we deal with Bill 243, an Act to amend the Senate and House of Commons Act, which has reached us from the other House.

The Hon. the SPEAKER: Honourable senators, since the notice of motion of the honourable gentleman from Vancouver-Burrard was placed on the Order Paper I have had an opportunity of considering very carefully the effect of the motion upon legislation that might reach us from the other Chamber, and I have reached the conclusion that it cannot be proceeded with. The procedure to be followed is clearly set forth in the Rules of the Senate. Rule 1 reads:

In all cases not provided for hereinafter, or by sessional or other orders, the standing orders, rules, usages and forms of proceeding of the Lords House of the Imperial Parliament, in force for the time being, shall be followed, so far as they can be applied to the proceedings of the Senate or any committee thereof.

This is an anticipatory motion, because its acceptance would undoubtedly bar further consideration of an important measure which is now before the Senate. On this point I quote Redlich, Volume 3, page 221:

The so-called "rule against anticipation" has never been embodied in any of the standing orders of the House, but is part of the common law or usage of the House. There is some obscurity about its origin and about the precise date of its first formulation. The earliest edition of May's "Parliamentary Practice" in which there is any express reference to it appears to be that of 1871, but it is evident from Mr. Speaker Denison's rulings that the rule had been recognized and acted upon for many years before that date. After that date the application of the rule was developed and formulated by a large number of successive rulings from the chair.

This is borne out by Denison's Decisions (Blackmore Edition) at page 216:

A motion cannot be proposed which anticipates discussion on a matter which is already appointed for consideration by the House.

Further authority will be found in Peel's Decisions (Blackmore Edition), where at page 99 it is stated:

A motion which anticipates a bill before the House, or a motion the whole subject of which is covered by the clauses of a bill on the paper, is out of order.

A reference to anticipatory motions will be found in May, 13th Edition, at page 272, in these words:

A matter already appointed for consideration by the House cannot be anticipated by an amendment, while a notice of motion as long as it remains upon the paper, whether for a specified day or not, prevents its subject-matter being discussed by means of an amendment to a motion or a motion for the adjournment of the House . . . In determining, however, whether a discussion is out of order on the ground of anticipation the Speaker must have regard to the probability of the matter anticipated being brought before the House within a reasonable time.

As I have already stated, the bill which is now before the Senate deals with the subject-

matter of the honourable gentleman's motion. I must therefore declare the motion out of order.

SITTINGS OF THE SENATE

MOTION

Hon. Mr. ROBERTSON: Honourable senators, pursuant to the notice on the Order Paper, I now move:

That when the Senate adjourns today, it do stand adjourned until tomorrow at 11 o'clock in the forenoon.

The motion was agreed to.

WOMEN'S ROYAL CANADIAN NAVAL SERVICE

INQUIRY

On the inquiry of Hon. Mr. QUINN:—

1. What has been the total enlistment in the W.R.C.N.S., commonly known as Wrens, since its organization?
2. How many were on the strength on May 1, 1945?
3. How many were on the strength on November 1, 1945?
4. Where are they stationed and how many at each station?
5. What is the total cost of this branch of the services, including pay, allowances, housing, living-quarters, uniforms and equipment, food and rations?

Hon. Mr. ROBERTSON: I may say to the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) that this morning I again pressed for an answer to his inquiry. Unfortunately I have not yet received the information, but I will do my best to have it for him some time this evening, or at latest to-morrow morning.

At six o'clock the Senate took recess.

The Senate resumed at 8 p.m.

BRETTON WOODS AGREEMENTS BILL

FIRST READING

A message was received from the House of Commons with Bill 238, an Act for carrying into effect the agreements for an International Monetary Fund and an International Bank for Reconstruction and Development.

The bill was read the first time.

SECOND READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. WISHART McL. ROBERTSON: I would move second reading now.

Honourable senators will recall that the report of the Bretton Woods Agreements Conference was referred to the Senate Committee on Commerce and Trade Relations of Canada, and that a large number of honourable members heard the discussion on the bill now before this House. In order to provide additional information for honourable senators who were not in committee, and for the general benefit of all, I will ask the honourable senator from Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. S. A. HAYDEN: Honourable senators, it can be seen by the volume of the documents before us that it has taken a great many words to incorporate the proposals and agreements reached at the Bretton Woods Conference into a pattern for working out some more satisfactory method in the economic field by which all nations of the world not only can carry on their own domestic economies, but also can maintain international relationships on a basis which recognize that the duty of a nation does not end at its own border, but entails obligations and responsibilities to the other countries of the world.

At the risk of taking a little time, may I preface my remarks in relation to the two agreements by a few words indicating the experiences of the various countries and why at last a commendable effort is being made to work out some satisfactory method for enabling the countries of the world to live in some measure of decency, comfort and harmony? After the last war we conceived the idea, so far as our allies were concerned, that when we had gained the victory and restored the national status of the various countries that were overrun we had performed a great and lasting service to those particular countries; then we patted them on the back and thought little about their economic situation and did nothing except provide measures of relief from time to time in a selfish or self-interested sort of way, in order to restore the development of our own economies. We really engaged in what amounted to a battle for the survival of the fittest.

As a result of that struggle, what are called bilateral agreements were made between various countries for the purpose of promoting trade to their own mutual advantage and the disadvantage of other nations of the world. Restrictions were placed on imports from certain countries, and currency depreciation and other devices were adopted for the purpose of stimulating the export trade of a particular country. I have heard it said that these distressful methods of trying to maintain, revive or restore a nation's economy are very contagious, since it is just as easy to teach bad habits to nations as to teach them to

individuals. Certainly a series of bad habits were developed internationally, and culminated largely in the disaster of the second World War.

Now that this war is over, we are attempting to proceed into the peace period on the basis worked out during the war, when we co-ordinated our interests and focussed them on the goal of victory and peace. It becomes more and more apparent that as the overriding and imperilling motive of safety and survival moves away from the scene, there comes in its place a national self-interest that makes us think in terms of ourselves, and, in everything we do, of what good it will be to us. We fail to recognize that we have obligations, and that lasting peace is dependent upon the economic soundness of other countries in the world. It has been said that today the throb of the war drum anywhere in the world is heard everywhere in the world. May I also say that economic conditions in any part of the world sooner or later have their effect everywhere else in the world, and lead ultimately to a situation similar to that through which we have just passed.

The minds of the various nations have been united in an effort to work out some plan or pattern by which the overrun countries could be provided with relief, and their economies could be reconstructed and restored in such a way as to re-establish and secure international trade upon some sound basis which will assure to all the world a decent measure of comfort and security.

This bill authorizes the Governor in Council to ratify two agreements on behalf of the people of Canada. One of these agreements relates to the International Monetary Fund and the other provides for an International Bank for Reconstruction and Development. In differentiating between the two agreements may I say that although I have devoted considerable time to an attempt to understand the provisions respecting the functions and the safeguards presented in these agreements, I am not yet fully acquainted nor completely satisfied with them. I am satisfied, however, to approve of the agreements on the basis of past experience, for I know that the methods pursued and the plans brought into being from the end of the last war down to the beginning of the recent war have not produced the results we would have wished them to produce. From past experience we know the various roads we should not travel if we want security and peace; on the other hand, if we travel the roads which are open to us under these agreements and the other plans in the over-all pattern, we may eventually reach the goal we wish to attain. I do not think we have any option in the matter. We can only turn back for guidance, and then, in the light of experience, look ahead and try to work out something which we believe will in some measure lead to greater international understanding and security.

These agreements are designed to that end. Take, for instance, the International Monetary Fund. The Fund is an organization set up to provide a means whereby member nations under certain specified conditions may obtain short-term credit accommodation to finance their purchases from abroad. As Lord Keynes put it when he was discussing this matter, the Fund is intended, not as daily food or sustenance for us or for any other country, but as an iron ration. The agreements for the International Monetary Fund have four purposes:

1. To provide permanent machinery for consultation and collaboration on international monetary matters.

In other words to provide a forum where the member nations may meet to discuss international problems that arise from time to time.

2. To promote exchange stability between the currencies of the various member nations, and to avoid competitive exchange depreciation.

3. To assist in the elimination of foreign exchange restrictions which hamper world trade.

4. To provide means whereby member nations may obtain short-term credits and correct maladjustments in their balances of international payments.

The only alternative to providing a means whereby a country may obtain short-term credits to adjust its international balances would be a reduction in the standard of living in that country, a reduction in its currency in terms of other currencies so as to stimulate trade and try to recover the position that had been lost, or a restriction upon imports. These are things that feed upon themselves and get steadily worse. The only way in which we can have the kind of international situation we want is by maintaining a very high level in the aggregate of international trade. We say that Canada cannot be truly prosperous except by maintaining a very high level of national income. These agreements apply that doctrine internationally.

The members of the International Monetary Fund will be those among the forty-four United Nations who execute or ratify the agreements before the 31st of December this year. The principal amount of the fund is 8·8 billion dollars, of which Canada's contribution is 300 million dollars. Canada's contribution, like that of the other members, is to be made up of 25 per cent in gold and the

balance in national currency. Our currency will be valued for that purpose in relation to United States dollars as of July, 1944, if I remember rightly. So 25 per cent of the whole fund will be made up of gold, and the balance will be in the currencies of the member nations.

A country which requires a short-term credit may apply to the fund. If the need is apparent a short-term credit may be provided, but there are limitations as to the amount which a nation may draw from the fund in any particular currency in a year. I think the limitation is 25 per cent. The purpose of that, I suppose, is to prevent a run on the bank. At least once a year member nations who have been leaning on the fund and whose international assets have increased will be required to redeem their position.

The difference between the International Monetary Fund and the Bank for Reconstruction and Development is mainly this: the bank is designed to provide long-term credits; the fund is designed to provide short-term credits. It is hoped that the two will be complementary. For instance, a nation which has a loan from the bank may be able to call upon the resources of the fund when a payment of interest or principal has to be made to the bank.

There are many safeguarding provisions in the fund. Without going into particular cases —I am not prepared to do that, and anyone who wants the information may get it by reading the agreements—it should be sufficient for me to tell you that there are many safeguards to insure a proper administration of the fund. May I also tell you that while the member nations who join in this fund undertake not to indulge in adverse international practices, such as restricting imports, refusing import licences, depreciating their currency for purposes of encouraging export trade, and so on, there is a provision that member nations which have been through the stress and strain of the war may be permitted to adopt restrictive measures in relation to their currencies, and so forth, for a transitional period which the fund may regard as being reasonable in the circumstances.

Then there is a provision under which a member may withdraw from the fund by simply sending in a resignation. When a member withdraws, an accounting will be made and there will be a refund of the amount to which the member is entitled.

Hon. Mr. MURDOCK: May I ask the honourable gentleman a question?

Hon. Mr. HAYDEN: Yes.

Hon. Mr. MURDOCK: The explanatory note opposite the first page of the bill says:

The Governor in Council is authorized to fix the par value of the Canadian dollar for the purposes of the Agreement for the International Monetary Fund.

Would the Governor in Council be authorized to fix the value of the Canadian dollar on a par with the American dollar?

Hon. Mr. HAYDEN: Yes. Initially the particular member nation may establish the par value of its currency in relation to United States dollars. There are some limitations on that which would prevent any unreasonable course in relation to such valuation being taken, but generally speaking there is the broad affirmative provision that the nation itself which has contributed its quota in its own currency may determine the par value in relation to United States dollars.

Hon. Mr. MURDOCK: Or could we remove 11 per cent off the American dollar?

Hon. Mr. HAYDEN: I suppose that if the Government of Canada thought it wise, in the interests of our domestic economy and our international trade relationships, to have the Canadian dollar on terms of parity with the United States dollar, it would have power under this agreement to value Canada's currency contribution at par in relation to United States dollars.

There is also provision under which the par value may be changed from time to time, and again I think a member nation may make a change to the extent of 10 per cent without the concurrence of the Fund. Any further changes have to be reported to the Fund, and its concurrence must be obtained.

Proceeding to the other phases, the organization itself provides for a Board of Governors and a chairman. The Board of Governors is made up of one representative and one alternate appointed by each member-nation. Then, functioning under the Board of Governors, there are executive directors with the powers provided for in the agreement and such other powers as may be delegated to them by the Board of Governors. Of these executive directors five are appointed by the five members who make the largest contributions under the quotas provided. Honourable senators will find the quotas set out at the end of the agreement. They are: Canada $300,000,000, the United States $2,750,000,000. the United Kingdom $1,300,000,000, Russia $1,200,000,000, and so forth. Honourable members will see that on the basis of the five largest contributors executive directors would be appointed by the United States, the United Kingdom, and Russia—and there are several

member-countries in the $400,000,000 class. So on that basis the five appointments would be exhausted before Canada would be reached. But five more directors are elected by those members who are not entitled to appoint. In addition, there are two directors at large, appointed under a somewhat intricate formula that I would not even attempt to analyse. There is also to be a managing director. The principal office of the Fund is to be located in the territory of the member-nation making the largest contribution to the Fund. As to voting, each country is given an initial 250 votes, plus one vote for each part of its quota equivalent to 100,000 United States dollars.

This agreement is designed to provide an insurance fund whereby, when an emergency arises with respect to a particular member-nation in relation to its international trade, and the currency of some other country is suddenly needed to balance a surplus of imports over exports, the Fund, after having satisfied itself that the member-nation has no other means of getting that accommodation at once, will advance the money with the 25 per cent limitation which I have referred to.

As far as I can see, no one can tell accurately how this agreement will work out, but a meeting place where the various countries of the world can discuss their international problems is something very valuable in itself.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAYDEN: Secondly, it is important to have an insurance fund contributed by the various countries of the world, out of which emergency situations can be dealt with on a short-term credit basis so as to prevent an undue disturbance of the economies of the member-countries. Otherwise those countries would have to adopt the restrictive measures that I have referred to, and to resort to those other practices which feed upon themselves and grow ultimately into the deplorable situation we had before the war. The object of the international fund is to provide for multilateral rather than bilateral agreements between nations. Canada, for instance, will be able to carry on trade with many countries instead of restricting its dealings to particular countries.

With that rather bare and cursory development of the International Monetary Fund and the effect of the agreement, may I tell you—and I hope more briefly—the effect of the agreement with relation to the establishment of an International Bank of Reconstruction and Development. As I said before, the International Bank is designed to provide long-term credit. I think people in other countries have not been so critical of the bank as they have been of the fund, because they understand the meaning of and have more confidence in a bank. This bank is to have a capital of $10,000,000,000. Canada's obligation or quota is $325,000,000. The quotas are termed subscriptions. Canada and the other member nations will make a contribution of 20 per cent to what is called the direct loan function of the bank. The other 80 per cent remains as a sort of uncalled capital, and it will only be called on if and to the extent that the bank suffers losses through the loans that it makes. Then you would have what amounts to an assessment to the extent of the commitment you have made for this other 80 per cent. The way the subscription works out is this. Two per cent of Canada's contribution is payable in gold or United States dollars within sixty days of the commencement of the bank's operations. Then 8 per cent in Canadian currency is to be called within one year, and another 10 per cent is to be called thereafter, if and when needed for the purposes of what is called the direct loan aspect of the bank. Now, if all that 20 per cent were paid Canada would have contributed $65,000,000; her quota is $325,000,000. This 20 per cent may go direct to long-term loans or accommodation to other member-nations for the purpose of some specified project. Provision is made whereby the bank may have the benefit of technical and scientific advice as to the value, purpose and character of the project, which must be one that will in some way contribute to international relationships and trade. In other words, the loan will not be made for purely local reasons which do not benefit the flow of international trade. So much for the direct loans.

There are two other ways in which the bank may acquire money. It may borrow money and re-loan it, or it may guarantee loans that are made by private investment sources. The uncalled capital, Canada's 80 per cent contribution and that of the other member nations, is a bulwark to support the bank in respect of moneys it has borrowed and re-loaned or on loans it has guaranteed and in connection with which there is a loss.

There are safeguards provided with respect to these loans. For instance, if the bank borrowed money on the market in the currency of a particular country, it must have the approval of that country before it can lend that currency to another member country. Notwithstanding the fact that you have these checks and safeguards, losses are possible.

If a member nation has any other reasonable method of procuring the accommodation

it seeks from the bank in the form of a long term credit, it must exhaust that method before the bank will advance the money.

The organization behind the bank is in most particulars exactly the same as that behind the fund. The bank has a Board of Governors who are elected; the executive directors are appointed. The voting provisions are the same as those of the Monetary Fund.

Hon. Mr. NICOL: Will all the moneys subscribed go to the bank and to the fund in American dollars?

Hon. Mr. HAYDEN: No. That is one of the virtues of the bill as it affects Canada. There will be many currencies involved. Every member nation is obligated to contribute in gold 25 per cent of its quota, or 10 per cent of its gold reserve, whichever is the less. The balance of its contribution is made in its own currency, but on a par value established initially by that country in relation to United States dollars. Therefore, you will have an international monetary fund that is made up of many currencies. That is regarded as a virtue which will enable a freer movement of international trade as between the various member nations. In that way you have an insurance fund to take care of emergency situations, and provisions for long-term credit.

I would regard the bank itself as being in the nature of a safety device, in the same way that the monetary fund is an insurance fund. I look upon the bank as existing to promote as best it can international dealings among the member nations. Where there is not available some reasonable basis for financing a specific project or a long-term credit which a particular member country may require, the bank steps in and takes up the slack. The value of these two organizations lies in the result that international trade as between two countries does not have to cease because one country may temporarily run short of currency with which to pay off balances it may owe by reason of international trade.

Hon. Mr. VIEN: Am I correct in assuming that the maximum liability incurred by Canada under this agreement is its $300,000,000 quota to the fund, and its $325,000,000 share in the bank?

Hon. Mr. HAYDEN: That is right. But if at any particular time you had to liquidate the Monetary Fund, for instance, you must remember that—unless there were complete world bankruptcy—Canada would get her share of the many currencies in the fund although she might not get back the full amount of gold she put in, or much in the way of Canadian dollars. So it cannot be said that our loss would be $625,000,000. That is the amount we are committed to in the quota, but it is not the amount we initially contribute. We contribute $325,000,000 to the fund and $32,500,000 to the bank; then we may be called upon for another $32,500,000. That represents the extent of our contributions to the bank until such time as it suffers loss and makes an assessment. If Canada made a loan directly to a particular country, and there was default, she would suffer the entire loss; but, by virtue of the many members of the fund, when the bank makes a loss, it is automatically shared proportionately by all the member nations who contributed. There is a spreading of the risk. The same spread applies if the bank guarantees loans, or borrows money and re-lends it. These liabilities are spread the entire length and breadth of the membership nations, and there is protection to the extent of the contributions made. The bill provides for no further commitments by Canada to the fund.

There are many other provisions in connection with the method by which the bank is to function and safeguard the use of moneys. However, on this occasion I do not think it is necessary to explain them.

May I, in conclusion, appear to rush in where angels fear to tread. There has been some objection in another place to this fund. It has been suggested that it involves a revival of the gold standard, and that all the ills humanity has borne in the last ten or fifteen years have been attributable to the gold standard and to the nations adhering to that standard. Be that as it may, I think some of the so-called evils or difficulties that developed from a rigid adherence to the gold standard do not exist under these agreements.

It is true that a great portion of the Monetary Fund is gold belonging to the subscribers, and a great deal of currency moneys are valued in relation to the United States dollar. But, that does not mean that you have a rigid gold standard. For instance, a rigid gold standard of valuation is not imposed on the domestic economy of Canada from the outside; rather, we have a combination of the virtues of gold as an international basis for adjustment of balances, and at the same time we have the currencies of the various nations of the world established in the fund and in the bank on some recognized basis of value. This provides a little of that flexibility which it is said the gold standard does not provide. There is the further advantage to Canada that she is a gold-producing country and will develop and increase her own gold production

because certainly in international exchange gold speaks a universal language.

Hon. Mr. LEGER: May I ask the honourable member whether Canada could contribute her whole quota in gold, if she had the means to do it, and thereby avoid the exchange?

Hon. Mr. HAYDEN: I do not think that is possible. There is no provision in the bill for doing so.

Hon. Mr. QUINN: The agreements only call for 2 per cent in gold.

Hon. Mr. HAYDEN: Two per cent in gold to the bank and 25 per cent to the fund. Of course we can sell our gold anywhere in the world and acquire various currencies, but there must be some purpose under the agreement for providing the gold limitations. Whether it is just the "gold" bug-bear I am not in a position to say. In any event, for international trading purposes the initial desire was to get all currencies in on some basis of value in relation to United States dollars.

Hon. Mr. MURDOCK: What does the honourable senator mean by "in relation to United States dollars"?

Hon. Mr. HAYDEN: I thought I explained that point to the honourable gentleman when I was asked about par value. For instance, Canada's currency contribution to the Monetary Fund is 75 per cent of her quota. You must have some measuring-stick for the Canadian currency put into that fund. The measuring stick adopted is that we put a par value on our currency and then relate it to United States dollars. That is to say, if it takes $1.10 in Canadian currency to equal one United States dollar, that is the parity in establishing the value, and on that basis our contribution in Canadian currency would have to be sufficient to produce, if it were converted into United States dollars, 75 per cent of $300,000,000.

Hon. Mr. MURDOCK: May I point out to the honourable senator that the explanatory note says the Governor in Council shall have the right to fix the par value of the Canadian dollar.

Hon. Mr. HAYDEN: That is the effect of what I am saying.

Hon. Mr. MURDOCK: Why then cannot the value of the Canadian dollar be fixed at the same rate as the American dollar?

Hon. Mr. HAYDEN: That is a question of Government policy on which any statement I might make would mean nothing. There are reasons why countries from time to time prefer to have their currencies depreciated a bit. One of the difficulties that developed throughout the years and interfered most in the battle for international trade was the continued competitive depreciation of currencies. If we depreciated the Canadian dollar it would be an invitation to the United States to spend more of their dollars in Canada. Export trade would be developed within certain limitations because fewer United States dollars could buy more Canadian exports. But why the Governor in Council might fix the value of the Canadian dollar at $1.10, or at a $1.02 in relation to the United States dollars I could not say. I am not in a position to suggest what value may be fixed because it has not yet been stated.

Hon. Mr. PATERSON: May I ask the honourable senator a question? Assuming that this whole arrangement is for the purpose of encouraging foreign trade, and that we have a ten per cent advantage through the depreciation of our currency in relation to United States currency, can you see any way of making this bank and this arrangement successful without in some way controlling tariffs so as to prevent countries from equalizing our exchange by putting a tariff on our goods?

Hon. Mr. HAYDEN: I am glad the honourable gentleman brought that up, because that is one of the points these agreements are designed to cover. Part of the policy behind this whole plan is that there must be conferences in relation to international trade practices. As a matter of fact, we have recently received a White Paper containing certain ideas and plans of the United States in relation to international trade practices, and Canada among other countries is invited to a conference with the United States on that very subject.

If this scheme is to take shape and live, a good many changes will have to be made and a lot of the ideas and practices that we have had in the past will have to be scrapped. It may be that when this plan is fully developed such a thing as a sterling bloc will not be practicable. It may be that empire trade and the British preference as we know them now will also not be practicable. We are binding ourselves to get together to try to achieve international co-ordination of policies and practices, so as to make them work for the greatest good of all the nations. It is a worthy object at which we are aiming. When we look back we see nothing to give us any guidance except a lot of signs which say, "Do not pass this way again unless you want to

go on to another disaster." So we must go forward.

Canada is in the position of being really a creditor nation. The United States, of course, is definitely a creditor nation. Yet after the last war the United States behaved like a debtor nation. That is, it wanted people to buy its surplus products, but it was not willing to buy the products of other countries. A creditor nation cannot behave in that way and be prosperous for any great length of time. Sooner or later such behaviour precipitates international squabbles and ultimately war. The nations that are not able to trade with you because they have nothing to offer in return for your goods will get together with those who economically are their brothers under the skin, and will enter into agreements to erect economic barriers against you, and inevitably in time you will get to the kind of situation we had in 1939. It is experience that has led to the agreements that are now before us.

The point I was coming to when I got off on a little digression was that Canada will be in an excellent position under these agreements if they work out. We must hope and pray that they will work out, because we do not know of any alternative except a going-back to a narrow nationalistic existence, with its bilateral agreements for the depreciation of currencies and so on. We know that if we return to that kind of thing it will be only a matter of time before we are in great trouble again. But if these agreements are carried out we can increase our production of gold, which may be used from time to time as a means of acquiring currencies from the fund or of redeeming our surplus currency in the fund. There are limitations on the amount of currencies you may acquire, just as there are on the amount of your currency that can be in the fund at any time. As I recall, if your currency reaches 200 per cent of your quota a stop order is put on you until you redeem some of it. I must confess that I know very little about this subject, but I have found it very fascinating. I do feel that the agreements will mean much for Canada if they work out.

May I give one other illustration to show what the alternative to these agreements is? We know that in the recent war the United Kingdom reached a position where it no longer had the means with which to acquire certain things it needed to maintain its existence and prosecute the war successfully. In Canada we had some of those things, and we were very anxious that the British war effort should succeed. Therefore, we established a policy

of mutual aid. At the same time the United States entered into a lend-lease arrangement with Britain. Mutual aid and lend-lease were substituted for currencies and gold and trading in goods and industrial balances. The issue was so great that we said to the United Kingdom: "We know that your whole industrial economy is directed to the prosecution of the war, and that in consequence you have not the means to buy from us in the ordinary way the things you need, nor the industrial capacity to make and export goods in exchange for our goods, so we will give you mutual aid."

We devised mutual aid and lend-lease in war-time because we had the urge to protect our way of life and our culture. Now in peacetime the search is for some means that will permit that same flow of trade between member nations as, during the war, there was between Canada and the United States on the one hand and Great Britain on the other—that flow of trade which is so necessary for every country, the receiving as well as the exporting country. To that end the best brains of the United Nations have worked out a plan, of which the Bretton Woods agreements are a part. We cannot tell whether the plan will be successful until it has been in operation for some time. It will be supplemented by various other measures, such as our export credits insurance legislation, under which we have authorized an increase of $650,000,000 in loans and guaranteed advances. Quite apart from these agreements, we are also having conferences with the United Kingdom designed to stimulate that flow of goods which will provide the employment necessary to maintain a decent standard of comfort and living for the peoples of the world. I think the incentive or urge of all those who planned these agreements may be stated in two words—full employment. The whole scheme is devoted to the end of achieving full employment in all countries. Surely we can hope that these agreements, which have so laudable and so necessary an objective, will lead to better understanding so that, notwithstanding their differences, the nations may unite and in peace work together as harmoniously as they did in war.

For these reasons I must give my whole-hearted support to the agreements.

Hon. Mr. HAIG: May I ask the honourable gentleman how many nations have already approved of the agreements?

Hon. Mr. HAYDEN: Great Britain and the United States. We expect that after tomorrow Canada will be added to the list.

Hon. Mr. HAIG: From certain remarks that you made I gather that the United States may withdraw at any time if it wishes.

Hon. Mr. HAYDEN: Oh yes, any member may withdraw.

Hon. Mr. HAIG: Honourable senators, I have not had time to look at this bill at all, and in order that I may have some opportunity to study it I think I ought to adjourn the debate until Monday. It is not fair to expect anyone to discuss now a bill of this kind which was placed on our desks only a few minutes ago. I will therefore move, seconded by the honourable gentleman from Pembroke (Hon. Mr. White), that the debate be adjourned until Monday.

Hon. Mr. HOWARD: I object to that.

Hon. Mr. PATERSON: I should like to move an amendment, that we vote on the bill to-night.

Hon. Mr. HAIG: That is not an amendment. If you are not in favour of my motion you need only vote against it.

The Hon. the SPEAKER: Honourable senators, it has been moved by Honourable Senator Haig, seconded by Honourable Senator White, that the debate be adjourned until Monday. All in favour of the motion please say Content.

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: All opposed please say Non-content.

Some Hon. SENATORS: Non-content.

The Hon. the SPEAKER: In my opinion, the Non-contents have it.

Hon. Mr. HAIG: Mr. Speaker, I ask for a division. I will explain why I do so. Year after year it has been the practice to send important measures to us just before the end of a session. A bill like this should not be dumped on our doorstep only about twenty-four hours before the time proposed for prorogation.

The Hon. the SPEAKER: The motion before the House is not debatable.

The motion of Hon. Mr. Haig was negatived: Contents, 9; non-contents, 28.

The Hon. the SPEAKER: The motion before the House now is for the second reading of the bill.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: I move that the bill be now read the third time.

Hon. JOHN T. HAIG: Honourable senators. I have a right to protest against this motion, and I do. This is the most important bill that has come before the Senate this session. It is most unfair to submit it to us for approval at 8 o'clock on the night before prorogation. It is absolutely unthinkable that the Government should ask that the bill be now read the third time, and but for the rules being suspended it would not be attempted. The bill should be studied further before we pass it. I must say quite candidly that it is indecent to hasten legislation of this important character through the House on the second last night of the session. During this session many sittings have lasted not more than fifteen or twenty minutes and until the last week or two the practice has been to adjourn from Thursday night until Tuesday night because so little legislation reached us from the other House. Again I protest at this attempt to rush legislation through at the last minute.

Hon. Mr. ROBERTSON: Honourable senators, after consultation with my honourable friend and other senators, in order to expedite our business so far as lay in my power, I moved that the report upon which this bill is based be referred to the Committee on Trade and Commerce, so that we might be given as much information as possible on the subject-matter of the proposed legislation. The meeting of the committee was attended by a large number of senators, including the honourable leader opposite, and an expert gave us a full explanation of the Bretton Woods agreement.

If my honourable friend had suggested that the debate be adjourned until tomorrow I would have no objection, but as I understood his motion it was that the debate be resumed next Monday. It follows that the bill, the subject-matter of which has been so thoroughly explained, might not be passed. Then Canada, which has taken a very prominent part in the international negotiations leading up to the Bretton Woods agreement, would be placed in the position of having failed to ratify the agreement, and consequently could not give effect to its commitments.

In general I agree with every word my honourable friend has said about legislation reaching the Senate towards the end of the session. So far as I could I have done my best to avoid what seems to be the inevitable course of

events. I suppose the mere fact that ultimately the session nears its end means that some legislation must come to us from the other House at the last moment. It should not be beyond the wit of man to work out some arrangement by which there could be a better division of the sessional work; but so far as this particular bill is concerned, I know nothing more that I could have done to facilitate its reaching this House at an earlier date.

Had any honourable senator suggested to me that it was desirable, I should have been happy to have arranged for a continuation of the meetings of the Committee on Commerce and Trade Relations of Canada. While technically, as my honourable friend might point out, the bill was not before the committee, the subject-matter could have been considered at even greater length, and for the advantage of honourable senators we could have had two, three or more meetings. It may be my fault that this was not done.

I would point out that Parliament may prorogue tomorrow, and even if this bill is disposed of tonight we have still two or three other important measures to deal with. However, if my honourable friend wishes to adjourn further consideration of this bill until tomorrow, I personally would have no objection, but I certainly should not like to be placed in the position of inconveniencing those senators who have made arrangements to return to their homes—arrangements of which my honourable friend has spoken to me on behalf of various members. All I want to do, so far as in the circumstances is consistent with reasonable consideration of the measures before us, is to expedite the business of the House and meet the convenience of honourable senators.

Hon. Mr. HAIG: If I may be allowed to speak again, I would say that I have no complaint against the honourable leader of the Government. During the whole session he has been most kind to me and has in every way possible done his best to furnish me and other members on this side of the House with any desired information. But apparently whatever Government may be in office, it is the practice of the House of Commons to hold back important legislation until near the end of the session. It is a very disappointing practice. I admit that Mr. Rasminsky attended two sittings of the committee and gave us a full exposition of the agreement. But we did not have the bill before us. So far as I am concerned, I must say that it will be impossible for me to complete my study of this bill by 11 o'clock tomorrow. Then other important pieces of legislation will come before the Senate for consideration. The only way in which I can make my protest is by asking adjournment of the motion for third reading of the bill.

Hon. THOMAS VIEN: Honourable senators, we have on many occasions voiced objections similar to those which we have just heard from the honourable leader opposite. We all are averse to legislation reaching us in the dying days of the session, when honourable senators cannot give it adequate consideration. But I would suggest this particular case is what I may term a classic exception to the general rule. The Bretton Woods agreement is the outcome of the international conference which took place in July, 1944. I do not believe that the subject-matter of any legislation before Parliament has ever received such world-wide publicity as has the Bretton Woods agreement. In Canada the agreement itself was published as a White Book and distributed throughout the country. When the resolution was introduced in the other House, the Senate, according to its usual practice, submitted a copy of the bill to a committee, where its salient features were fully gone into. I doubt if any piece of legislation was more fully studied both in the House of Commons and in the Senate. Part and parcel of this international agreement is that it must be ratified by the various member-nations before the 31st of December. We all know that the intention is to prorogue Parliament tomorrow. I do not believe a day or even two days' further discussion would add much more to our understanding of this bill. Undoubtedly an adjournment until Monday would cause considerable personal inconvenience to honourable senators, many of whom have already made their railway reservations and may find it difficult to change them. In common with the honourable leader opposite, I wish that important legislation were not sent to us from the other House in the dying days of the session, when it is difficult to give it adequate consideration; but I do not believe that objection applies in the present instance.

Some Hon. SENATORS: Question!

The motion was agreed to, and the bill was read the third time, and passed.

INCOME WAR TAX BILL

REPORT OF COMMITTEE

Hon. ÉLIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 234, an Act to amend the Income War Tax Act.

He said: The Committee have examined this bill, and now beg leave to report it without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, I move the third reading of this bill now.

The motion was agreed to and the Bill was read the third time, and passed.

NATIONAL HOUSING BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 239, an Act to amend the National Housing Act, 1944.

He said: The Committee have examined this bill, and now beg leave to report it without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, I move the third reading of this bill.

The motion was agreed to, and the Bill was read the third time, and passed.

WOMEN'S ROYAL CANADIAN NAVAL SERVICE

INQUIRY

Hon. Mr. QUINN inquired:

1. What has been the total enlistment in the W.R.C.N.S., commonly known as Wrens, since its organization?
2. How many were on the strength on May 1, 1945?
3. How many were on the strength on November 1, 1945?
4. Where are they stationed and how many at each station?
5. What is the total cost of this branch of the Services, including pay, allowances, housing, living-quarters, uniforms and equipment, food and rations?

Hon. Mr. ROBERTSON: This is the answer to the honourable gentleman's inquiry:

1. 6,675.
2. 5,853.
3. 4,893.
4. Locality

Locality	Number
Calgary, Alberta	33
Charlottetown, P.E.I.	3
Cornwallis, N.S.	580
Edmonton, Alberta	32
Esquimalt, B.C.	423
Greenock, Scotland	324
Halifax, N.S.	1,199
Hamilton, Ontario	39
Kingston, Ontario	20
London, Ontario	34
Moncton, N.B.	13
Montreal, P.Q.	227
New York, N.Y.	7
Ottawa, Ontario	548
Port Arthur, Ontario	18
Prince Rupert, B.C.	7
Quebec, P.Q.	26
Regina, Sask.	34
Saskatoon, Sask.	34
Shelburne, N.S.	162
St. Hyacinthe, P.Q.	81
Saint John, N.B.	31
St. John's, Newfoundland	25
Sydney, N.S.	263
Toronto, Ontario	356
Vancouver, B.C.	156
Victoria, B.C.	58
Washington, D.C.	4
Windsor, Ontario	25
Winnipeg, Manitoba	131
Total	4,893

5. Information will be supplied as soon as compiled.

CANADIAN WOMEN'S ARMY CORPS

INQUIRY

Hon. Mr. QUINN inquired:

1. What was the total enlistment in the C.W.A.C., Canadian Women's Army Corps, since its organization?
2. How many were on the roll on May 1, 1945?
3. How many were on the roll on November 1, 1945?
4. Where are they stationed and how many at each station?
5. What is the total cost of this branch of the services including pay and allowances, housing, living-quarters, uniforms and equipment, food and rations, etc.

Hon. Mr. ROBERTSON: The answer to the honourable gentleman's inquiry is as follows:

1. 21,614 all ranks.

2. Strength on 1 May, 1945:— 13,962 all ranks.

3. Strength on 1 November, 1945:— 11,085 all ranks.

4. As of 1 November, 1945:—

Military District No. 1	Number	
London	463	
Ipperwash	43	
Woodstock	71	
		577

	Number		Number
Military District No. 2			
Toronto	675		
Long Branch	89		
Hamilton	66		
Aurora	25		
Newmarket	28		
Orillia	17		
Oakville	105		
Simcoe	17		
		1,022	
Camp Borden	272		
		272	
Military District No. 3 and National Defence Headquarters			
Ottawa	1,546		
Kingston	272		
Arnprior	19		
Barriefield	168		
Brockville	65		
		2,070	
Military District No. 4			
Montreal	572		
		572	
Military District No. 5			
Quebec	96		
		96	
Military District No. 6			
Halifax	698		
Aldershot	32		
		730	
Military District No. 7			
Saint John	225		
Fredericton	129		
Sussex	41		
Coldbrook	31		
		426	
Military District No. 10			
Winnipeg	378		
Shilo	173		
Brandon	37		
		588	
Pacific Command			
Vancouver	769		
Victoria	148		
Prince Rupert	24		
Nanaimo	82		
Chilliwack	91		
Esquimalt	56		
Kamloops	24		
Harrison	49		
Gordon Head	16		
		1,259	
Military District No. 12			
Regina	460		
Dundurn	76		
		536	
Military District No. 13			
Calgary	488		
Edmonton	62		
Suffield	73		
Wetaskiwin	14		
		637	
United States of America			
Washington	113		
		113	
Overseas		1,987	
In Transit	200		
		200	
Total		11,085	

5. Approximate cost to 30 November, 1945:

(a) Pay and allowances	$32,420,280
(a) Barrack and housekeeping equipment and living quarters	8,442,460
(c) Uniforms and equipment	$ 6,764,870
(d) Rations	$ 5,128,900

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Saturday, December 15, 1945.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

SENATE AND HOUSE OF COMMONS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 243, an Act to amend the Senate and House of Commons Act.

He said: Honourable senators will recall that on October 12, in response to a question asked about a notice of motion appearing on the Order Paper in another place in relation to the payment of allowances to members of the House of Commons, I answered in part as follows:

> The whole matter of an allowance for members of Parliament for expenses incidental to the discharge of their duties has been under consideration by the Government, but the only decision reached up to the present is that indicated by the notice of the proposed resolution in the other place.

I should like to remind honourable senators that between September 13 and October 3 the Senate was in recess. During that period

it was necessary for me to visit Halifax in connection with some personal business, and as my return to Ottawa was delayed I did not arrive here until after the Prime Minister had left for Europe—a trip that turned out to be longer than had been anticipated—and therefore I had no opportunity of discussing the matter with him. Further, it will be recalled that immediately following the departure of the Prime Minister the acting Prime Minister was absent from Ottawa in connection with Victory Loan campaigns.

It is natural that legislation having to do with the Senate—and this bill refers to both Houses—should be discussed with me in my official capacity as Government leader in this House. When inquiry was made about the notice of motion to which I have referred, I at different times suggested a discussion of the matter as it affected this honourable body. But nothing could be done until the return of the Prime Minister.

On the return of the Prime Minister, when I discussed the matter with him, he expressed the view that immediate consideration would be impossible because of other more pressing questions. In due course, however, the matter was considered with the result that the notice of motion was changed from its original form to the one before us today.

This unfortunate chain of circumstances, and the lapse of two months following the original notice of motion, has been pointed to in some quarters as indicating a definite desire to discriminate between the two Houses of Parliament. The suggestion that the second notice of motion is the result of some threatened action by this honourable body is absolutely without foundation, and is, I think, a reflection upon honourable members of this House.

I should like to refer to the three pertinent points in connection with the bill now before us. First, there is the question of the increase in the allowance to members of Parliament as a whole. Second, there is the fact that the amount of this allowance is the same for members of both Houses. Thirdly, the latter part of the bill specifically states that the allowance paid to members of the Senate shall be deemed to be taxable income.

On the first point, honourable senators, I should like to express my opinion that it is not unreasonable that members of Parliament should be paid an additional allowance for expenses. Of course, the passing of such an allowance is always a somewhat difficult one, because the matter must be initiated and voted upon by those who are directly concerned.

One of the priceless characteristics of our public life, is, I think, the rigid honesty with which the members of the legislative bodies of this country have discharged their duties. In fact, this is so generally true that in the whole history of our country one can hardly recall a single exception. Among the members of Parliament and other legislative bodies, as among the people of all other groups, there are of course varying degrees of need; but I believe there is growing up a more or less universal desire that no person shall be precluded from serving as a representative of the people because financially he cannot afford to do so, and further, that so far as reasonably possible such representative should be placed in an independent position for the discharge of his duties.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: I cannot undertake to say whether the additional allowance proposed in this bill is too large or too small, but I do say that anything which is done to strengthen the independence of members of legislative bodies, and which makes it possible for any person, no matter how humble his circumstances, to serve the country in helping to make its laws, is a step in the right direction.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: Whether the time is right for taking such a step will always be a question. I recall that years ago, when the Legislature of Nova Scotia increased the indemnities of its members, the element of time always entered into the argument: it was contended, and with some merit, that the increase should not be made at that particular time. I have no doubt that such an argument can be advanced now. But there is this to be said in reply, that while all of our people may not have enjoyed relatively the financial benefits that flowed from the increased economic activity incidental to the war effort, yet if everything is taken into consideration honourable members will, I think, agree that there was never a period in the history of any country during which the national income was as fairly and equitably distributed as it has been in Canada during recent years. I do not deny that there are exceptions, discriminations which we as legislators should

endeavour to remove; but, broad and long, I believe my statement holds good.

So while it may be argued that this time or that time is better suited to action than another, on the whole I believe honourable senators will agree with my general proposition that it is desirable that we should do everything in our power to prevent anyone being debarred by reason of his financial position from becoming a member of one of our legislative Chambers. Further, as far as is reasonably possible, every legislator should be placed in an absolutely independent position. I submit, therefore, that in view of the general condition as respects the distribution of our national income the present is as acceptable a time as we are ever likely to encounter to increase sessional indemnities.

On the general principle of equality between the two Houses, I suppose it would always be difficult to establish on a strict mathematical basis the extent to which an increased indemnity or financial return was deserved. There are bound to be great differences of opinion as respects need, which of course must vary with individual circumstances. I know nothing of the financial position of honourable senators—indeed I have great difficulty in determining my own from time to time—but I submit that not only in this but in the other Chamber there are bound to be differences of opinion on the question of need. There are also bound to be differences of opinion as to the contribution that individual members of Parliament make in the discharge of their duties. This is inevitable. I know of no yardstick by which you could determine those two factors on any mathematical basis.

It has been suggested in some quarters that because of the small amount of legislation originating in this House, due largely to circumstances arising out of the war, the number of our sitting days in relation to those of the other Chamber was not as great as in normal times, and that this disparity constitutes a reason why there should be discrimination between the two Houses in respect to the subject-matter of this bill. But we and the country as a whole should realize that, after all, this is just a passing phase. It is my hope that the increasing business of the country will be reflected in the business of Parliament, and that this difference will gradually disappear. At Confederation the two branches of Parliament were placed on an equality, and that principle has been continued down to the present day. If, therefore, at any particular period there has been less legislative activity in this House than in the other, that does not in any way affect the general principle of equality. I subscribe then to the proposition that the financial return to members of Parliament should be increased, and that the tradition of equality of both Houses should be maintained.

If any honourable members feels that there is a different opinion in the country, I would remind him that in this House there is an intense desire to serve Canada. I can say that in the short period that I have been Government leader here I have never run into trouble when I suggested that the Senate should meet; my trouble has always arisen when I suggested an adjournment. I reaffirm what I said a few minutes ago, that bearing in mind the increase in governmental activities which the logic of circumstances is bringing about, and the increased number of important international questions that are before us, there will in the days ahead be ample business to tax the time and energies of every member of Parliament, whether in this or in the other House; and it should not be beyond the wit of man to devise some better division of legislative work, so that the Senate may in fuller measure assume its responsibilities and duties for the greater benefit of the country as a whole.

Now I should like to draw the attention of honourable senators to the provisions of the bill, commencing with line 9:

> In addition to the expenses provided for in subsection one of this section, each member of the Senate and House of Commons shall be paid an allowance for expenses, incidental to the discharge of his duties as a member, at the rate of two thousand dollars per annum for the period during which he is a member. This allowance shall be paid at the end of each calendar year and shall be subject to a deduction equal to one-half of the deductions, if any, from the member's sessional allowances in respect of non-attendance at sittings of the House of which he is a member during such year.

If the bill stopped at that point the $2,000 to be paid to both members of the Senate and of the House of Commons would be non-taxable under the Income Tax Act. But the bill proceeds:

> In the case of Ministers of the Crown, of the Leader of the Opposition in the House of Commons, and of members of the Senate—

Hon. Mr. LEGER: I do not wish to interrupt the honourable gentleman, but I think he meant that if the bill stopped there the $2,000 would be taxable.

Hon. Mr. ROBERTSON: No, under the first part of the paragraph it would be non-taxable.

Hon. Mr. SINCLAIR: The amount would be viewed as expenses.

Hon. Mr. ROBERTSON: If the bill stopped there the amount would be considered expenses.

Hon. Mr. LEGER: That is right.

Hon. Mr. ROBERTSON: The provision in the bill that makes the proposed amount taxable, which is our primary concern as it relates to members of the Senate, is as follows:

—the amount of such allowance paid shall be deemed to be taxable income.

As I have said, honourable senators, I do not think it unreasonable to expect that legislation affecting the members of this honourable body should not be contemplated without at least an expression of opinion by the one member of this honourable body who is also a member of the Government. The Government may seek to secure views on proposed legislation from any source they see fit, and do not depend entirely upon those expressed by me. However, the provision in the last part of paragraph (4) of section 1 as it affects the members of the Senate, corresponds exactly with the opinion I expressed, believing it to be the opinion of the vast majority of the members of this House.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: It represented my best judgment as to the desire of the members of this honourable body. If I was wrong, my judgment was at fault. I commend to honourable senators the favourable consideration of this bill.

Hon. NORMAN P. LAMBERT: Honourable senators I regret that in rising to oppose this bill I must differ with several of my friends whose ability and judgment I have always respected, and I ask the honourable leader opposite to forgive me if I seem to be usurping his priority in the debate.

Hon. Mr. HAIG: Leave granted.

Hon. Mr. LAMBERT: I am opposed to this bill on two grounds; first, that the tax exemption feature is distasteful and repugnant, and secondly, that the bill as it affects the unity of Parliament is invidious in character. What I have to say today I say as a member of Parliament rather than as a member of the Senate. Whether honourable senators recognize it or not, their responsibility for the acts of Parliament as a whole is as great as that of the members in the other place. We must realize that we are just as responsible for this bill in all its particulars as are the members of the other House who voted on it yesterday. If the tax exemption feature of this bill means anything, it means that within the confines of Parliament—which should maintain its unity in every respect—there will be established a privileged class on the basis of dollars and cents.

I would have no objection to a proposed general advance in Parliamentary indemnities, or to a provision whereby legitimate expenses of members of Parliament would be regarded as deductible items in their annual income tax returns. Why no such provision was made is something I cannot understand. The decision to base this legislation upon an amendment to the Senate and House of Commons Act instead of to the Income Tax Act, represents the bone of my main contention against the bill. As a member of Parliament, I resent being called upon to approve a proposal which, if adopted, will for a long time to come be a subject of recrimination between members of the two houses of Parliament as they seek to escape responsibility before the bar of public opinion in this country. Already there have been open recriminations, as is evidenced by the caustic comments and opinions that have been circulated through these halls by very eminent gentlemen from the other place within the last twenty-four hours. So I say that dragons' teeth are being sown here today, and before long honourable senators will have full opportunity to recognize the character of the crop which will be produced.

I come now to the second broad ground of my objection. Apart altogether from objections that I have made to the tax exemption feature, I am opposed to the bill because of the disservice done to this country by what I think is the premeditated introduction of an invidious distinction between the two Houses of the Canadian Parliament. If this bill does not represent a technical breach of the Act of Confederation, it certainly violates the spirit of it. A casual reading of the discussions which preceded Confederation, or of the language of the Act itself, does not admit of any difference in status between members of the Senate and the members of the House of Commons. Yet without any consultation, formal or informal, between representatives of the two Houses, a resolution was suddenly placed on the Order Paper of the other place as a sort of kite to test not only the reaction of the Senate, but opinion in the country. The leader of the Government in this Chamber (Hon. Mr. Robertson) as well as the then acting Prime Minister, stated that the resolution that went on the Order Paper on November 13 represented only the Government's decision up to that time. Therefore, can anyone take any other view than that the sudden posting of that resolution on November 13 was for the purpose of sounding opinion?

It is true that no action was taken on the resolution until the Prime Minister returned from the United Kingdom. Then there was a thorough lobby of the Senate members to ascertain their opinions on the matter. But the point is, if one may change a figure of speech by going from kites to bombs, that the bomb was dropped before any effort was made to control or limit the effect of its impact. I think, therefore, that the method adopted in the introduction of this matter was most unfortunate; and while the bill now before us represents a modification of the proposal contained in the original objectionable resolution, it does not overcome or even offset the invidiousness of its beginnings.

Much has been said about pre-election pledges and understandings. These remarks almost lead me to believe or imagine that I supported and worked for the return of the present Government on the issue of giving myself and the successful members of the other place an increased indemnity. Well, all I have to say on that point at this time is that in the recent general election the public were not aware of that issue, and I for one never heard it mentioned.

My concern for the Senate in this whole matter is due to my definite conviction that a second chamber characterized by industry, independence and integrity of judgment is of greater importance to the life of this country today than it has been at any other time or period in our history. I believe that at this moment and until Canada emerges into a more settled post-war economy, this branch of Parliament is the only real guardian of democratic rights and civil liberties as this country has known them since Confederation. Amendments recently made by our standing committees to a whole series of bills which have come over to us containing clauses of questionable validity, to say the least, surely must have given honourable senators a glimpse of the reactionary trend of certain administrative and legislative ideas of these times.

I should like to refer to an aspect of this situation which to my knowledge has not been dealt with in the other House or outside of it. That is, the interests of the Provinces, which in many ways represent our chief reason for existence. Let no one think that this bill, if it is adopted will be overlooked by different provincial governments and legislatures of this country. They will want to know, for one thing, if the bill represents the first, if rather surreptitious, step toward Senate reform. They, as well as we, have a definite right to know that. At the Dominion-Provincial Conference of 1927, held in Ottawa, the subject of Senate reform was discussed under a separate item on the agenda. The question arose in consequence of a resolution passed in the other House in March, 1925, demanding a measure of Senate reform. What happened at that time? The Official Précis of Discussion contains the following official record of what happened:

> It may be stated that the question of abolition had not a single backer in the conference. A comparatively small body of opinion favoured some change which might bring the Upper Chamber more closely in contact with the electorate, though this was regarded as at variance with the British system of Government on which the Canadian system is based . . . Throughout the discussion the right of the provinces to be consulted on such an important matter as this was frequently emphasized. While there was a strong body of opinion in favour of any reforms which might strengthen the general machinery of Parliament, there was no attempt on the part of any speaker to minimize the value of a second Chamber.

Hon. Mr. LEGER: I may say, honourable senators, that I happened to attend that conference, and I do not think that discussion lasted more than three-quarters of an hour. The proposal got short shrift.

Hon. Mr. LAMBERT: The honourable senator has given his personal recollection of what occurred at the conference. The basis of my information is the printed record.

Hon. Mr. HAIG: He agrees with you.

Hon. Mr. LAMBERT: No. According to the official record, a whole day was taken up with the discussion on that subject.

Hon. Mr. NICOL: I was at the conference, and I do not remember the subject being discussed at all.

Hon. Mr. LAMBERT: If honourable senators have any doubt regarding the point of view of the provinces at that time, I would refer them to page 10 of the Official Précis of the Discussions from November 3 to 10, 1927.

My point is that since that time no reference was made to any change in the status of the Senate by any Dominion Government until the present invidious situation was created by the resolution presented in the other House. So far as I am aware, no reference to the advisability of such a step was made at either of the two recent sessions of the Dominion-Provincial Conference. In the light of these circumstances it seems to me to be in order to suggest that this subject should be discussed at the January meeting of the provincial premiers with representatives of the Federal Government.

I was much interested in noting the remarks on this question of the leader of the third party in the other place. In accepting his tax-exempt increase, and approving of a tax-

able increase for the Senate, he took some pains to make clear that the well-known policy of his party regarding Senate reform still stood. This is the gentleman who for some time has been publicly advocating abolition of the Senate. Judging from his words yesterday, he evidently believes in having his cake and eating it too. He also said that the Senate is an anomoly in these modern times, and called upon the Prime Minister to proceed in the very near future with his long promised measure of Senate reform.

If Senate reform is being broached through this bill, why not say so? I for one shall be all for a measure of reform, properly introduced and executed through amendments to the British North America Act; but I am strongly opposed to temporizing expedients as an excuse for overdue reform in the working machinery of both Houses of Parliament.

My opposition to this bill may be interpreted as an invitation on my part to proceed with reform through the front door of these buildings and not by the rear porch entrance. I have been advised by the constitutional experts of this Chamber that this bill is not susceptible of amendment because we cannot initiate a money bill; so, in expressing my opposition I have no alternative but to say, I shall vote against this measure.

Hon. JOHN T. HAIG: Honourable senators, I had not intended to enter the discussion, but the words of the honourable leader of the House compel me to do so.

There is considerable clamour in the press against any increase in indemnities, on the ground, first, that this is not the proper time to make the increase; and, secondly, that should it be made it should be subject to income tax. There is also the criticism among the people that we ought not to increase our own indemnities until salary and wage controls are released. With that criticism I agree entirely; but I would point out that the Senate has nothing to do with the continuation of those controls. We are also told that the public generally are in favour of increased sessional indemnities, but that members of the other House should not exempt their increase from income tax. Unlike the honourable gentleman from Ottawa (Hon. Mr. Lambert), I am not disturbed because the Senate is being treated differently from the House of Commons. I am happy to say that some time ago the honourable leader of the House talked the whole situation over with me. I told him: "I do not know what our party will do when the bill comes before us, but I do not want any tax-free indemnity increase to apply to members of the Senate—"

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAIG: "—and personally I shall vote against the bill if it makes any such proposal." I have not met a single senator either on my own side or on the other side who does not whole-heartedly share that view. Let me add that the leader of the Government—I am glad he is not in his seat at the moment—before he asked for my opinion stated his own, with which I expressed my entire agreement. I think the public are entitled to know that this meeting took place shortly after the resolution appeared on the Order Paper of the House of Commons.

The first question to my mind boils down to this fine point: Shall we reject the bill? My answer is an unqualified No.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAIG: The second question is: Should we insist on the Commons making their increased indemnity subject to income tax. That is a very hard question to decide. My honourable friend from Ottawa (Hon. Mr. Lambert)—I appreciate his honesty of purpose—thinks that this discrimination is unfair to the Senate as a co-partner in the Parliament of Canada. I do not hold that view. I think the Commons are wrong; but if they are willing to take their increased indemnity tax free, that is up to them.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. HAIG: In two or three years' time they will have to satisfy their electors that they did the right thing in exempting their $2,000 from income tax. I do not think they can satisfy them. But that is their business, not mine.

Hon. Mr. LAMBERT: Does my honourable friend know of any instance in our parliamentary history in which the members of either Chamber have entirely dissociated themselves from responsibility for legislation?

Hon. Mr. HAIG: No, I am not dissociating myself from responsibility. I say quite candidly that if the position were reversed and I were a member of the other House, I would have to object to the increased indemnities of senators being made tax free, because the electors have it in their power to criticize and punish members of the Commons for doing anything contrary to public opinion. That difference between the membership of the two Houses is fundamental. We senators are here because, in order to make federation feasible, it was essential to provide for a second Chamber with one-third of its representation allotted to the Maritime provinces, no matter

what their population might be, and on the same basis, one-third to each of the provinces of Quebec and Ontario. That was done so that the Senate might be the protector of provincial rights. There is no doubt about that. Of course, as I stated yesterday, the proportion has been changed to one-quarter in order to give the Western provinces similar representation. Some day Western Canada may have half the membership of the House of Commons. What will Ontario, Quebec, and the Maritime provinces say then? They will rely on this Chamber for the protection of their rights as provinces. That to my mind is fundamental.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I am persuaded that no provincial conference would for a moment consider any change in the basis of Senate representation.

Hon. Mr. LEGER: That is right.

Hon. Mr. HAIG: If I were again in a provincial legislature I would never think of changing the basis of representation in the Senate, because only on this Chamber can we rely for protection of provincial rights.

I can quite understand why persons who are paying very heavy personal income taxes dislike the tax-free feature of this bill. I speak with some personal feeling, for I may say that the increase to me will not be very large. But, as the Prime Minister and the leader of the official Opposition said in the other House, if we are to get men of character and ability to enter public life, whether in this House or the other, there must be available to them a reasonable indemnity. As a matter of fact, even with the increased indemnity we in this House shall be getting only about $600 more than we received in 1938. In the lower brackets our income tax, as I have many times stated in this House, is altogether too heavy.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: It is also very heavy in the high income tax brackets. Before the recent amendments to the Income War Tax Act a man with an income of a million dollars had to pay an income tax that left him a balance of about $60,000. Do not misunderstand me. That is plenty for any man to live on. But the difficulty is this: it means there is no capital for investment in new enterprises.

However, I do not want to discuss taxation. Personally I wish the Commons had not exempted their increased indemnity from income tax. But the responsibility does not rest on the shoulders of John T. Haig or any other member of this Chamber. We are willing to be taxed, and we intend to tax ourselves. Within the last two or three weeks people have telephoned and have written me urging that this is the time when the Senate can make history by resisting the tax-free feature of this legislation. My honourable friend from Ottawa (Hon. Mr. Lambert) thinks they are right, but I do not agree entirely with him. If this House instead of the other, had promoted the bill, and it contained the tax-free feature, I would fight it just as bitterly as my honourable friend. We would have control over it then, and we would be taxing ourselves. However, the responsibility for this bill rests on the members of the House of Commons.

I am in favour of increased sessional indemnities; in fact I would have gone higher than this bill goes. If we are going to attract the right people to Parliament while they are still active, we must properly compensate them. How can a doctor, a lawyer, or a businessman of 45 to 50 years of age afford to come to Ottawa as a member of Parliament and pay taxes at the present rates? A first-class farmer could not afford to become a member of Parliament.

Honourable members, I intend to vote in favour of this bill, and I have asked all honourable senators on this side of the House to do so.

Hon THOMAS A. CRERAR: The view expressed by the honourable leader opposite, if I understand it correctly, is that since the House of Commons, by design or otherwise, has exempted its members from taxation under this bill, it is the affair of that body and of no concern to this House. I cannot in any way agree with that theory.

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. CRERAR: Under our constitution legislation must be enacted by Parliament, and the responsibility of the Senate for such enactment is equal with that of the House of Commons. If good laws are made, we, as members of Parliament, can claim equal credit with the members of the Commons; if the laws are bad, we cannot wash our hands of them and say that the responsibility is not ours. I should be very sorry indeed if there was any acceptance in this Chamber of the viewpoint expressed by the honourable leader opposite.

The unfortunate controversy over this question has come, in my humble opinion, from a failure on the part of the Government to fully recognize the well-established responsibility of the Senate in the making of our

laws. The bill before us is one to amend the Senate and House of Commons Act. By reason of the very title and the contents of the bill, the Senate has an even more direct interest in it, if possible, than in any other item of legislation. I submit that the manner in which the resolution was first placed before the House of Commons on the 13th of November was unfortunate. Before any resolution indicating what was intended to be done had been placed on the Order Paper in the other House, the whole question should have been the subject of conference between representatives of both Houses. That is the practice with respect to the Library of Parliament and the supervision of the restaurant. There was no good reason why such a meeting could not have been held on this question.

May I say that if the bill had come to this House based on the resolution as originally introduced in the House of Commons, it would have been overwhelmingly defeated. Originally, there were two objectionable features: first, there was open and unashamed discrimination as between members of Parliament; and second, there was the exemption from income tax on the additional amount proposed. If I assessed the opinion of honourable senators correctly, their position very definitely was that there should be no discrimination as between the two houses of Parliament and that there should be no income tax exemption.

There is in some places, and among certain individuals, a complete misconception as to the place the Senate occupies in the Parliament of Canada. Some individuals throughout the country, some newspapers and even some members in the other place, quite openly advocate the abolition of the Senate.

Hon. Mr. LEGER: They might as well argue for the abolition of Confederation.

Hon. Mr. CRERAR: They refer to it as the fifth wheel to the coach, and say that it is a refuge for infirm old men. Such statements come from abysmal ignorance or prejudice, or both.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: Any person who has made even the most elementary study of the constitution of our country, and certainly those who have studied the events leading up to Confederation, can come to no other conclusion than this: that if the Senate had not been set up in the constitution, as it was, the confederation of the different provinces which form the Dominion of Canada today would have been impossible.

Hon. Mr. LEGER: The honourable senator is absolutely correct.

Hon. Mr. CRERAR: If at some time in the future, action were taken to abolish the Senate of Canada, it would, I fear, lead to the breaking up of this Confederation, which in the space of seventy odd years has made us a fully modern state. Therefore, honourable gentlemen, we cannot escape our share of responsibility for legislation passed by Parliament.

While the discrimination shown in this measure as first introduced has not been removed entirely, as far as that feature is concerned I would be prepared to accept the bill before us. But, I am not prepared to accept responsibility for the exemption from income tax of the allowance to members of the House of Commons. If members of Parliament are entitled to an increase in their total remuneration, which I believe they are, the measure should be presented in a less objectionable manner. It may be assumed, I think, that the allowance for expenses of $2,000 is provided in this way to enable argument, anaemic though it may be, to be made against any complaint that this allowance is a violation of the salaries control order still in effect. Frankly, I do not like this way of doing it. It would have been better to have said frankly, "We are going to increase the indemnities of members of Parliament to $6,000, and tax them."

Hon. Mr. KINLEY: As the honourable senator knows, there is a provision for the raising of salaries in private industry.

Hon. Mr. CRERAR: The remark of the honourable senator from Queens-Lunenberg (Hon. Mr. Kinley) strengthens my argument that there should have been a straight increase of indemnity to members of Parliament. I would not have opposed giving members of Parliament the right to claim exemptions against income tax for legitimate expenses incurred in connection with their work when such claim was supported by a proper declaration, and under a ceiling fixed by law. There has never been, and cannot be, complete equality in the remuneration received by members of Parliament. A member who is within a few hours travelling time of Ottawa is in a much more favourable position, so far as expenses are concerned, than a member from the Maritime provinces or the provinces of Western Canada, and that is true whether he is a member of the Senate or of the House of Commons. So far as I am aware, senators must have a place to sleep when they come to Ottawa, and they must consume food. While here they have all the expenses that a member of the Commons has. The only possible

difference is that a member of the Commons, by reason of being an elected representative and having to keep in touch with his constituency, may have certain expenses which a senator does not have. But under my suggestion these expenses could have been taken care of. At the end of the year members of Parliament could make a declaration of their expenses within the limit provided, and claim a deduction on their income tax returns. That would have been fair in general and as between individuals. At any rate, in my judgment, that would have been a much fairer thing than giving a blanket allowance of $2,000 for expenses and saying to members of the Senate, "You pay taxes on the allowance," but to members of the House of Commons, "You are exempt from taxes on it."

The honourable senator from Ottawa (Hon. Mr. Lambert) stated that we have no power to amend this bill. I think that is correct. If the Senate had that power I unhesitatingly say that in my judgment it would have been our duty to have amended the taxation feature of the bill. But as we have not that power, we must either accept the bill or reject it. I am bound to say that if it comes to a vote I am going to vote against the measure for the reasons I have stated. I recognize that I am differing with members in both Houses who have been colleagues of mine. However, I think this is a case where every man must do as his own conscience indicates, and certainly on that basis I conceive it to be my duty to oppose the bill.

Hon. JACOB NICOL: Honourable senators, I came here with the intention of voting against this bill, but as the leaders on both sides were speaking I recalled what I had heard one evening when sitting in the senators' gallery in the other House. This very subject of indemnities came up and the Prime Minister promised that if his Government was returned he would see to it that sessional indemnities were increased. The then Leader of the Opposition, who is not in Parliament at the present time, expressed himself as favouring an increase. As I recall, he spoke to this effect: "I am not speaking on behalf of myself, for I do not intend to return to Parliament. In any event I have certain means and do not need the indemnity, but I recognize that most members cannot afford to serve their country for the indemnity that is now paid." The leader of the third party said much the same thing. So as I see it a promise was made that the indemnities would be increased, and I think we all recognize that in order to do their work in an efficient manner the members must be given a larger allowance. I do not like the way in which the bill was brought before Parliament. I have hardly ever seen a piece of legislation introduced so awkwardly.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. NICOL: For that and other reasons I had intended to vote against the bill. The manner in which it was introduced has placed every one of us in a very invidious position. We are being criticized all over the country; people are suggesting that if senators have had a change of mind on this matter it is because the increased indemnity has been made applicable to them. I do not like that. I believe it would have been much better to have dropped this bill, which got off to such a bad start, and brought in another later on.

There are other salaries or indemnities which should have been adjusted before those of members of Parliament. I know a great many of the judges in my own province and other provinces. During the forty years their salaries have been raised twice, but I could tell you of judges in Montreal, Quebec and other districts whose net compensation today, on account of taxation, is less than it was before the increases were made. Do honourable senators not think it would have been a good move on the part of Parliament to adjust the salaries of judges before increasing sessional indemnities?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. NICOL: Besides, there is nothing to preclude members of Parliament from continuing their ordinary business or occupation. Most of us are engaged in some kind of business, from which we receive revenues, but judges are sworn not to participate in any remunerative work aside from their official duties. Actually there are judges whose compensation amounts to about $5,000 a year, and the law precludes them from earning even an additional dollar. In view of that situation I should have liked to vote against this bill.

Further, we know from statistics that 2,600,000 of the taxpayers who pay for the upkeep of Parliament are earning less than $1,200 a year. In face of that fact we cannot say there is a great need for members of Parliament to increase their own indemnities.

Many other arguments could be made against the bill. But I recognize the fact, which has been referred to, that some members of each House cannot fulfil their duties properly because the present indemnity is too low to meet necessary expenses. If I correctly understood the honourable senator from Churchill (Hon. Mr. Crerar) he feels it would not be logical to support this bill. But sometimes you have to do things which strictly are

not logical. I am going to force myself, so to speak, to vote for the bill, because I know the increased indemnity is needed by many members of Parliament and I would not want any action of mine to deprive them of it. I think the people should be informed that for the large majority of members in both Houses the increase will mean very little. Most of it will go back to the Minister of Finance. We shall be receiving with one hand and paying out with the other. But I would not by my vote prevent the payment of this allowance to those who need it.

I have not been as assiduous in attending the sittings of this House as perhaps I should have been, but I have observed that some of my colleagues are doing splendid work. I am experienced enough to know that that necessitates much reading and study, and making ready for the morrow. If I were to attempt to do work of that kind I would need files, documents, books, Hansards of past sessions, and so on. No man can discuss parliamentary affairs intelligently and fully without reading not only the current Hansards from day to day, so as to know what is said in both Houses, but also a number of leading newspapers, in order to keep in touch with public opinion. All this means a great deal of work, and I could not undertake it, as my colleagues have, without a secretary. Instead of this bill to increase the indemnity, I should have much preferred one to provide members in both Houses with secretarial assistance. I notice that in other countries senators and members of the lower House are allowed secretaries. Here the lack of secretarial help is a great disadvantage to members, and personally I find that unless I provide my own assistance I am not equipped to discuss with logic and intelligence the bills which come before us. This situation imposes on members an expense which they should not be expected to bear.

Although I do not like the manner in which this bill was brought forward, I think the country would be better served if I voted for it, and I intend to do so.

Hon. T. D. BOUCHARD: Honourable senators, I am not in favour of the discrimination which this bill makes between members of the Senate and members of the House of Commons; much less am I in favour of discrimination between legislators and the common people. I believe that all Canadians, legislators and public alike, should be on an equal footing in regard to income tax. I do not see why it should not be feasible to raise the indemnity to $6,000 and allow members of Parliament the same privilege as that enjoyed by the judiciary of deducting from their income tax return expenses incurred in the performance of their official duties. By this means we would do away with the discrimination to which I have directed the attention of honourable members.

Some Hon. SENATORS: Question!

Hon. W. RUPERT DAVIES: Honourable senators, last evening I re-read the writ of summons calling me to this honourable body. I find I was appointed:

> "For the purpose of obtaining your advice and assistance in all weighty and arduous affairs."

This bill is a weighty and arduous affair, for undoubtedly it is giving many of us a great deal of worry and trouble. In making up my mind I tried to look at all sides of the question. I have decided to support the bill. If the increased indemnities to members of the Senate had been free of income tax, I would have opposed the bill.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DAVIES: I cannot convince myself that I have a right to refuse to the elected representatives of the people something which they have voted to themselves by a majority of two hundred and forty-five to two. Apparently the Commons were quite content to vote themselves this increased indemnity free of income tax; and there is some argument in support of their action. They, and of course senators too, do incur substantial expenses in their representative capacity. If an industrial corporation, large or small, sends one of its executives on a business trip lasting six weeks or even two months he has an expense allowance, and it is not liable to taxation. I cannot see any great difference between the two cases.

So far as the discrimination between the two Houses is concerned, I think it very largely disappeared when the increased indemnity was extended to members of the Senate.

I want to associate myself with those honourable members who have said that the increased indemnity is not too much. The Dominion of Canada can well afford to pay its members of Parliament even more than they will receive with this allowance, for, as the Prime Minister said when sponsoring the resolution which preceded this bill:

> We are now legislating for an expenditure of between five and six billion dollars a year. It is a very great responsibility and needs all the men of the best brains that we can attract to this job.

Reference has been made to the probable effect of this measure on our provincial legislatures. It is quite possible that they will increase their sessional indemnities. At the

same time they may try to make them free of income tax. Since the Commons have exempted their increase from income tax, they will have great difficulty in refusing similar relief to the members of the provincial legislatures. I well remember when the indemnity in the Ontario legislature was last increased. Only one member, the late Hartley Dewart, opposed the bill.

If members of Parliament are entitled to an increased indemnity—and it seems to be generally conceded that they are—then I think the Government should give very serious consideration to granting an increase in the salaries of our senior civil servants. I have been tremendously impressed with the ability and knowledge of Deputy Ministers and other senior civil servants who come before our committees to give information on the subject-matter of the bills under consideration. I am sure that in private enterprise many of them would be drawing two or three times as much as they receive by way of their official salaries. I am glad to express my appreciation of these very able men. In every instance where I have seen them assisting our committees they have shown a complete grasp of their job

I hope that the exemption from income tax of the increased indemnity to members of the other House will so impress the Minister of Finance that he will take steps to remove the controls from salaries and wages, and that in the next budget he will very considerably increase the income tax exemptions of both single and married men.

I shall vote for the bill.

Some Hon. SENATORS: Question!

Hon. A. N. McLEAN: Honourable senators, I believe the eyes of the people of Canada are on the Senate this morning. Whether we realize it or not, we are making history right now in this Chamber, and what is done today will be referred to many times in the years to come.

My objection to this bill is that the $2,000 granted members of another place is free from income tax. I sincerely believe that such an exemption is wrong in principle. If the increase in question were even greater than it is I would favour it, provided it was taxable, although I believe the timing is bad. If this exemption for members were part of a general programme to raise exemptions on other classes of citizens, and to raise salary ceilings on the white-collared classes, it would not be objectionable. But such does not appear to be the case. Citizens of one particular class are being singled out and given a preferred tax position.

Time and again I have stated publicly and in the press that in my opinion tax exemptions of those who now come within the low brackets should be raised. Just recently I appeared before a committee of this House advocating increased exemptions for those who are at the lower rungs of the economic ladder. I believe that three-quarters of the people of Canada do not earn $2,000 a year.

I think a mistake was made years ago when the Government of the day failed to arrange with the Income Tax Department to allow out-of-pocket expenses to members of Parliament living away from home. Take our charitable gifts, for instance; the Income Tax Department has a system covering what is deductible for charitable purposes, and it seems to work quite smoothly. This system could have been applied to out-of-pocket expenses of members. It was not done.

Certainly the method now proposed is not the way to rectify the situation. To allow every member of the House of Commons a flat $2,000 tax-free under the name of expenses is to my mind unfair and unjust. Under this bill members living nearby will be allowed the same amount of so-called tax-free expenses as those who live in British Columbia, on the Prairies or in the Maritimes. What business man among honourable senators would give a commercial traveller the same expense account whether he stayed home, made trips to a nearby town, or went to Vancouver? A business run along such lines would end in bankruptcy.

The proposed increase is unfair in another respect. To a member whose total income is $12,000 or $15,000 this proposed tax-free increase is as good as a raise of $6,000 or $7,000; whereas to the member whose total income is $4,000 or $5,000, it would be about half as much.

Now take our white-collared class throughout the country. I was speaking to a high bank official not long ago. The bank this official serves is prosperous, but he told me the directors could do little or nothing for their country managers by way of increases, as salaries had been frozen now for several years. In the meantime there had been a substantial increase in the family obligations of these managers, many of whom had gone steadily into debt, mortgaging their life insurance, and so on. This is a concrete example of people who are quite willing to pay all taxes but find it most difficult, if not impossible, to get a raise at all.

If Parliament feels that circumstances still demand that single people be taxed at $660 and married persons at $1,200 per year, this is no time to give tax-free increases to any-

one. No one in the low brackets of taxable income can live decently and pay for the necessities of life. The taxing of people down to an impoverished standard of living should have no place in Canada. Since one of the duties of this House is to protect the most lowly citizen, it should not lose the opportunity it now has to vote against a tax-free increase which would permit a certain privileged group to escape its fair share of tax responsibility and leave the low income group in practically the same position as formerly, and subject to excessive taxation.

The Government is required to collect a certain total in taxes, and if one group fails to contribute its fair share of that total, the burden that falls on the remainder of the people will be that much greater. If those who are charged with the responsibility of making the laws avail themselves of ways and means to obtain substantial relief from taxation, the result will be that they will have a much less sympathetic attitude towards the rest of the citizens of this country who are still being taxed to an extent as great as or greater than any other people in the world.

May I for a moment refer to the judiciary, a fine class of citizens who have found the burden of income tax very heavy? At the time of Confederation judges' salaries were exempt from income taxes. Early acts setting up the judiciary stipulated, and rightly so, that our judges should be set apart and should receive salaries sufficiently large to make them financially independent. Since their job was to dispense justice, the judges were not permitted to engage in business of any kind. The high and honourable position judges are expected to maintain in society carries with it many obligations and demands financial independence. However, our judiciary today have not nearly as much net income as they had at the time of Confederation. The purchasing power of the dollar has gone down in the intervening years, and the judges are now as heavily taxed as other citizens. Since Confederation this country has become more wealthy, and the judges should be the first to receive consideration in the matter of increased income benefits.

I can see no good reason why any members of Parliament should be placed in a preferred position with respect to income taxes. While I am in favour of an even greater increase than has been suggested, I am against the tax exemption feature contained in this bill.

Hon. JAMES MURDOCK: Honourable senators, I rise to a point of order. I should like to ask His Honour the Speaker to rule as to my position in this matter. Rule No. 53 of the Senate reads as follows:

> No senator is entitled to vote upon any question in which he has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown; and the vote of any senator so interested will be disallowed.

I should like to know whether I have a right to vote on the question now before the House.

Some Hon. SENATORS: Oh, oh!

The Hon. the SPEAKER: I may say in reply to the honourable gentleman from Parkdale (Hon. Mr. Murdock) that honourable senators vote every year on the supply bills which provide the indemnities for the members of this House.

The motion was agreed to, on division, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the third time?

Some Hon. SENATORS: Now.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the third reading of this bill now?

Hon. Mr. HARDY: I should like to have a vote on the motion.

The motion of Hon. Mr. Robertson was agreed to on the following division

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The Bill was read the third time, and passed.

At 1 o'clock the Senate took recess.

The Senate resumed at 3 p.m.

HON. JOHN T. HAIG

BIRTHDAY FELICITATIONS

Hon. WISHART McL. ROBERTSON: Honourable senators, before we revert to the Orders of the Day, I should like to take this opportunity of congratulating the honourable leader opposite (Hon. Mr. Haig) on the fact that this is his birthday.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: I might add that it is his sixty-eighth birthday. His youthful countenance and his effervescent and tireless energy belie his years. I am sure I speak on behalf of all honourable members of the House when I wish him many long years of happiness and usefulness to his country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LEGER: And a merry Christmas.

Hon. JOHN T. HAIG: Honourable senators I thank the honourable leader of the Government and members of the House for this expression of kindness. I may say that I am not eager to be reminded of the years as they slip by. I have enjoyed working in the Senate of which I have been a member now for somewhat more than ten years, and I am a better Canadian for having been here and having met such fine people.

ATOMIC ENERGY

APPROVAL OF DECLARATION

Hon. WISHART McL. ROBERTSON: Honourable senators, I would ask that we revert now to Motion No. 1. I desire to move the resolution standing in my name, and I would ask the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) to speak to it.

Hon. A. W. ROEBUCK: Honourable senators, the resolution before us is to this effect:

That it be Resolved,—That it is expedient that the Houses of Parliament do approve the Agreed Declaration on Atomic Energy signed by the President of the United States, the Prime Minister of the United Kingdom, and the Prime Minister of Canada, at Washington, on 15th November, 1945, and that this House do approve the same.

I may say that the resolution is being moved in both Houses. In the other place the motion will be made by the Right Honourable the Prime Minister. One would naturally expect that our discussion here would be postponed until he had spoken, since he has played so large a part in the subject matter of the resolution. I understand, however, that he is quite satisfied that we proceed now; otherwise I should consider it discourteous for me to speak before he does on a matter with which he personally has had so much to do and about which he is so thoroughly informed.

Just here may I pause to say that I am very proud of the part Canada has played with respect to atomic energy. I am also very proud of our own Prime Minister's role as one of the Big Three in the discussions on this most important subject. His associates were, as everyone knows, the Prime Minister of Great Britain and the President of the United States.

Honourable senators, the first thought that runs through one's mind in approaching the subject of atomic energy is one of sincere thankfulness for the protection that was afforded us, our country and our allies during the terrible war that has just closed. We used the atomic bomb with terrific effect on Hiroshima and Nagasaki. Perhaps it would not be entirely out of place if we asked forgiveness for the barbarity that we then displayed, although it must be borne in mind that the use of the bomb brought the war between the Allies and Japan to a sudden conclusion and in all probability caused fewer deaths than would have resulted from a head-on attack against the Japanese island.

Strange to say, the very vileness of the Axis powers proved their undoing; it was, so to speak, the instrument that deprived them of the advantage of this murderous weapon. The secret of atomic fission was discovered by Dr. Liza Meitner, a Jewess, while working at the Kaiser Wilhem Institute in Berlin, Germany. In 1939 she fled across the German border into Denmark, where she met Dr. Otto Frisch, also a Jew, who had been dismissed from the University of Hamburg. These two despised Jews continued their research at the experimental station in Copenhagen and transmitted the results of their investigations to associates in the United States.

It is reported that in 1934 Professor Enrico Fermi, an Italian physicist, was within 2/1000 of an inch of the discovery of the secret of atomic fission. He used tinfoil 3/1000 of an inch in thickness. Had he used tinfoil 1/1000 of an inch in thickness he would have discovered the secret five years ahead of the scientists of the United Nations. In all probability that knowledge would have led to the discovery of atomic explosives, the subject of this resolution. When Mussolini adopted the Nazi "racial" laws Professor Fermi went to the United States, where he was one of the key scientists of the War Department working on the development of atomic explosives. Had these European scientists remained at home and made the results of their researches available to Germany and Italy, the probability is that they alone would have enabled our enemies to develop the atomic bomb ahead of us. I mention these facts because I think it would be well to bear them in mind later on when we take up the problem of the refugees.

The resolution says it is expedient that we do approve the declaration. This declaration, one of the most important documents in world history, should be read to you, I think. It is as follows:

ATOMIC ENERGY

AGREED DECLARATION BY THE PRESIDENT OF THE UNITED STATES, THE PRIME MINISTER OF THE UNITED KINGDOM, AND THE PRIME MINISTER OF CANADA

The President of the United States, the Prime Minister of the United Kingdom and the Prime Minister of Canada, have issued the following statement:

1. We recognize that the application of recent scientific discoveries to the methods and practice of war has placed at the disposal of mankind means of destruction hitherto unknown, against which there can be no adequate military defence, and in the employment of which no single nation can in fact have a monopoly.

2. We desire to emphasize that the responsibility for devising means to ensure that the new discoveries shall be used for the benefit of mankind, instead of as a means of destruction, rests not on our nations alone, but upon the whole civilized world. Nevertheless, the progress that we have made in the development and use of atomic energy demands that we take an initiative in the matter, and we have accordingly met together to consider the possibility of international action:—

(a) To prevent the use of atomic energy for destructive purposes,

(b) To promote the use of recent and future advances in scientific knowledge, particularly in the utilization of atomic energy, for peaceful and humanitarian ends.

3. We are aware that the only complete protection for the civilized world from the destructive use of scientific knowledge lies in the prevention of war. No system of safeguards that can be devised will of itself provide an effective guarantee against production of atomic weapons by a nation bent on aggression. Nor can we ignore the possibility of the development of other weapons, or of new methods of warfare, which may constitute as great a threat to civilization as the military use of atomic energy.

4. Representing as we do, the three countries which possess the knowledge essential to the use of atomic energy, we declare at the outset our willingness, as a first contribution, to proceed with the exchange of fundamental scientific information and the interchange of scientists and scientific literature for peaceful ends with any nation that will fully reciprocate.

5. We believe that the fruits of scientific research should be made available to all nations, and that freedom of investigation and free interchange of ideas are essential to the progress of knowledge. In pursuance of this policy, the basic scientific information essential to the development of atomic energy for peaceful purposes has already been made available to the world. It is our intention that all further information of this character that may become available from time to time shall be similarly treated. We trust that other nations will adopt the same policy, thereby creating an atmosphere of reciprocal confidence in which political agreement and co-operation will flourish.

6. We have considered the question of the disclosure of detailed information concerning the practical industrial application of atomic energy. The military exploitation of atomic energy depends, in large part, upon the same methods and processes as would be required for industrial uses.

We are not convinced that the spreading of the specialized information regarding the practical application of atomic energy, before it is possible to devise effective, reciprocal, and enforceable safeguards acceptable to all nations, would contribute to a constructive solution of the problem of the atomic bomb. On the contrary we think it might have the opposite effect. We are, however, prepared to share, on a reciprocal basis with others of the United Nations, detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purposes can be devised.

7. In order to attain the most effective means of entirely eliminating the use of atomic energy for destructive purposes and promoting its widest use for industrial and humanitarian purposes, we are of the opinion that at the earliest practicable date a Commission should be set up under the United Nations Organization to prepare recommendations for submission to the Organization.

The Commission should be instructed to proceed with the utmost dispatch and should be authorized to submit recommendations from time to time dealing with separate phases of its work.

In particular the Commission should make specific proposals:

(a) For extending between all nations the exchange of basic scientific information for peaceful ends,

(b) For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes,

(c) For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction,

(d) For effective safeguards by way of inspection and other means to protect complying states against the hazards of violations and evasions.

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8. The work of the Commission should proceed by separate stages, the successful completion of each one of which will develop the necessary confidence of the world before the next stage is undertaken. Specifically it is considered that the Commission might well devote its attention first to the wide exchange of scientists and scientific information, and as a second stage to the development of full knowledge concerning natural resources of raw materials.

9. Faced with the terrible realities of the application of science to destruction, every nation will realize more urgently than before the overwhelming need to maintain the rule of law among nations and to banish the scourge of war from the earth. This can only be brought about by giving whole-hearted support to the United Nations Organization, and by consolidating and extending its authority, thus creating conditions of mutual trust in which all peoples will be free to devote themselves to the arts of peace. It is our firm resolve to work without reservation to achieve these ends.

Honourable members, no words of mine could greatly add to that statement, which is magnificient not only in its phraseology but also in its concept.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: Nevertheless, I think I should point out some of the high spots of the document, and, with your very kind indulgence, make some comments thereon. Honourable senators will observe that the declaration says there is no adequate military defence to the atomic bomb. General MacNaughton, in a statement made in Detroit on the 5th of October last, said:

Counter measures to the atomic bomb are already in sight.

This statement is rather comforting, but with every respect to General MacNaughton as a very great scientist, I am bold enough to assert that when atomic bombs commence falling the only known defence is to be somewhere else. The only other escape is to make sure that they do not fall.

Honourable senators will have observed also that the declaration says:

Responsibility rests not on our nations alone but upon the whole civilized world.

It is also comforting to feel that the responsibility for seeing that the bombs do not fall is not ours alone, but is a world responsibility—a world problem. Of course Canada must play her part.

Very much writing of a fanciful character has been indulged in by newspapers and magazines on the subject of atomic bombs and atomic energy. All that one needs is a pencil and paper and a lively imagination, and in the present state of knowledge one may produce concepts of great beauty or great horror, as his mood dictates. But notwithstanding the highfaluting articles that have been written, the fact is that up to date atomic energy has in a practical way been derived only from uranium, U-235, when transmuted into the new element, plutonium. Now, the source of uranium is pitchblende, and at the present time the known deposits of pitchblende are in the Great Bear Lake area, which is part of the Northwest Territories of Canada, and in the Belgian Congo. For the experimental work that she was carrying on during the war Germany received her pitchblende from Czechoslovakia. Before the war Russia was manufacturing radium from pitchblende secured at some point in her vast territories.

I think it should be pointed out that prospecting for pitchblende has only just begun. No one can tell in what part of the world new deposits may be found, and the possibility of secrecy after discovery is something that cannot be entirely discounted. That is why the declaration says that maintenance of control over the vital materials at their source and over their manufacture into explosives is a world responsibility.

At this point let me issue a warning—if I may call it such. It is most important that we realize the folly of attempting to rely upon secrecy.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: There are no fundamental secrets about the atomic bomb. The Government made public the only fundamental discovery when it told of the conversion of radium into plutonium. The secret that remains—if there be any—is not something that you can write down on a piece of paper and deliver in an envelope. According to President Truman's statement at a press conference on the 8th of October last, the secret consists in what he termed the "industrial know-how." He said that Great Britain had spent $100,000,000 on scientific research before she handed over the task to the United States. The United States has spent $2,000,000,000 in developing the atomic bomb. Canada has spent $25,000,000, of which $15,000,000 went into the construction of the atomic plant at Chalk River.

This is the cost of engineering knowledge; of putting the different parts together; of finding the resources of men and material and the plant capacity necessary to completion of the work. But, honourable senators the expenditure of money is but incidental to the solution of this problem. The key to success in this development lay in the accumulated scientific knowledge and industrial skill of the past one hundred and fifty years—all culminating in this miracle of the atomic bomb.

One of the universities in the United States has sent me a number of reports from scientists in various States of the Union, and they all agree that others can follow the path which we blazed. It is only a question of how soon; that is all. I notice that some of those scientists put the time at two or three years, others at ten, and others again at twenty years. My expectation is that if we try to hold the secret and so stimulate research among other nations, it will not be long before those nations will have armed themselves with this terribly destructive weapon.

I would ask honourable senators to observe that the declaration states:

We are prepared to share, on a reciprocal basis with others of the United Nations, detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purposes can be devised.

In spite of that declaration there are some among us unkind enough to say that the Big Three of atomic knowledge—and we are one of them—are retaining this so-called "secret" in order to use it as a diplomatic blackjack in dealing with other nations. Of course, I need not point out to honourable members that any such suspicion is entirely unfounded. The atomic bomb in its present hands is not even a threat. We all are genuinely hopeful that atomic energy may never again be used in war. But I am ready to admit that the threat to use an atomic bomb is a very powerful argument. It proved so with Japan, where its use brought the war in the Pacific to a sudden conclusion.

It was the fear that Germany would solve the problem of atomic energy before we could defeat her that drove the scientists of the allied nations on in their herculean efforts to get there first. This fear of what may happen to the world may bring the nations together in an effort to control atomic explosives. Stark fear may force them to surrender sufficient of their prized sovereignty to allow inspection of sources of supply and control of the production and manufacture of these lethal weapons.

Let no one underestimate the fearful power of the atomic bomb. Accounts of its awful destruction in Hiroshima and Nagasaki are tragic repetitions of the history of Sodom and Gomorrah. But the overwhelming destructiveness of the first crude atomic bomb is no measure of its future possibilities. I can say definitely that if in future atomic warfare be permitted, more bombs, bigger and better bombs, will surely fall. The result of a large scale release of atomic energy is too frightful to contemplate.

Let me read what the Prime Minister of Great Britain said recently to the House of Commons in England when dealing with the problem of the control and management of atomic bombs and the protection of the world against their destruction, I quote:

The atomic bomb is here, present in the world; it is the danger that hangs over every one of us and over all the people of the world. The United Nations Organization is here, present in the world; it was born almost at the same time as the atomic bomb; it is the hope of the world.

The first step in the creation of the United Nations Organization was the Dumbarton Oaks Conference, where the United States and Great Britain roughed out what later became the United Nations Charter. The second step was the San Francisco Conference, where the United Nations Charter was drawn up and signed. The third step in the development of this world organization is the first Session of the General Assembly, which will take place in January next year, and where steps will be taken, successfully, I hope, to organize the management and control of this frightful power, the development and use of atomic energy.

The problem with which we are faced is not alone the elimination of atomic energy as an instrument of destruction. The devilish ingenuity of science has given us problems in other fields. In the first place, there are the rocket bombs. The very crude designs used in the late war, known as the V-1 and V-2, have greater possibilities in the future. Second, there is a more fiendish poisonous gas. Honourable senators may have noticed recent references in the newspapers to gasses discovered in the course of production in Germany, and intended to permeate any mask. We must not forget the possibility of the spreading of disease or the poisoning of food. These are just a few of the bright little ideas that might intrigue the fancy of some future Nazi.

The problem facing Canada and the world at large is that of creating a world appropriate to the existence of such terrible weapons. It is our responsibility to establish the rule of civilized law rather than of the law of the jungle. Our only safety lies in developing the United Nations organization into an effective world-government capable of enforcing an inspection of sources of vital material, and of controlling the manufacture of lethal weapons in all parts of the world. May I quote again the words of the Prime Minister of Great Britain? Speaking of the United Nations and possible development along the lines I have mentioned, he said:

There is the instrument which, if all nations resolve to use it, can establish the rule of law and prevent war.

The United Nations Organization as it exists today is a very different body indeed from the League of Nations. This new organization has teeth; the League had no teeth. This new organization will have an international police force; the League could not even enforce sanctions. The United Nations Organization will have the active concurrence of and participation by the United States of America, and, finally, it will be aided by the impelling motive of the atomic bomb, driving men on, whether they like it or not, towards world-government.

May I conclude my remarks with a further quotation from this historic declaration:

Faced with the terrible realities of the application of science to destruction, every nation will realize more urgently than before the overwhelming need to maintain the rule of law among nations and to banish the scourge of war from the earth. This can only be brought about by giving whole-hearted support to the United Nations organization, and by consolidating and extending its authority, thus creating conditions of mutual trust in which all peoples will be free to devote themselves to the arts of peace.

I ask my fellow senators to give their whole-hearted support not only to this resolution, but to the United Nations Organization, which has just been formed, and which may develop into the world-government that I have pictured, capable of controlling and protecting mankind against its own devilish ingenuity.

The resolution was adopted.

The Senate adjourned until Monday, December 17, at 11 a.m.

THE SENATE

Monday, December 17, 1945.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

CONSOLIDATION AND REVISION OF STATUTES

MOTION

Hon. THOMAS VIEN moved:

That in the opinion of the Senate, it is expedient that the Government should introduce a measure to provide for the consolidation and revision of the Statutes of Canada, in view of the fact that since the last consolidation and revision in 1927 a great number of statutes have been enacted, and amendments made, and the abundance of these enactments and amendments has rendered references thereto and the interpretation thereof difficult.

He said: Honourable senators, the motion which stands in my name on the Order Paper is for the purpose of bringing to the attention of the Government the expediency of having another revision of the Statutes of Canada. Before and since Confederation the statutes have been consolidated and revised every twenty years or so. There was a revision in 1866, in 1886, in 1906, and the latest, in 1927. Therefore, if the next one is to be made within the twenty-year period, it is time to begin preparatory work on it now. Members of the Bench and Bar, municipal councils and other bodies constantly have occasion to refer to the statutes. Since the revision of 1927 the volume of legislation has been greater than ever before, and it is often extremely difficult for members of the legal profession to advise their clients on points of law involving statutes which have been amended from time to time. It will be seen, therefore, that a revision and consolidation is long overdue, and undoubtedly the Government would be well advised to consider the propriety of appointing a commission to undertake this important work without further delay.

Hon. Mr. MURDOCK: Who carries out the revision and consolidation?

Hon. Mr. VIEN: The Governor in Council appoints a Royal Commission. The revision and consolidation takes about two or three years. In 1927 it occupied three or four years. During the first war a considerable number of statutes were passed, and others were amended, and it was thought advisable to revise and consolidate them. Sir Charles Fitzpatrick, who in 1924 had retired from the office of Lieutenant-Governor of Quebec, was appointed chairman of the commission. I think the revision and consolidation which I am suggesting will not involve as much work as was necessary on the last occasion, because in most Government departments there is a group of solicitors who keep the departmental legislation amended and consolidated to date.

What a revision involves is obvious, but I should perhaps explain what is meant by consolidation. It means that statutes rendered obsolete by subsequent enactments are enumerated in an index, and that the statutes in effect are presented in their amended form.

Hon. Mr. BENCH: Would the honourable gentleman inform us whether or not such a commission is empowered only to make a consolidation of the statutes or does it also have authority to revise and improve their wording?

Hon. Mr. VIEN: The commission is empowered both to revise and to consolidate. It may suggest elimination or clarification of phraseology so as to make the statutes easier of interpretation. Its report is submitted to

Parliament, and if this report is accepted a bill is introduced to give effect to the statutes as so revised and consolidated.

Hon. A. C. HARDY: I am entirely in sympathy with the motion of the honourable senator. The fact that our statutes have not been revised or consolidated for nearly twenty years makes it most important that this work should not be delayed much longer. I do not think there is a member of this House who many times during the session is not confused when a bill is introduced to amend an Act already amended. These amendments have so many ramifications that unless one is well versed in reading and interpreting statutes —that is, a lawyer of the calibre of our honourable friend from St. Catharines (Hon. Mr. Bench)—he finds it well-nigh impossible to understand the effect of the amending bill.

More than fifty years ago I had something to do with the consolidation of the Statutes of Ontario, and I have never since ceased to wonder how the human mind can untangle statutes that are amended almost ad infinitum. The honourable senator from De Lorimer (Hon. Mr. Vien) suggests that the next revision will not take as much time as the former ones did, but I have some doubt about this. In view of all the amendments that have been made since 1927, there is bound to be much confusion. While, as he says, a good many existing Acts could be dispensed with now, I believe that the revising commission would feel inclined to let the consolidation run along for two or three years until various laws pertaining to the war period, and perhaps even to the immediate post-war reconstruction period, become obsolete and can be dropped entirely.

It is vitally important that we should soon have another revision of the statutes. Perhaps the best example of the need for it is the difficulty many honourable members must have experienced time and time again when looking at a bill and finding that it is intended to amend an Act which has already been amended so many times that, in order to ascertain what the Act said in the first place, it was necessary to engage in a great deal of research. I am strongly in sympathy with the motion, and I hope that representations will be made to the proper authority—which, I suppose, is the Department of Justice—to have this great work undertaken as early as possible.

Hon. Mr. VIEN: With the indulgence of the Senate I should like to make a suggestion arising out of the remarks of the honourable senator who has just taken his seat. It is that a bill whose object is the amendment of a statute should not refer to certain words coming after certain other words in-such-and-such a line of such-and-such a section, but should simply provide that the section be repealed and a new one substituted. And on the opposite page of the bill there should be an explanatory note giving the text of the old section and stating the purport of the amendment. In the other House there is a rule requiring an explanatory note for every proposed amendment, but we know that the rule has been honoured more in the breach than in the observance, for we continually receive bills bearing no explanatory note. It seems to me that if the section to be amended were repealed, and the revised section enacted in its place, the intelligibility of the statutes would be greatly enhanced.

THE PRIME MINISTER

BIRTHDAY FELICITATIONS

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, I should like to take this opportunity of drawing attention to the fact that today is the seventy-first birthday of the Prime Minister. I am unable to say from personal experience whether or not anyone who has reached that age desires to be reminded of it, but I think honourable members will agree with me that some public notice of the occasion would be fitting.

The Right Honourable W. L. Mackenzie King has been the leader of one of the major parties of Canada for a long time, and throughout the greater part of that period he has occupied the high position of Prime Minister. Differences of opinion as to policy, which inevitably arise from time to time, do not in any way detract from the fact that he has played a great role in the public life of not only this country but the world. History, I have no doubt will record that he was one of the prime factors in the gradual—or perhaps relatively rapid—increase in this country's international stature and prestige. The peculiar characteristics which he possesses to such a marked degree seem to have been particularly evident in Canada's relations with other countries. In his own personality he has typified the part that Canada has played and, I believe, is destined to play in the future as an exponent of good will towards all peoples.

His own desires and the efflux of time make it inevitable that soon—how soon I do not know, but he has already indicated his intention—he must of necessity lay down the great responsibilities of his high office. But for long years to come the influence of his personality and leadership will be felt not

alone within the borders of this his native country, but throughout all the nations of the earth.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: Honourable senators, on my own behalf—and I am sure on behalf of all honourable members on this side—I desire to extend to the Prime Minister our very best wishes and congratulations upon the attainment of his seventy-first birthday, and to express the sincere hope that he may long be spared to enjoy good health and to exert his great powers in the cause of peace and good will among nations, a cause to which he has devoted his life and made some notable contributions.

Some Hon. SENATORS: Hear, hear.

Hon. C. C. BALLANTYNE: Honourable senators, I certainly deem it both an honour and a privilege to be afforded this opportunity of expressing for myself and for all those whom I represent on this side of the House our warmest congratulations to the Prime Minister, the Right Hon. W. L. Mackenzie King, on his seventy-first birthday. May we share the hope, so fittingly expressed by the honourable leader of the Government, that for many years to come the right honourable gentleman will be spared, to continue as Prime Minister while his party remains in power.

I quite agree with my honourable friend opposite that the Prime Minister's career has been both long and distinguished. This is not an easy country to govern. He has been Prime Minister longer than any of his predecessors and during his regime our national development has been remarkable. Not only is he very highly esteemed in Canada; he is well known in international affairs and regarded as a world leader.

A cultured gentleman, the Prime Minister has always been fair in dealing with political questions that come before Parliament, and his well-deserved reputation as an authority on domestic and world-wide questions will always assure him a prominent place in the history of the Dominion.

I sincerely trust that, since his health continues to be excellent, he will not think of retiring into private life, but will attend the Peace Conference, where his knowledge of international affairs and his mature judgment will be recognized and appreciated.

Hon. A. C. HARDY: Honourable senators, the senator from Edmonton (Hon. Mr. Harmer) is the only member on this side of the House who outranks me in seniority. I believe I have known Mr. King fairly intimately for a longer period than anyone else in this House. I go back to the time, no less than fifty-four years ago—and in the circumstances I should rather like to hide my own age—when at the age of seventeen he took up the work that he has continued down through all these decades. During his college career in Toronto he devoted himself largely to slum research, a study which he followed up in Chicago, ultimately becoming one of the best known industrial research workers on the North American continent. I mention this side of Mr. King's career to make known that his public life did not begin with his entry into Parliament.

Hon. CAIRINE R. WILSON: I too am rapidly approaching seniority in the Senate—

Hon. Mr. HARDY: Never! Never!

Hon. Mrs. WILSON: —and I should like to endorse what has been said by the leaders on both sides of the House, and by the honourable senator from Leeds (Hon. Mr. Hardy). We cannot but marvel that one man has been able to carry such a load over so many years. I join in the hope that his physical vigour will remain unimpaired so that he may attend the Peace Conference, whose decisions will be of vital importance to the world.

INFANT MORTALITY

DISCUSSION

The Senate resumed from Wednesday, December 12, discussion of the following notice of Hon. Mr. Dupuis:

That he will call the attention of the Senate to the desirability of establishing a national organization in co-operation with all the provincial governments, whose functions would be to help mothers, to develop infant health and to reduce to its minimum infantile mortality.

Hon. CAIRINE R. WILSON: Honourable senators, on behalf of the women of Canada I should like to express to the honourable senator from Rigaud (Hon. Mr. Dupuis) my appreciation of his interest in this vital matter. When he spoke on the work of the Mothercraft Society I had hoped that some of my male colleagues would rise in his support, because we are accustomed to hearing many eulogies of the glories of motherhood.

I find very little is actually done to assist the young wife and mother to learn what should be her principal role in life. I heard the honourable gentleman from Rigaud extol the courage of the pioneer spirit of the Fathers of the Church, who carried the Cross to the Indians, but I was a little disappointed that he did not speak of Marie Hébert, who in her own person epitomized all the virtues of our

sex. She was the first white woman to settle in Quebec, and was the mother of the first white child born there. Not only did she bring up her own family, but as well she gave religious instruction to the Indians in her household. She also introduced and cultivated the bean, and a bag of the seed, which luckily she had stored away, saved the colony from starvation during the last desperate months of a dreadful winter. In every occupation some attention is given to proper training, and to me it has always been a mystery why a woman who brings a child into the world is expected to know everything pertaining to its health and her own.

Since 1931 there has been a very marked decrease in our maternal mortality. In fact in the last decade it was reduced by 31 per cent. But honourable members may be surprised to learn that even today our maternal mortality is higher than it was in France and other countries in the years before the war. Although since 1940 there has been a marked improvement in this respect, we are still in fourth or fifth place among the nations of the world. Now we have reduced the rate of maternal mortality to 2·8 in every thousand live births. On looking through the statistics, I was gratified to find that it is estimated that only about 5·6 per cent of births take place without the care of an obstetrician. These figures emphasize the need of prenatal supervision and also of instruction in the care of children. There is an appalling rate of mortality among children of one year and under—greater in fact than the rate for all ages from one year to forty-five years. In the first year the deaths number 15,197, and the stillbirths 6,781—a total of 21,978; whereas from the end of the first to the forty-fifth year the number of deaths is only 21,759.

In every occupation consideration is given to assistance when needed, and also to replacement, in order that the workers may have temporary relief and some opportunity for recreation in the best sense of the word. But I fear that very little attention has been given to the need of the mother and housewife. There has occasionally been an attempt to make some housekeeping services available to mothers when ill, but this has been on a limited scale and restricted to smaller settlements where good-neighbourliness still prevails. I have long felt that in our reference to the part played by women during the war we emphasized the wrong point. We gave great commendation to the women who went into the services and to those who worked in munitions factories—and no one will deny that they deserved it, for they made a valuable contribution towards victory—but we had scant words of praise for the mothers who carried on at home and coped with a difficult situation alone while their husbands were overseas.

As honourable senators know, it was not until recently—when the Beveridge Report came out—that the housewife was rated as worthy to be paid for her services. It took a very long time for her to acquire that status. It was only after many protests that she was declared eligible for compensation for injuries suffered through enemy action. The employee who put in an eight-hour day was given far greater consideration than the mother, though her day might often run to fourteen hours.

The movement referred to by the honourable senator from Rigaud (Hon. Mr. Dupuis) is, I think, one that should be expanded until it becomes national in scope, and I should like to urge that at the next session the Senate support any proposals that may be made to that end.

The Senate took recess.

The Senate resumed at 3 p.m.

EXPORT CREDITS

NOTICE OF MOTION

Hon. THOMAS VIEN: Honourable senators, I would ask leave to revert to Notices of Motion, and to give notice of my intention to move:

That in the opinion of this House:

1. It is the avowed policy of Canada to take steps:
   (a) to safeguard the peoples of the world against threats to peace;
   (b) to reach just settlements of disputes among nations;
   (c) to establish among nations co-operation to prevent or remove economic and social maladjustments;
   (d) to achieve fairness and equity in economic relations; and
   (e) to raise the level of economic well-being among all peoples.

2. Canada has already made important and massive contributions toward the attainment of these objectives, but it is necessary to supplement them by further measures dealing with monetary and exchange stability and the flow of financial assistance to countries in need of Canadian dollars, and, particularly, facilitating the purchase of Canadian goods and services by the United Kingdom and assisting it to remove import and exchange controls affecting Canada's trade with the British Isles and other countries, within the sterling areas.

3. As it appears from "The Canadian Balance of International Payments," a publication issued by the Canadian Bureau of Statistics, that British holdings of Canadian securities as of 1939 amounted to at least $2,465,000,000 in bonds, debentures and stocks of Canada, its provinces, municipalities, public utilities, banks, industrial and commercial undertakings and as

it has become manifest, from statements of the British, the American and the Canadian Governments, that the United Kingdom needs immediate assistance to facilitate its purchases of essential Canadian supplies and services, and as it is expedient to provide Canadian dollars to meet this demand, the Government of Canada should introduce a measure to provide for the redemption of the Canadian securities held in the United Kingdom and to provide further for making the proceeds of the redemption thereof available for the purchase of Canadian goods and services by the United Kingdom, or, otherwise, to provide that any further credit to be advanced to the United Kingdom be against the pledge of Canadian securities held by British interests in the United Kingdom or elsewhere.

Of course, honourable senators, it is not customary to speak on a notice of motion, but in view of the probability of early prorogation, I ask your indulgence while I implement briefly the remarks which I had occasion to make the other day. Reports have appeared in the press that shortly Canada will make the United Kingdom a loan of $1,500,000,000 or more. Now that the war is over I think we should, when making loans, provide for the protection of Canadian interests. If there is opportunity tomorrow I shall go further into the matter.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, I have to report that business in the other place is not yet sufficiently advanced to enable me to state definitely whether or not it is advisable to adjourn until a later period this evening. Consequently I would move that the House recess until 5 o'clock this afternoon.

The Senate took recess.

The sitting was resumed.

Hon. Mr. ROBERTSON: Honourable senators, progress in the other place is not sufficient to warrant our taking a further recess until this evening in expectation of then completing the work of the session. I move therefore that the Senate adjourn until 11 o'clock tomorrow morning.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Tuesday, December 18, 1945.

The Senate met at 11 a.m., Hon. THOMAS VIEN, Acting Speaker, in the Chair.

Prayers and routine proceedings.

APPROPRIATION BILL No. 6

PRELIMINARY DISCUSSION

Hon. WISHART McL. ROBERTSON: Honourable senators, it is hoped that sufficient progress will be made in the other House to permit of Royal Assent some time to-day. I have suggested to the acting leader opposite that business might be facilitated if at this time I were to make a brief statement with regard to Bill 244, based on the Main Estimates, which has yet to come from the other House. Later the bill could be further discussed on second reading or in Committee of the Whole.

Honourable senators no doubt will recall that at various times we have had two appropriation bills before us for the fiscal year ending March 31, 1946. One covered the war expenditures and demobilization appropriation of $4,365,000. The other bill covered the estimates for ordinary Government services, the total of which for the calendar year ending March 31, 1946, is $1,023,621,000. Five-twelfths of this amount was voted during the last session to cover the months of April to August, inclusive, 1945. On each of three subsequent occasions—in September, October and November—one-twelfth of this total, less the statutory amounts, was voted to provide for carrying on the ordinary business of the country. Bill 244, which will be presented to us in due course, is for a total of $117,775,292.34, which is the difference between the amount already voted and the total estimates for the fiscal year. The bill also asks for supplementary estimates of $21,931,048, together with the power to raise a loan of $200,000,000 for public works and general purposes.

Honourable senators, this appropriation in excess of one billion dollars represents an increase of approximately $300,000,000 over last year's appropriation. I am speaking in round figures. Of that $300,000,000 roughly $190,000,000 is represented by family allowances; and most of the balance—as a matter of fact, about $102,000,000—arises chiefly out of costs incidental to the war effort.

The more important items included in this amount of $102,000,000 are:

Increase in interest on Public Debt and other debt charges	$83,026,725
Increase in cost of administration of Income Tax and Excess Profits Tax	3,211,744
Increase in Post Office service expenditures	4,214,872
Increase in Veterans Affairs for the treatment and care of returned members of the Forces ..	12,395,655
	$102,848,996

Out of the total appropriation of more than one billion dollars for the Main Estimates, a sum in excess of $600,000,000 is to all intents and purposes uncontrollable. Items making up this amount are:

Interest on Public Debt and other debt charges	$390,085,000
European War Pensions (1914-18)	37,000,000
Government contribution to the Unemployment Insurance Fund	13,500,000
Old Age Pensions and Pensions for the Blind	33,487,000
Other Pensions and Superannuation	6,453,000
Care of Returned Members of the Forces	35,382,000
Subsidies and Special Compensation to the Provinces	98,874,000
Maritime Freight Rates Act	4,400,000
Sundry other items	3,655,000
	$622,836,000

Of the remaining $400,000,000, about $190,000,000, as I have already pointed out, is expected to be required for family allowances. This leaves a balance of slightly more than $200,000,000 to carry on the ordinary services of the Government. I will make a brief reference to the requirements for the various departments.

The estimates for the Department of Agriculture show a net decrease of $3,963,000. This is accounted for principally by a reduction of $3,665,000 in the amount necessary to meet commitments in connection with wheat acreage reduction payments. There is a decrease of $508,000 in the amount for subsidies for cold storage warehouses, sufficient being provided only to meet present commitments. I have reference here to the ordinary estimates as originally presented to Parliament. But as a result of agreements entered into, one of the larger items of the supplementary estimates is a material increase in the amount of subsidies paid for cold storage warehouses.

For the Department of External Affairs there is an increase of $86,000 in departmental administration, and of $336,000 in representation abroad, to cover the increased activities of our foreign service, including provision for proposed new offices.

The Department of Finance I have already referred to. The total of debt charges is increased by $83,027,000—from $307,058,000 to $390,085,000.

Old age pensions show an increase of $1,960,700, and now stand at $33,487,000.

The Fisheries Department shows an increase of $119,200 for the Fisheries Research Board of Canada, to enable it to continue its investigations and research undertaken this year in connection with fisheries problems.

In the Labour Department there is an increase of $1,204,000 for administration of the Unemployment Insurance Act of 1940.

The Department of National Health and Welfare shows an increase of $192,493,000. This is virtually all for the Family Allowance Division, and includes $2,392,000 for administration expenses and $190,000,000 for family allowance payments authorized under the family allowance legislation.

The Post Office Department shows an increase totalling over $4,000,000, including $3,128,000 for salaries and other expenses of post offices throughout the country, $778,000 for railway mail service, $159,000 for air and land mail services, and $100,000 for the Audit of Revenue Section.

In the Public Works Department there is a slight over-all net increase of $176,000, which includes provision for certain long deferred maintenance works.

The Department of Trade and Commerce shows an over-all net increase of $679,000. This includes $219,000 for continuation of present programmes of the Commercial Intelligence Service, $353,000 for the Statistics Service of the Dominion Bureau of Statistics, and $237,000 to meet heavier demands under the Canada Grain Act.

The Transport Department shows a net increase of $340,000. This provides principally for increased operation and maintenance expenditures of the Civil Aviation and Radio Divisions of the Department's Air Service.

The Department of Veterans Affairs shows an increase of $12,395,000 for its various services in connection with the treatment and care of returned members of the Forces and payments to or for veterans and their dependents. The larger increases are: $4,040,000 for rehabilitation services, $4,527,000 for hospitalization and treatment, $2,350,000 for war veterans allowances and $767,000 for administration of Soldier Settlement and Veterans' Land Act.

These figures refer primarily to the Main Estimates as presented to Parliament earlier in the session.

As I have already indicated, supplementary estimates total $21,931,048. These cover quite a wide field, as honourable members will observe on reference to the details before them. I am advised there are two main factors bearing on these supplementaries. One is the necessity, now the war is over, of proceeding with long-deferred public works. The other is the desirability of restoring to civil servants, to some extent at least, statutory increases which were suspended during the war.

In the estimates for the Department of Agriculture I directed attention to an increase

in respect of subsidies for the building of cold storage warehouses under the Cold Storage Act. Agreements have been entered into with various companies which have taken advantage of this legislation, and the supplementary estimates provide for approximately $500,000 for this purpose.

The supplementary estimates also include an item of $1,000,000 for additional public works in this city. The bill based on the estimates contains a section empowering the Government to borrow $200,000,000 to cover the erection of necessary public works, and other expenses which may arise between now and next session.

Hon. C. C. BALLANTYNE: Honourable senators, I am sure we all are indebted to the honourable leader of the Government (Hon. Mr. Robertson) for his explanations of the huge expenditures already made or that are contemplated. The figures are indeed staggering. What is worrying not only Parliament but the people is the country's debt, the bulk of which was incurred by reason of unavoidable expenditures during the war. No doubt within a few months the debt will reach the large total of twenty billion dollars, and this will not include the many millions of future expenditures which the honourable leader mentioned.

We all are proud of Canada's war effort, by which I mean not only what was done by our armed forces, but the administration of all the activities made necessary by a global war. Generally speaking, while hostilities lasted the Government had the unanimous support of Parliament, and rightly so. We on this side of the Senate differed with the Government on one matter only, the manpower policy But now the war is over, and it certainly is the responsibility and the duty of the government to enforce rigid economy.

I was pleased to note from this morning's paper the announcement by the Honourable the Minister of Labour that Selective Service will be abolished on January 1. That organization performed a useful function during the war, but it is no longer required. Thousands of Selective Service employees are occupying expensive buildings all across the country, so the discontinuance of their services should effect a great saving. But why should the Government stop there? During the war a large number of control boards and other organizations had to be set up, but many of them are no longer required, and I do not think I am exaggerating when I say that the services of tens of thousands of their employees from one end of the country to the other could be dispensed with most advantageously. Take the city of Ottawa, with which the honourable senator from Leeds (Hon. Mr. Hardy) is more familiar than I am. I venture to say that if one closed his eyes and gave an order to reduce personnel by 50 per cent, the released employees would never be missed.

I realize the difficulty that any Government has after a great war in trying to reduce the many establishments that were essential while the war was going on. I had to deal with that difficulty—on a much smaller scale, I admit—after the first Great War. Ministers are so busy that they cannot attend to the matter themselves. I should like to suggest to the honourable leader of the Government that, say, two men be clothed with authority to carry out a full investigation of all the wartime controls and departments still functioning, to eliminate those no longer essential and to reduce materially the staffs of the others. Millions of dollars could be saved by action of that kind. If sufficient authority for the investigators cannot be obtained anywhere else, the provisions of Bill 15, the famous Emergency Powers Bill, should be ample for the purpose. I have in my hand the replies to the inquiries by the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) as to the total number of CWACs and Wrens who enlisted during the war and the number on strength now. The information is rather astonishing. I give great credit to the women of Canada for joining the Women's Army Corps and Naval Service and for the splendid wartime work that they did; but surely, honourable senators, we have more than reached the time when we can get along without the CWACs and Wrens. In my city the CWACs live in palatial quarters, and naturally are loath to retire from the service and return to their homes, where I am sure they are urgently needed. The total enlistment of CWACs was 21,614. Their strength on May 1 was 13,962, and on November 1 it was still at the high figure of 11,085. Up to November 30 this branch of the service cost approximately $32,420,280. I need not go into details of the cost of barracks, housekeeping appliances and living quarters, uniforms and equipment and rations. Surely here is an opportunity to economize.

You have already seen the answer to the inquiry of the honourable gentleman from Bedford-Halifax (Hon. Mr. Quinn) with respect to the Wrens, and I hope you will pardon me for referring to it. The total enlistment of Wrens was 6,675. Today there are still 4,893 on the strength. Why do we need that number of Wrens now? If these two women's services were demobilized certain permanent positions would be available for a class of returned men who would be

glad to fill them. I refer to the young lads of seventeen and eighteen years of age who joined the armed forces and were not engaged in any particular work before enlistment.

At the time the naval estimates were before our committee I was unfortunately unable to be present to discuss a question raised as to the construction of the Tribal Class of destroyers at Halifax. The Deputy Minister, Mr. W. G. Mills, in reply to a question said that one of the Tribal Class of destroyers now in commission cost $6,000,000. The same type of destroyer, according to his statement, could have been built in the United Kingdom for $3,500,000. Please understand, honourable senators, that I do not pose as an authority on naval construction. The views I am about to advance are based on information that I obtained when, a good many years ago, I was a member of the Montreal Harbour Commission. A Liberal government was in power at the time. The Honourable Mr. Brodeur, Minister of Marine and Fisheries, asked me, together with Sir Frederick Borden, Minister of Militia, to accompany him to England to try to induce the Vickers Company to establish a shipbuilding plant at Montreal on some thirty-eight acres of land that the Harbour Commission had just reclaimed from the bed of the river. I am very glad to say that, largely through the influence of that able Minister, Mr. Brodeur, a contract was signed, and this country has been benefited by having the Canadian Vickers operating here ever since. At that time the question of constructing naval vessels was thoroughly gone into. The Vickers Company said it would be impracticable to build naval vessels in Canada, because the cost would be too high, we having neither the men nor the materials necessary for the purpose. As Naval Minister I attended the Imperial Conferences of 1918 and 1921. The question of building naval ships in Canada was threshed out with the Sea Lords. I also discussed the matter with those two famous men of the British Navy, the late Admiral Beatty and the late Admiral Jellicoe.

The former Minister of Naval Affairs, Mr. Macdonald, announced the policy of the Government to have naval vessels built in Canada. I have the highest regard for him, and at this point I pay my tribute to the development and expansion of the Canadian Navy under his administration. Our young men from the farms, factories and places of business were eager to enlist, and during the war the total personnel reached 95,000. They distinguished themselves in every engagement with the enemy, and their heroism and skill won the admiration of their comrades of the British Navy.

I have always been interested in Canada having a Navy. Since Sir Wilfrid Laurier introduced the Navy Bill in 1911, our naval service has had a checkered career; but now it is established on a firm basis, and I am pleased to note that we are to have a permanent naval force of 10,000 men.

But to come back to the building of the Tribal Class of destroyers. When in 1941 the policy was first announced by the former Minister I stated in this Chamber that it would be a mistake for Canada to try to construct destroyers of this large type, armed as they are with four and six-inch guns, anti-aircraft guns and torpedoes. I suggested to him that as cargo ships were very urgently needed, we could build five of them for the cost of one Tribal Class destroyer. The honourable leader of the Government will correct me if I am wrong, but I am under the impression that three or four more of this class of destroyers are to be constructed. I do hope the Government will cancel the contracts. Most of the destroyers and cruisers have been either bought from the United Kingdom or received from that country as a free gift. The two destroyers that arrived on the Pacific Coast a few days ago are much more modern in their equipment than the Tribal destroyers being built at Halifax, one of which has already been finished. For that reason and for the sake of economy the Government would be well advised to proceed no further with the construction of that class of vessel. Many millions of dollars could be saved there.

I come now to the general picture. Canada faces difficult times and the outlook is not too bright, but I hope our people will display the same morale and will-power that they did during the war. In wartime morale is essential, not alone for the armed forces, but for each and every citizen. The high morale of our people during the war greatly helped to defeat both Germany and Japan.

But there is no high morale on the part of our business people or of Canadians in general to-day. Instead, there is apathy. One commonly hears it said: "With all these controls and taxes, what's the use?" Therefore I hope that in the very near future the Government will relax more controls and still further reduce taxes. The unemployment situation is not good at present, but I do not blame the Government for that. In the country as a whole the number of people out of work is at least 200,000, and that number will increase, principally because of the transition from wartime to peacetime industry. But the Government could stimulate trade and encourage industry, large and small, by giving business people cause to hope that they can

make a fair return on their capital. I say once again that as soon as possible the Government should remove the ceiling prices on goods whose consumption does not seriously affect the cost of living or foreign exchange. Also the income tax ought to be entirely removed. If these things were done a great impetus would be given to trade and the general development of the country. I have never been one who believed that we could have full employment in Canada. I am by no means a pessimist, but if you want to succeed in public life or in business or any other career a sane optimism is not enough; you must have also a sane regard for economy and many other things. If the Government adopted my suggestions, even in part, the morale of the people would be strengthened, their apathy would disappear and they would once more have the courage and ambition to make Canada greater.

Honourable senators know as well as I do that no other country in the world offers the same opportunities that Canada does. As was said last night at the birthday party to the Prime Minister, the reputation and status of Canada are high throughout the world. I am in favour of selected immigration. There are many experts in European arts and crafts who could be admitted here to our great advantage. And if my suggestions were put into effect capital also would flow into Canada.

I have spoken altogether too long, but I should like to say a few more words. I very much doubt that they will be heeded, but I am inspired to make them by a story I read in a Toronto paper this morning to the effect that Parliament and the Government are considering making some changes in our parliamentary procedure to bring it into closer conformity with that of the British Parliament. As honourable senators are aware, the Imperial House of Commons assigns a certain number of days—usually about three—to the debate on the Address in reply to the Speech from the Throne, and the debate concludes within the time set. Similarly, on other important subjects—it may be foreign affairs, for instance—a limit of one or two days is fixed for debate. But in this country when the Address is being considered, every honourable member of another place feels that he must make a speech; and afterwards, at great cost to the country, he mails Hansard out to all the voters in his constituency. When they come to the budget they appoint a committee composed of members from each party. This committee goes thoroughly into the estimates and reports them to the House. I for one would very much like to see that system inaugurated here. No doubt there would be a cry to high Heaven that under our democratic system such a practice would never do. But here we are in the closing hours of the session, with supplementary estimates running into millions of dollars which we have had no opportunity to consider at all. The Main Estimates we have to a certain extent considered in the Finance Committee. The honourable leader of the Government told me this morning that if honourable members desired further details he was quite willing that the House should resolve itself into Committee of the Whole for the purpose. But the same old system has been followed ever since I have been a member of either House: everything is thrown at us in the dying hours of the session. It is not fair to us, it is not fair to Parliament, and it is not fair to the people of Canada. I do hope that some change will be made to remedy this unsatisfactory state of affairs.

Hon. THOMAS A. CRERAR: Of the statements made by my old colleague of former days there is one that I agree with and one that I cannot agree with. As to procedure in the other House, I wholly share his view. For a good many years I have felt that members in the Commons seem unable to discipline themselves to an orderly consideration of the all-important business that comes before them. As my honourable friend has said, days and weeks are wasted in debate on matters that should be disposed of within a reasonable length of time. Then with the approaching end of the session there is a great urge to get business through, and often important legislation fails to receive adequate consideration. I join my voice in the protest, made in this Chamber more than once, against a mass of important legislation being sent here in the closing days of the session when it is impossible to devote to it the time necesary for thorough consideration. I hope that eventually some remedy will be found for this unsatisfactory state of affairs.

The other statement of my honourable friend which I should like to agree with, but cannot, is that the income tax should be removed entirely.

Hon. Mr. HARDY: I noticed at the time that the honourable gentleman used the term income tax, but I knew he meant the excess profits tax.

Hon. Mr. BALLANTYNE: I thank the honourable member for drawing my attention to it. I intended to say excess profits tax.

Hon. Mr. CRERAR: Then I find myself in the happy position of being able to agree with my honourable friend on both points.

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. CRERAR: The excess profits tax was a war measure, and with the disappearance of the war should be removed. There was full justification for it during the war—

Hon. Mr. BALLANTYNE: Surely.

Hon. Mr. CRERAR: —but now it should be repealed. I trust I shall not be misunderstood when I say that the economists of the nineteenth century were, in my judgment much abler men than the economists of the twentieth century. I recall that one of them said, "The power to tax is the power to destroy." That is a truism we should ever bear in mind. I have no hesitation in saying that any considerable tax on the income of corporations is an unwise tax, because if we are to have full development of the resources of our country, with all the employment that comes from such development, then it is the part of wisdom to offer every possible encouragement.

Any expectation of much tax reduction is I fear too optimistic in the present state of affairs, particularly in view of our present expenditures and future commitments. No one will dispute that we had to play our part in the war. Had we lost the war, within a few years we should have been concerned with far more terrible problems than any that confronted us in the past five years. My conviction on that point has never wavered. But we may as well face the fact that it has been a tremendously costly business not only in the monetary sense but in the destruction of other values which are of the very best in our civilization. It is, I think, well to examine our position and to take counsel with ourselves as to what is the wisest course to steer through these difficulties.

I am grateful to the honourable leader of the Government for explaining how the increases in the current estimates arise. His statement indicates that our total expenditures for the fiscal year ending March next will be well over five billion dollars. That is accounted for roughly by the $3,365,000,000 set out in the War Appropriation Bill and the $1,023,000,000 for various departmental expenditures as set out in the blue-covered volume which I hold in my hand; and by approximately $22,000,000 of the supplementary estimates and the additional $650,000,000 under the Export Credits Insurance Act. Let me not be misunderstood; I take no exception to this expenditure.

As by the end of the fiscal year the war with Germany will have been over for almost eleven months, and the war with Japan for almost eight months, $5,000,000,000 seems a very large expenditure. Please understand, honourable members, I am not criticizing the Government for the expenditure, for our experience after the Great War ending in 1918 indicated that the two years immediately following the cessation of war are in some respects more expensive than the actual war years. I call attention to these huge amounts, not in the spirit of criticism, but to indicate to honourable members that the financial problems ahead of us are vitally important.

I hear it said that in the normal condition incident to peace Canada will need to raise by taxation between $1,750,000,000 and $2,000,000,000 a year. That is a very large sum of money, and unless we can greatly expand our export trade and find permanent markets in all corners of the world where our products can be profitably disposed of, I do not see how we are going to survive under this tremendous burden.

In my humble judgment no problems facing our people today are of more importance than those which will arise out of public finance, for if the country becomes unable to meet its expenditures it will run into really serious political troubles. So I hope that when another session rolls around the Government will bring before Parliament a budget exhibiting as much economy as is reasonably possible,—

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. CRERAR: —and I would add that this whole problem of public finance, of taxes and expenditures, is one that could very well engage much more of the attention of this honourable House than it has in the past.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, I have been advised that there is a reasonable hope that the business of the other House will have progressed sufficiently to permit Parliament to prorogue at 5 o'clock this afternoon. In these circumstances I would suggest that the Senate adjourn during pleasure, to resume at 3 o'clock this afternoon, at which hour it may be possible to know when the Supply Bill will be formally before us.

PROROGATION OF PARLIAMENT

The Hon. the ACTING SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would pro-

ceed to the Senate Chamber this day at 5 p.m. for the purpose of proroguing the present session of Parliament.

The Senate took recess.

The Senate resumed at 3 p.m.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, further progress has been made in the other House, and there is reasonable hope that it will pass the Supply Bill by 4 o'clock. I would therefore suggest that the Senate adjourn during pleasure, to reassemble at the call of the bell.

The Senate adjourned during pleasure.

The sitting was resumed.

APPROPRIATION BILL NO. 6

FIRST READING

A message was received from the House of Commons with Bill 244, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1946.

The Bill was read the first time.

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of the bill.

He said: Honourable senators, this is the bill which was referred to earlier in the sitting and to which, together with the War Appropriation Bill, consideration has been given in the Committee on Finance. It contemplates with respect to the Main Estimates a balance outstanding over and above the amount voted last session and the twelfth voted on each of three occasions during this session. The amount is $117,775,292.34. The supplementary estimates total $21,931,048. The bill empowers the Government to borrow a further $200,000,000 for public works and general purposes.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the Bill was read the third time, and passed.

The Senate adjourned during pleasure.

The Hon. the ACTING SPEAKER.

PROROGATION OF PARLIAMENT

ROYAL ASSENT—SPEECH FROM THE THRONE

The Honourable Thibaudeau Rinfret, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act for the relief of Martha Louise Manful Hatch.

An Act for the relief of Nora Jean Cunningham Brisbane.

An Act for the relief of Therese Bonenfant Fusco.

An Act for the relief of Mildred Euretta MacKay Disher.

An Act for the relief of Mary Emerson Whittemore Schlemm.

An Act for the relief of Andrew Lawrence Card.

An Act for the relief of Annie Morrison Wisely Pitblado.

An Act for the relief of Joe Eisen.

An Act for the relief of Ellen Therese Cramer Watson.

An Act for the relief of Rita Gendron Reid.

An Act for the relief of Evelyine Pearl Edwards Aird.

An Act for the relief of Helen Turner Luke.

An Act for the relief of Lois Elizabeth Allworth Pierce.

An Act for the relief of Armandine Cecile LeBrun Lachance.

An Act for the relief of Grace Irene Paquet Hopkins.

An Act for the relief of Alma Joan Begin Oswald.

An Act for the relief of George Ernest Reed.

An Act for the relief of Sylvia Heather McCulloch Peck.

An Act for the relief of Frederick Keith Beattie.

An Act for the relief of Robert Coull.

An Act for the relief of Violet Beach Meredith.

An Act for the relief of Max Engelberg.

An Act for the relief of Bertha Harris Fineberg.

An Act for the relief of Nils Jens Pettersen.

An Act for the relief of Benjamin Charles Stafford.

An Act for the relief of Florence Mary Daniel Nightingale.

An Act for the relief of Edward Stephen Vasselin.

An Act for the relief of Robert Marshall Miller.

An Act for the relief of Dorina Laurin Wallis.

An Act for the relief of Helen Louise Clark Leet.

An Act for the relief of Dorothy Anita Duffy Gregson.

An Act for the relief of Irene Grace Harman Smith.

An Act for the relief of Lorna Maud Clerk Kingsland.

An Act for the relief of Edgar Jean.

An Act for the relief of Ethel Maybird Wright Latremouille.

An Act for the relief of Marie Rose-Alba Germaine Belair Blanchard.

An Act for the relief of William Bernard McCarrick.
An Act for the relief of Lorne Edward Souva.
An Act for the relief of Edith Gertrude Jackson Holloway.
An Act for the relief of George Allenby Bradshaw.
An Act for the relief of Phyllis Fitch Farber.
An Act for the relief of Vencel Humenay.
An Act for the relief of Waldo James Cousins.
An Act for the relief of Albert Wilson Harvey.
An Act for the relief of Iris Ester Westerberg Duffy.
An Act for the relief of Della Frances Gardner Hudson.
An Act for the relief of Joseph Gerard Fernand Arthur Groleau.
An Act for the relief of Audrey Nathaniel Smith MacNair.
An Act for the relief of Ovila Bernard.
An Act for the relief of Albert Edward Spray.
An Act for the relief of Helen Isabel Dibblee Brown.
An Act for the relief of Robert Hiscock.
An Act for the relief of Jacques Noel Cerminara.
An Act for the relief of Joseph William Henry Beausoleil.
An Act for the relief of Rita Beryl Gwendolyn Scott Lunn.
An Act for the relief of Neil Sinclair McKechnie.
An Act for the relief of Albert Evariste Gelinas.
An Act for the relief of Royal Tessier.
An Act for the relief of Aurore Leblanc Proulx.
An Act for the relief of Margaret Susan Bradshaw Hodgkinson.
An Act for the relief of Lydia Donalda MacDonald Fletcher.
An Act for the relief of Charles Edward Varney.
An Act for the relief of George Louis Bush.
An Act for the relief of John Hall Jones.
An Act for the relief of Madeline Daisy Harvey Bell.
An Act for the relief of Georges Moshonas.
An Act for the relief of Ann Agnes Hyson Kellogg.
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An Act to incorporate Ottawa Valley Trust Company.
An Act to incorporate The Arctic Institute of North America.
An Act to amend An Act to incorporate The Royal College of Physicians and Surgeons of Canada.
An Act to consolidate and amend the Acts relating to Alliance Nationale.
An Act to incorporate Canadian Slovak Benefit Society.
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An Act to incorporate Canadian Conference of the Mennonite Brethren Church of North America.
An Act to incorporate The Catholic Episcopal Corporation of Whitehorse.
An Act to amend The Penitentiary Act, 1939.
An Act respecting The Quebec Railway, Light and Power Company.

An Act to incorporate Compagnie de Fiducie d'Amerique or, in the English language, Trust Company of America.

An Act respecting the Manufacturing, Inspection and Sale of Maple Products.

An Act to amend The War Service Grants Act, 1944.

An Act to amend The Export Credits Insurance Act.

An Act to amend The Excess Profits Tax Act, 1940.

An Act to amend The Dominion Succession Duty Act.

An Act to amend the Special War Revenue Act.

An Act to authorize the Minister of Finance, with the approval of the Governor in Council, to enter into an Agreement with the Province of Alberta to amend the Agreement entered into with that Province under the authority of The Dominion-Provincial Taxation Agreement Act, 1942.

An Act respecting the Department of Reconstruction and Supply.

An Act to amend The Veterans' Land Act, 1942.

An Act to confer certain transitional powers upon the Governor in Council during the National Emergency arising out of the War.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

An Act to amend The Foreign Insurance Companies Act, 1932.

An Act to amend the Income War Tax Act.

An Act to amend The National Housing Act, 1944.

An Act for Carrying into Effect the Agreements for an International Monetary Fund and an International Bank for Reconstruction and Development.

An Act to amend the Trust Companies Act.

An Act to provide Rehabilitation Allowances for Veterans.

An Act to amend the Senate and House of Commons Act.

An Act for granting to His Majesty aid for National Defence and Demobilization.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

After which the Honourable the Deputy of the Governor General was pleased to close the First Session of the Twentieth Parliament of Canada with the following Speech:

Honourable Members of the Senate:

Members of the House of Commons:

More than three months have elapsed since the unconditional surrender of Japan, following upon the unconditional surrender of Germany, brought to an end a world war which has lasted for six years. But peace throughout the world had still to be attained. We are now passing through a period fraught with the inevitable difficulties and dislocations of a time of transition from war to peace. Efforts to establish an enduring peace must be the first concern of all nations.

An essential step towards world peace is the relief of human suffering occasioned by war and the restoration of the countries physically damaged by war. To that end, the further appropriations you have made for international relief and rehabilitation will be of the utmost service.

Canada's determination to do her full part in maintaining international peace and security has been expressed by the unanimous approval given by both Houses of Parliament to the Charter of the United Nations. A delegation, including members of both Houses, is at present in London attending the meetings of the Preparatory Commission of the United Nations Organization.

During October, after a brief conference at Washington with the President of the United States, my Prime Minister visited the United Kingdom for discussion with members of the British government and for consultation with Canadian representatives in Europe. Shortly thereafter the Prime Minister joined with the Prime Minister of the United Kingdom in conversations with President Truman at Washington on the subject of atomic energy. Their discussions resulted in an agreed Declaration. The initiative was thereby taken in an international effort to prevent the use of atomic energy for destructive purposes and to promote its use for the benefit of mankind. The approval you have given the declaration will further this initiative.

The visit to Ottawa of the Prime Minister of Great Britain and his address to the members of both Houses of Parliament were deeply appreciated. The visit afforded opportunity for an expression of Canada's admiration for the spirit and resolution of the people of Britain in meeting the difficulties and privations of this post-war period.

Efforts to stimulate the expansion of external trade and the restoration of a world economy have been intensified. These ends will be greatly furthered by the vastly increased appropriations you have made for export credits to allied countries and by your approval of Canadian participation in the International Monetary Fund and the Bank of Reconstruction and Development. Negotiations are under way to extend export credits to the United Kingdom. Far-reaching proposals on trade and employment for consideration by an international conference have been advanced by the United States government and are now before you. My ministers welcome the presentation of these proposals.

With your approval Canada became a member of the Food and Agriculture Organization of the United Nations. The first meeting of the new organization was held in Quebec City in the month of October.

In November, the Co-ordinating Committee of the Dominion-Provincial Conference, which includes the Premiers of all the Provinces, devoted several days to a detailed and frank exchange of views with my Prime Minister and other of my ministers. A Dominion-Provincial Economic Committee was set up by the Co-ordinating Committee to examine and report to the participating governments upon the economic factors affecting Dominion and Provincial proposals and relations. The Co-ordinating Committee will meet again early in the new year. My ministers are resolved to continue their utmost endeavours to reach an agreement which will place the Federal Government and the governments of all the provinces in a financial position to discharge effectively their several responsibilities.

The members of the armed forces serving abroad have been returning to Canada as rapidly as transport facilities would permit. The release of men and women from the forces is keeping pace with repatriation.

Pending a decision as to the size of the permanent defence establishments, interim arrangements have been made for continued voluntary service in the armed forces of members of the three services who have the required qualifications.

A special committee of the House of Commons, has given close study to the various statutes and orders relating to the care, rehabilitation and reestablishment of war veterans. On the recommendation of the committee, a Veterans' Rehabilitation Act has been enacted and amendments have been made to the War Service Grants Act and the Veterans' Land Act. The Government intends to propose that the committee be reconstituted at the next session to complete its examination of the measures which are being consolidated into a Veterans' Charter.

Steady progress has been made with the conversion of war industries to civilian production. Provision has been made for the amalgamation of the Department of Munitions and Supply with the Department of Reconstruction. The work of the Department of National War Services is all but completed.

War restrictions are being removed as rapidly as this can be accomplished without occasioning inflation or other economic disturbances.

In order to make possible the continuance of controls essential to the welfare of the people, a measure has been enacted to permit the extension of certain specified emergency powers during the period of transition from war to peace.

To accelerate the construction of houses as the supply of materials and the availability of labour increase, amendments have been made to the National Housing Act. Provision has also been made for the establishment of a Central Mortgage and Housing Corporation. Special attention is being given to the provision of low-cost housing for war veterans and to making emergency shelter available during the present shortage of permanent housing.

Provision has been made for increasing the capital of Trans-Canada Air Lines to permit of the expansion of our international air services.

Members of the House of Commons:

I thank you for the financial provision you have made for all essential services, as well as for expenditures arising out of the war and for purposes of reconstruction.

The unprecedented response to the Ninth Victory Loan was heartening evidence of the determination of the Canadian people to consolidate victory.

A measure of relief from the wartime burden of taxation has been a significant feature of the session.

Honourable Members of the Senate:

Members of the House of Commons:

My ministers were gratified at the approval given to the proposal that Canada should possess a distinctive national flag. At the next session, they will propose that the Select Committee of both Houses be reconstituted in order to complete the task of considering a suitable design for a Canadian flag.

It affords me pleasure to state that a successful beginning has been made in the planned development and beautification of Canada's capital and its surrounding area as a national memorial to commemorate the service and sacrifice of Canadians in the war just ended.

On taking leave of you at the close of this momentous year, I pray that Providence may continue to bless our country, and to guide the nations of the world in their efforts to establish an enduring peace.

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