DOMINION OF CANADA



HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—TWENTY-FIRST PARLIAMENT

15 GEORGE VI, 1951

BEING THE 92ND SESSION FOR THE PERIOD 1867-1951

VOLUME II, 1951

COMPRISING THE PERIOD FROM THE EIGHTH DAY OF MARCH, 1951,
TO THE THIRTEENTH DAY OF APRIL, 1951, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951

HOUSE OF COMMONS

Thursday, March 8, 1951

The house met at three o'clock.

ATHLETICS

REFERENCE TO AWARD TO THE MEMBER FOR TRINITY

Mr. Daniel McIvor (Fort William): Mr. Speaker, on a question of privilege and admiration, may I say that never in the last fifty years has there been a House of Commons which had among its membership so many outstanding athletes as has this one. We have a champion wrestler, a rugby champion, a soccer champion, champion curler and champion tennis player. My question of privilege is that we in this house have a champion boxer, champion rugby and champion hockey and lacrosse player in the person of the hon. member for Trinity (Mr. Conacher). He is hailed across Canada as the greatest athlete of our time.

Mr. Lionel Conacher (Trinity): Mr. Speaker, it was very kind of the hon. member for Fort William (Mr. McIvor) to bring to the attention of the house the fact that I was awarded this mythical title covering the last fifty years in sport. I should like also at this time to thank the hon. member for Athabaska (Mr. Dechene) for his kind remarks on my behalf the other day.

I realize that this house has before it too many important problems to be concerned with such matters as this. However, I should like to say that I believe that sport has its proper place in our way of life, and that, while overdone in many instances, it has served a useful purpose, particularly among the younger generation, as it helps them to develop their bodies; and a healthy body, I am sure we all agree, develops a healthy mind.

I should like to say that in the last fifty years I have played with and against many great teams; and on more occasions than one I was in the position of either starting or helping to stop the attack. In my present position in this house I have been relegated to the bench, in a sense; but I feel quite satisfied with this position on such a fine team as we have here, which is quite capable of carrying the heavy burden placed on its shoulders in these trying days.

I should like to thank the house for bearing with me in the time I have taken in acknowledging the kind remarks of the hon. member for Fort William.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—CORRESPONDENCE WITH PROVINCES

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to lay on the table the French translation of correspondence between the Minister of Justice (Mr. Garson) and provincial premiers, of which the English version was placed on the table on March 6.

PUBLIC ACCOUNTS

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Campney be substituted for that of Mr. Winkler on the select standing committee on public accounts.

Motion agreed to.

EXPORT AND IMPORT PERMITS

AMENDMENT TO EXTEND LIFE OF ACT UNTIL JULY 31, 1954

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the first reading of Bill No. 130 (from the Senate) to amend the Export and Import Permits Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INCOME TAX—FARMERS—PROPERTY SOLD FOR NON-PAYMENT

Mr. Argue:

1. On how many farmers, by provinces, have exchequer court writs been served following non-payment of income tax in each year from 1940-1950 inclusive, and what was the total amount involved, by provinces, and by years, in the exchequer court writs referred to in this question?

2. What was the value of farm property sold for non-payment of income tax at sheriff's sale or by any other means, by provinces, in each year from 1940 to 1950 inclusive?

Questions

Mr. McCann:

1. Information is not available of the number of farmers, by provinces, upon whom exchequer court writs have been served following non-payment of income tax, or the total amount involved by provinces.

2. Information is not available on the value of property sold for non-payment of income tax.

CANADIAN FORCES—DEDUCTIONS FROM SUBSISTENCE ALLOWANCES

Mr. Nowlan:

1. Are moneys withheld or deductions made from the subsistence allowances of members of the armed forces of Canada occupying homes situated on army camps, naval establishments, or air force stations?

2. If so, has there been any increase in the amounts so withheld or deducted?

3. If there has been an increase in the amounts so withheld or deducted, when did they become effective, and what was the amount of such increases for each of the respective ranks of (a) the navy; (b) the army; (c) the air force?

Mr. Blanchette:

1. No. Members of the armed forces occupying permanent and temporary married quarters situated in army camps, naval establishments or air force stations and provided with rations, are not entitled to subsistence allowance and therefore no moneys are withheld nor are deductions made in these cases. The subsistence allowance is not intended to represent the actual cost of quarters and rations outside of service establishments but is considered in the nature of an allowance in lieu. Subsistence allowance is paid only to those members of the armed forces for whom rations and quarters are not provided.

2 and 3. Answered by No. 1.

HOSPITAL CONSTRUCTION GRANTS—PAYMENTS FOR OLD AGE PENSIONS AND PENSIONS TO THE BLIND

Mr. Catherwood:

1. What was the total amount of money paid to provinces for hospital construction in the years 1949-50?

2. What was the total amount of money paid in old age pensions in the years 1949-50?

3. What was the total amount of money paid in pensions for the blind in the years 1949-50?

Mr. McCusker:

1. Fiscal year 1949-50, $6,803,858.75.

Amounts expended under the national health grants program represent only payment by the Department of National Health and Welfare to the provinces of claims submitted by them covering accounts (properly audited) which have been paid by the provinces and for which they are entitled to be reimbursed. Expenditures by the Department of National Health and Welfare do not in any way represent the amounts actually spent by the provinces on projects for which approval has been given by the department. In the case of the hospital construction grant, claims by the provinces in respect of approved projects are submitted in four instalments, namely, upon completion 25 per cent, 50 per cent, 75 per cent and 100 per cent of construction. The period of construction of nearly all projects extends over one or more fiscal years.

2. Fiscal year 1949-50, $119,535,530.31.

3. Fiscal year 1949-50, $4,715,466.17.

Note re 2 and 3 above: Amounts shown cover pensions paid (both the federal share of 75 per cent and the provincial share of 25 per cent) under the provisions of the Old Age Pensions Act but do not include provincial supplemental allowances.

COMPLAINTS RECEIVED BY ASSISTANT GRAIN COMMISSIONER, SASKATCHEWAN

Mr. Wright:

1. From what points and on what dates were written complaints received in the office of the assistant grain commissioner in the province of Saskatchewan, between August 1, 1949, and February 1, 1951?

2. On what dates were they investigated?

Mr. McIlraith:

1 and 2. Written complaints received in office of assistant commissioner for Saskatchewan, August 1, 1949, to February 1, 1951, from the following points:

Tadmore, received October 3, 1949, investigated October 5-6, 1949.

Waldheim, received October 21, 1949, investigated October 22, 1949.

Cavell, received October 22, 1949, investigated November 8, 1949.

Fairy Glen, received November 8, 1949, investigated November 14, 1949.

Elkhorn, received November 21, 1949, investigated December 1-2, 1949.

Moosomin, received November 28, 1949, investigated November 30, 1949.

Meath Park, received December 13, 1949, investigated January 5, 1950.

Tisdale, received July 24, 1950, investigated August 9, 1950.

Meacham, received September 16, 1950, investigated September 23, 1950.

Lockwood, received September 25, 1950, investigated September 25-26, 1950.

Moose Jaw, received October 7, 1950, investigated October 21 and November 2, 1950.

Aberdeen, received October 11, 1950, investigated October 13, 1950.

Fillmore, received October 19, 1950, investigated October 20, 1950.

Rosthern, received October 21, 1950, investigated October 29, November 3 and November 17, 1950.

Fortune, received November 6, 1950, investigated November 27 and December 1, 1950.

Canora, received November 14, 1950, investigated November 18, 1950.

Lockwood, received November 20, 1950, investigated November 24, 1950.

Alvena, received November 21, 1950, investigated November 28, 1950.

Mikado, received December 11, 1950, investigated December 15-16, 1950, January 5 and February 8, 1951.

Amsterdam, received January 20, 1951, investigated January 20-30, 1951.

This is an increase of four over the number previously reported on page 451 of *Hansard*.

COMMONWEALTH DEFENCE CONFERENCE

Mr. Higgins:

Is there to be a commonwealth defence conference in London in May to discuss (a) Middle East defence; (b) increase in armament production; (c) the guarding of supply lines; (d) Pacific pact?

Mr. Lesage: The government has received no invitation to such a conference.

VISIT OF MINISTER OF AGRICULTURE TO UNITED KINGDOM

Mr. Argue:

1. Did the Minister of Agriculture make a visit to the United Kingdom in February, 1951?

2. If so, what was the purpose or purposes of this visit and what was the result of same?

3. Did the Minister of Agriculture take with him on this visit any official government documents or proposals relating to the purposes of his visit?

4. If so, what was the nature of such documents or proposals?

5. Has the government at any time since June 5, 1950, made any statement contrary to the position taken on that date by the Minister of Trade and Commerce in reference to the final settlement of the "have regard to" clause?

6. If so, in what manner, when, and by whom was any such statement made?

Mr. St. Laurent:

1. Yes.

2. The purpose and the result have already been announced.

3. No.

4. Answered by No. 3.

5. The government has taken the position that while there was no further obligation on the United Kingdom in a legal sense, the United Kingdom authorities should realize that the wheat growers of Canada and most of the community of the prairie provinces believed there was a continuing obligation under the "have regard to" clause which had not been discharged.

6. Such representations were made by the Prime Minister in January and by the Minister of Agriculture in February, 1951.

QUESTION PASSED AS ORDER FOR RETURN

SARNIA, ONT., PUBLIC BUILDING

Mr. Murphy:

1. Did any department of the government obtain a building on Christiana street, Sarnia, Ontario, within the last year?

2. If so, was it by rental or purchase?

3. If by rental, for what period, and on what rental basis?

4. Did the government deal with or through a realtor either as agent for the government or as agent for the owner?

5. If so, what is the name of the realtor or agent?

CIVIL SERVICE

PROTECTION OF SUPERANNUATION AND SENIORITY OF ENLISTED PERSONNEL

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on February 27 the hon. member for Rosetown-Biggar (Mr. Coldwell) asked me whether assurances have been given to the men in the public service that if they enlist they will be protected so far as superannuation and seniority are concerned upon their return from war service. I replied that I would take the question as a notice and get the precise information with proper references to the measures effective.

So far as superannuation is concerned, order in council P.C. 5412, of November 8, 1950, passed under the provisions of the Canadian Forces Act, 1950, states in section 6 that:

> Subsections 4 and 7 of section 7A of the Civil Service Superannuation Act apply to and in respect of every person who is enrolled for the purpose of serving in the special force, and every officer and man of the reserve forces serving on the strength of the special force, as though his service on the strength of the special force were service in the forces during world war II within the meaning of that act.

The subsections of the Civil Service Superannuation Act referred to provided that when a contributor was absent on leave from the civil service during the second world war, that period would be counted as service for the purpose of computing allowances or gratuities under the Civil Service Superannuation Act, and if a contributor underwent treatment in a hospital operated under the authority of the Minister of Veterans Affairs, the period involved should be deemed as one on which he was on full-time active

service with the forces. So that this, for the duration of the order in council, takes care of the superannuation matter.

As far as seniority is concerned, by virtue of P.C. 28/4244 of 31st August 1950, passed under the provisions of the Civil Service Act, permanent members of the public service, and temporary employees who have qualified by examination for the position which they occupied at the date of enlistment, or who have not qualified by examination for the position which they held at enlistment but who as veterans have been continuously employed since January 1, 1948, or who have not qualified by examination but have been continuously employed since January 1, 1945, are treated as being on leave of absence without pay from a civil position for the period during which they are enlisted or enrolled for service with the Canadian Army special force, but the civil service commission is arranging the proper recommendations to have the same provision apply to members of the Royal Canadian Navy and the Royal Canadian Air Force.

As hon. members are aware, these orders in council would be effective only up to the end of this session; but there is on the order paper a resolution to provide statutory enactments to replace the orders in council, and to have the proper provision made by parliament to take care of the matters to which the hon. member's question refers.

WOOL

COMMITTEE TO PURCHASE ARMED FORCES REQUIREMENTS—PROCESSING IN CANADA

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Is the wool purchasing agency which has been set up under the Canadian Commercial Corporation in operation as yet? Is it the intention of this agency to purchase raw wool only from sources outside this country so that it can be processed in Canada?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The answer to the first question is yes. A committee has been appointed to buy raw wool to meet the requirements of the Canadian armed services.

The answer to the second question is that all processing will be done in Canada, with the exception of combed wool tops, which will be partly finished in this country. Our capacity for combed wool tops is not sufficient to meet the expected demand, but wool tops will be processed here to the extent that Canadian production will permit.

[Mr. St. Laurent.]

POSTAL SERVICE

APPLICATION TO POSTMASTERS OF PUBLIC SERVICE PAY INCREASES

On the orders of the day:

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): Mr. Speaker, on March 5, as reported in *Hansard* at page 895, the hon. member for Huron North (Mr. Cardiff) asked whether the postmasters who are not civil servants will receive the same proposed increase in salary benefits as those who are civil servants, and if so, when they may expect to receive it.

I replied at that time by stating that I would take the hon. member's question as a notice. My reply today is that postmasters of this category are civil servants in the general meaning of the term. They too will get the benefit of the salary increase as of December 1, at the same rate as others. The date of the receipt of the increase will depend upon the action taken by parliament.

Mr. Graydon: Will that apply to the rural mail carriers too?

Mr. Langlois (Gaspe): No.

Mr. Graydon: Why are they always left out?

Mr. Langlois (Gaspe): They are not employees of the Postmaster General's department.

Mr. Graydon: They do not get enough money, either.

LETTER CARRIERS—REFERENCE TO PRESS REPORT AS TO STATEMENT OF DEPUTY POSTMASTER GENERAL

On the orders of the day:

Mr. J. W. Noseworthy (York South): Mr. Speaker, I should like to ask the Postmaster General whether a report in yesterday's press stating that the deputy postmaster general had said that the trouble in Toronto in connection with letter carriers was communist-inspired has come to his attention, and if so, whether he cares to make a statement.

Hon. Edouard Rinfret (Postmaster General): I saw that report in the press and I discussed it with the deputy postmaster general. He has denied having made any such statement.

PASSAMAQUODDY TIDAL PROJECT

QUESTION AS TO REPORT OF INTERNATIONAL JOINT COMMISSION

On the orders of the day:

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Has

the international joint commission made a report in connection with the proposed Passamaquoddy project?

Hon. L. B. Pearson (Secretary of State for External Affairs): In reply to the hon. member for Charlotte I would say that the international joint commission made its report to the two governments on October 23, 1950, recommending that a further investigation would be necessary to enable it to make recommendations concerning the feasibility of the Passamaquoddy project, and has estimated that such an investigation would cost $3,900,000. The report suggests that the cost might be apportioned between the two countries in proportion to the benefits that each country would derive from the completed project. This report is still under study by the interested federal authorities, and has been referred to the government of New Brunswick.

KOREA

CANADIAN CASUALTIES—PRESS REPORT AS TO LETTERS WRITTEN TO RELATIVES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Minister of Justice if his attention has been directed to reports in the press that the families of soldiers who have appeared on the casualty lists from Korea are receiving letters which, it is stated, must have been communistically inspired. If so, will he let us know what has been done to investigate the situation?

Hon. Stuart S. Garson (Minister of Justice): My attention has not been directed to the report in question, but on receipt of the information from my hon. friend I shall be glad to look into it at once.

SEPARATION ALLOWANCES TO DEPENDENTS OF CANADIAN SERVICE PERSONNEL

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): I should like to ask the Minister of Veterans Affairs (Mr. Lapointe) if there is any difference between the separation allowance paid to dependents of Canadian service personnel in the Korean campaign and what was paid to dependents in world war II.

Mr. Abbott: Order paper.

Mr. Speaker: I do not think that this is the time to ask a question of that kind.

DECENNIAL CENSUS

APPOINTMENT OF COMMISSIONERS IN MANITOBA

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on a question of privilege, may I ask for a supplementary answer to a question answered yesterday and appearing at page 996 and 997 of *Hansard*. I direct my request to the parliamentary assistant to the Minister of Trade and Commerce, in whose name the answer is given. Without going into detail I would direct his attention to the fact that question 2 was in two parts. The first part was answered in the affirmative. The second part of the question was in these words:

If so, from what persons were such recommendations received—

That has not been answered.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, on looking at the question I notice that it asks whether the Minister of Trade and Commerce had received recommendations from members of parliament, and, if so, from what persons were such recommendations received, and so on. I think it has been usual not to give information about correspondence between members of parliament and a minister. I think that is a well-accepted principle.

Mr. Knowles: On what is that rule based?

An hon. Member: Common sense.

Mr. McIlraith: If I had had some notice of this question I could have looked up the exact reference in Beauchesne's parliamentary procedure.

RENT CONTROL

QUESTION AS TO CONTINUANCE OF FEDERAL CONTROL AFTER APRIL 30

On the orders of the day:

Mr. G. S. White (Hastings-Peterborough): May I ask the Prime Minister if he will be able to inform the house before the Easter adjournment what will be the policy of the government as to the continuance of rent control?

Right Hon. L. S. St. Laurent (Prime Minister): There has been no change in the policy of the government, announced several months ago, affecting nation-wide rent control, which will expire at the end of April. The information I have, obtained from the press rather than from official sources, is to the effect that most of the provincial governments are arranging to enter this field at that time.

DEFENCE PRODUCTION ACT

CREATION OF NEW DEPARTMENT—MOBILIZATION OF ECONOMIC AND INDUSTRIAL FACILITIES

The house resumed, from Tuesday, March 6, consideration in committee of Bill No. 77,

respecting the department of defence production—Mr. St. Laurent—Mr. Dion in the chair.

On section 29—*Inquiry and appointment of investigator.*

Mr. Fulton: The last time we were discussing this section we were asking the Minister of Trade and Commerce about his radio broadcast and the effect of this bill and the defence program generally on the Combines Investigation Act. It was stated by both the Minister of Trade and Commerce and the Minister of Justice that in certain cases connected with the defence production program it might be necessary to call in an industry and ask them to make certain arrangements which prima facie would be an offence under the Combines Investigation Act. It was said that if that should become necessary an order would be made under the Emergency Powers Act which would have the effect of placing such an industry in the clear so far as the combines act was concerned.

Just before eleven o'clock a question was asked whether that power to set aside the Combines Investigation Act did not exist under section 28 of this bill; whether that section did not give the Minister of Trade and Commerce the right to suspend the Combines Investigation Act for the purpose which he had in mind. The matter was not dealt with fully before the house adjourned, and I wonder if the Minister of Trade and Commerce or the Minister of Justice could state whether in his opinion section 28 does in fact give that power.

Mr. Garson: I am not too sure that I heard the whole of my hon. friend's question, as a conversation was going on just beside me. I hope my hon. friend will correct me if I am wrong, but my understanding of what he said is that he is urging that section 28 of the bill empower the minister to direct that in connection with a defence order a person shall not be bound by any obligation imposed by or under any statute such as the Combines Investigation Act.

Mr. Fulton: I did not urge that that be done; I asked whether section 28 gave that power.

Mr. Garson: I will treat it on the basis of whether it could be done. I think my hon. friend on reflection will agree that it would be difficult to imagine a set of circumstances under which such an order could be made. Section 28, as its language clearly indicates, is directed toward removing legal obstacles to the entering into or the performance of defence contracts. A typical defence contract is a contract for the purchase of certain defence supplies—for example, motor transport, radar, guns and the like—between the government as a buyer and a single manufacturer as a seller. I suggest that in relation to such a defence contract it is almost inconceivable that it would involve, even collaterally, any agreement between the manufacturer named in that defence contract and other manufacturers with regard to the fixing of prices for any commodity.

On the other hand, a typical price fixing agreement under the Combines Investigation Act is an agreement entered into between two or more corporations, usually in the same industry, to fix prices of certain lines of goods which they all produce or sell. Such an agreement could not, I think, possibly be considered as a defence contract within the meaning of section 28 of the department of defence production bill. Therefore if any effective method is required of exempting from the operation of the Combines Investigation Act an agreement fixing prices, a clause of much more specific application than clause 28 must be provided. In our view it might most aptly take the form of a clause in an order in council passed under the Emergency Powers Act. In the view of the Department of Justice we have never thought of relying upon section 28 in any way to achieve the purpose to which my hon. friend was referring in his question.

Mr. Fulton: It is true, however, is it not, that the operation of the defence production act may make it necessary to enact these orders in council which the minister says will be enacted under the Emergency Powers Act? I refer particularly to the words of the Minister of Trade and Commerce as reported at page 987 of *Hansard*, where he said, with respect to his remarks on the radio broadcast:

> I had in mind a situation where it might be necessary in the public interest, and by reason of the defence program, to invite a number of industries to take part in arrangements which would ordinarily make them suspect under the Combines Investigation Act.

I take it, then, it is contemplated that situation may arise by reason of the bill that we are now considering.

Mr. Howe: It may very well.

Mr. Fulton: Then the intention is, and in fact the statement of the Minister of Justice is, that the only way in which the Combines Investigation Act can be, shall I say, suspended with respect to that arrangement is under the Emergency Powers Act?

Mr. Garson: That is right.

Mr. Fulton: For the purpose of getting it on *Hansard*, I take it that the minister says yes?

Mr. Garson: Yes, I said it was right. I guess my hon. friend did not hear me.

Mr. Fulton: Referring to the wording of section 28, it reads:

> The minister may, by order, direct that a person shall not be bound by any obligation, restriction or limitation imposed on that person by or under any statute, order, rule, regulation, bylaw, or contract with respect to such matters as may be specified in the order affecting the entry into or performance of a defence contract by that person or the carrying out of an order made by the minister under this act.

Is it not very probable that in arranging for the supplying of defence materials by industries—and purely for the sake of illustration let us take the motor vehicle industry —parts will be interchanged between the three main manufacturers when they are making standard vehicles? In that case would it not be necessary to bring them into conference, and, for the purpose of setting the over-all price of the end product, provide that such parts as are manufactured by one or two shall be made available to the others at standard prices, and vice versa, so that an order might well be issued under this act which would invoke section 28?

Mr. Howe: No, Mr. Chairman. If you will excuse me, it is not done that way at all. If we were ordering parts from Ford of Canada to go into a common vehicle we would make a contract with Ford of Canada in which the prices would be set out, and we would make a contract with General Motors in which the prices would be set out. The prices might be the same in each case but there would be no possible violation of the Combines Investigation Act in that event.

Mr. Knowles: I believe this matter was made clear the night before last when it was before the house.

Mr. Fulton: Far from it, if you will read *Hansard*.

Mr. Knowles: The hon. member for Kamloops may be right in saying that it was not made completely clear. That is all the more justification for my asking that it be made clear now. There is one point that I should like to have made clear, and I think the Minister of Justice will agree with me that it should be made clear at this point in our discussion. It relates to the question as to the tabling of any orders or regulations that would have the effect of suspending either in whole or in part any of the provisions of the Combines Investigation Act. The Minister of Justice has said today—and I thought quite clearly—that it is the view of the Department of Justice that if any suspension of the Combines Investigation Act is effected it would have to be done not under this act but under the provisions of the Emergency Powers Act. Is it fair to say that because the Emergency Powers Act requires that any order or regulation made thereunder, as defined in the Regulations Act, must be tabled in this house, it follows that in the view of the Minister of Justice any order suspending either in whole or in part the provisions of the Combines Investigation Act would have to be tabled in the house?

Mr. Garson: This whole point was considered at some length on Tuesday last, and the report is on page 988 of *Hansard* for March 6. Perhaps I should read the exact language of the question asked me by the hon. member for Rosetown-Biggar. He said:

> Would this come under that provision, in your opinion?

I pointed out then, and I am afraid I am forced to point out now, that when we invoke the provisions of the Emergency Powers Act in this connection we do so in order to enact by order of the governor in council a series of regulations stating under what circumstances the Minister of Trade and Commerce, we will say, in his new capacity as minister of defence production, could make executive orders, if you like, saying that in relation to a certain transaction the provisions of some statute such as the Combines Investigation Act should not apply. As I indicated then, the reason why it is so difficult to express an opinion whether that executive order should be tabled under the Emergency Powers Act is that it is almost impossible to forecast at this time the form that it would take. With great deference, I think that not a very great deal turns upon this point so far as parliament is concerned, because is this not what would happen? We have powers under the act now. If the necessity arose, the governor in council would proceed to pass a general legislative order in council which certainly would have to be tabled under the provisions of the Emergency Powers Act and the Regulations Act. The proceedings taken under and by virtue of that order in council, such as the passing of an executive order in council, we will say, probably also would have to be tabled. But whether or not they would have to be tabled, by the very simple process of putting a question on the order paper as to what executive orders had been made under the legislative order in council which was tabled; members of parliament could secure the disclosure of all such executive orders and move that they be tabled, by means of a motion for the production of papers.

So while I am entirely sympathetic to my hon. friend's views as to the wisdom of having these executive orders or regulations tabled, I cannot imagine any set of circumstances in which it would not be an easy matter for members of parliament to compel them to be tabled, whether or not they fell within the

category of regulations under the Regulations Act or the Emergency Powers Act that had to be tabled automatically. I am inclined to think the great majority would fall in that category, but I do not like to express a sweeping opinion in relation to things that have not come into existence, under an order in council which also has not yet come into existence. These scruples about expressing such an opinion are the scruples of a lawyer who does not like to answer extremely hypothetical questions of that kind.

Mr. Coldwell: The reason for pressing this matter, of course, is that we think parliament should know if in any particular the Combines Investigation Act or any part of it has been set aside by order in council. The minister says the legislative order would be tabled.

Mr. Garson: Certainly.

Mr. Coldwell: That of course would give members of parliament an indication that something had been done and, as the minister says, a member could then ask what had been done. But would it not be wiser, even from the government's point of view, to have it made clear that action taken under such a legislative order in council should be tabled as well? The moment a member on the opposition side of the house, let us say, asks for information of this description, it seems that one is dragging from the government something that ought to be placed before the house and made clear without even a question being asked about it. That was the point I had in mind; in other words I was thinking of protecting the minister.

Mr. Garson: The protection my hon. friend was offering was to ask the minister to give an opinion on this extremely hypothetical question. It seems to me I gave the only honest opinion any lawyer could give; that is, until one sees what the regulation is, one cannot say whether or not it falls within the act. It probably would, but I would want to see it before saying definitely. I do not think you could get any lawyer to tell you whether or not a regulation not in existence, passed pursuant to an order in council also not in existence, fell within a certain statute.

Mr. Coldwell: But the act is in existence.

Mr. Garson: Oh, yes, but with wide general powers. In what direction those powers will be exercised, or what they will provide, or what will be the procedure, is not in anybody's mind as yet. I do not think you could extract from any prudent lawyer in Canada an opinion of that sort, and I am sure my hon. friend is not going to extract it from me.

Mr. Fulton: Then may I ask the minister to give another opinion, which I do not think will involve him in any liability or subsequent embarrassment. When this subject was being discussed Tuesday evening the Minister of Trade and Commerce said at page 987 of *Hansard*:

> If and when such a situation arises it should be defined and placed on record under the provisions of the Emergency Powers Act.

That was in relation to a group of industries being called in. Then the minister went on to say:

> Any industry before entering into such an arrangement would do well to see to it that its position has been so defined...

In giving his statement the same evening the Minister of Justice said at page 988:

> Therefore, in the interests of the proper administration of the Emergency Powers Act on the one hand and the Combines Investigation Act on the other, it is very desirable that any of these arrangements of this kind that are entered into under direction should be covered by a regulation or an order which will be recorded with the combines investigation commission—

And he went on to say:

> —and will, I presume, very likely take the form of an order that would be tabled in parliament.

What type of order is it contemplated will be made? Is it merely a record of the fact that a conference has been held, or a specific order providing that the industries named with respect to a certain meeting and the consequences which flow from that meeting are exempt from the provisions of the Combines Investigation Act?

Mr. Garson: I want to be as helpful as I possibly can in replying to questions such as the one just asked, but I would like hon. members to realize that we are discussing the terms of this bill and in that connection really the terms of the Emergency Powers Act. Those are really the only subjects to which the minds of members of the government have been directed. So far as I know—and I am the minister who would be instructed to see to the drafting of these things by the law officers of the department—we have not reached the stage of giving consideration to the provisions of such an order in council, to say nothing of any executive order which might be passed under it. Therefore when we discuss these hypothetical orders in council and regulations we are discussing them in a complete vacuum, and I am being asked to prophesy what will happen, and whether or not things not yet in existence will fall within the Emergency Powers Act. I do not see how any person could possibly express any judgment on that score. What we are concerned with now is, first, whether section 28 of the present bill has any application to

the tabling of orders in council we are discussing. In my view it has not. Second, whether the provisions of the Emergency Powers Act, which we have just passed, have any application; and I have said in my opinion they have. Beyond that I am afraid I cannot accommodate my hon. friend, because we have not as yet directed our minds at all to that further procedure under these statutes.

Mr. Howe: If I may say just a word, this discussion is so unrealistic that it is rather disgusting to a man who has to be on the firing line. Let me give my hon. friends an illustration of the problem. Some time ago we had to suspend a subsidy on wheat. The action could not be announced before the effective date; otherwise there would have been stockpiling and trouble. When we decontrolled wheat there had to be a compensating increase in the price of flour, and as soon as the decontrol order was announced it was necessary to telephone every baker that the increase in the price of flour should not be more than so much. That was done over the telephone in a great hurry. Prices were increased to that level and the matter was forgotten until Mr. McGregor brought down his report, in which the increased price was made one of the principal charges against the milling industry—that they had combined to fix that price.

That is the situation. What could we do? Could we let everything run wild for a few days until we got an order in council and tabled it in the house? If my hon. friends are serious about wanting price control—and the people trying to tie us up are those who want price control—we cannot be hobbled by any such regulation, written in advance, as my hon. friend is suggesting. Price control is a very high-powered affair; it must be operated with great speed and without too many rules and regulations to follow if it is to be effective. Therefore if my hon. friends seriously want us to undertake price control, do not tie us up as to how we should operate vis-à-vis the combines act.

Mr. Fulton: I think what the minister has said and what was said by the Minister of Justice indicate that the government must have—and if it has not it should have—given some consideration to how it is going to do this thing. The Minister of Trade and Commerce has just now said that great difficulties arose under similar circumstances when this thing had to be done in the past. I should imagine that at the least the government would be—in fact, I am quite certain they are—most anxious to avoid similar difficulties in the future.

Mr. Howe: Quite so.

Mr. Fulton: Therefore it surely follows that if they wish to avoid those difficulties, and wish to be in a position to act quickly, as the minister has said it is necessary to act on occasions such as these, it is necessary to know in advance under what powers they are going to act, and along what lines they are going to act when they do decide to go ahead.

The Minister of Justice has said that the government has not yet directed its mind to the question of how it is going to be done. I do not want to tie the ministers down to every statement made on this subject on every occasion, but I would point out that when the matter was brought up on Tuesday the Minister of Justice was able to hand to the Minister of Trade and Commerce a statement concerning it, which the Minister of Trade and Commerce read to the house. It is hardly consonant with the facts, and with the importance of this subject, to ask us to accept without further explanation the statement that the government has not directed its mind to the question of how these things are to be done when the time arises.

Mr. Howe: The government can direct its mind all it likes, but if the time comes when we get seriously into price control, and it has to take a chance on violating the combines act or take a worse chance on letting some prices run wild, I assure you that if I am responsible or asked for advice as to what should be done I will do what will mean the most to the Canadian people, and take my chance on being ridiculed in this house, as I was on one other occasion. If you want me to commit myself, that is the stand I take today.

Mr. Fulton: I do not think the minister appreciates what we want to do.

Mr. Howe: You want rules and regulations laid down under which we will act if we undertake price controls.

Mr. Fulton: I do not suppose the Minister of Trade and Commerce likes to be put in a position where he has transgressed or broken some law. He has told the people that it may be necessary to suspend the operation of the Combines Investigation Act, and I think that—

Mr. Howe: If we do suspend the act, the regulation is brought down and tabled saying that we are going to do it. How we operate it after that, we cannot tell you. It will have to depend on circumstances.

Mr. Fulton: The questions that are being asked are directed to the point of how we are going to find out that has been done. If it is an order or regulation of one type which is tabled automatically, then we know.

If it is an order or regulation of another type, then it is not tabled and we do not know. It is for that reason we are asking how it is to be done. We want to know whether we will be informed of these things as they come along, or whether we shall have to dig out the information.

Mr. Garson: It seems to me that my friend is labouring prematurely a point that is not relevant to this discussion at all. What we are discussing under this bill, and what we were discussing under the Emergency Powers Act, are the powers which this parliament is to vest, if it sees fit, in the governor in council. What my hon. friend is talking about is, what is the governor in council going to pass in the way of orders in council under these powers? Then, when the order in council is passed, what kind of executive orders are going to be made under those orders in council? If my hon. friend will reflect for a moment, I think he will realize that no two ministers can sit in this parliament and prophesy what sort of order in council the governor in council is going to pass under statutes of the sort now under consideration.

All this discussion which has taken place is the proper sort of discussion to take place when such an order in council is tabled. With all our talents we are not prophets, and we cannot prophesy what the order in council may be in order that my hon. friend may criticize it or that we may defend it. With all deference, I think we should address ourselves to the subject matter of this bill. When this order in council is passed, and it comes before parliament, we shall be glad to discuss it. I find myself under immense difficulty when it comes to talking about a thing that is not *in esse;* it is a difficult intellectual exercise for anyone to undertake.

Mr. Knowles: I believe some issues have been raised in this discussion which should be cleared up before we leave this section. I do not blame the Minister of Trade and Commerce for making the remark that some people want price controls, and then seem to do everything they can to prevent the legislation which would make price controls possible being passed. I do not know to whom—

Mr. Howe: I did not say that. I said, tie us up with regulations that would make it impossible to administer price controls.

Mr. Knowles: I will accept that. I want the minister to recognize that so far as this group is concerned we have given the government an affirmative vote on every point in connection with this legislation.

Mr. Howe: Just keep up the good work.

[Mr. Fulton.]

Mr. Knowles: That makes me think we could have been wrong. We have even voted against the amendments that have been moved by our hon. friends of the Progressive Conservative group.

Mr. Macdonnell (Greenwood): Even those which the government accepted?

Mr. Knowles: No, for we supported the amendment taking the minister off the same plane as His Majesty, but we certainly voted against any amendments that seemed to us to have the effect of limiting the flexibility which the government needs in order to administer a program of price and production controls. I do think, however, we have to pause a moment when the minister complains that what we are doing might tie the government too much because of the loss of time involved in passing orders in council and tabling those orders in council in parliament. I am just as reluctant as other members in the house to give wide powers to the government, but I stated earlier that I believe those powers have to be given. Since that is the case, the only thing for us to do is to retain as much of a check as we can on the government by at least insisting on knowing what they have done—not necessarily what they are going to do, but what they have done. The way to do that is to insist that the statutes make it clear that notice of what they have done will be placed on the table of parliament.

There is no loss of time. The cabinet can meet any time to pass an order in council, and it becomes law when it has been passed. The statute indicates within what period of time these orders or regulations have to be laid on the table, but they are in force between the time they have been passed by the governor in council and are laid on the table. All we are asking is that this parliament, to which the government is responsible, be kept fully informed at all times.

The Minister of Trade and Commerce refers to the clamouring for a price control program.

Mr. Carroll: I should like to know how members can discuss all these questions under section 29?

Mr. Knowles: We are on section 28, are we not?

The Chairman: Section 28 has been carried.

Mr. Abbott: Section 28 was carried at the last sitting.

Mr. Knowles: When was section 28 carried?

The Chairman: I was not here, but on looking at *Hansard,* I see that section 28 has been carried.

Mr. Garson: On page 987 of *Hansard*, at the top of the left-hand column we see: "Section as amended agreed to."

Mr. Knowles: How is it that we have had all this discussion for the last forty minutes if section 28 was carried?

Mr. Ferrie: That is what we want to know.

Mr. Knowles: Furthermore, it is a discussion in which the ministers have participated.

The Chairman: As soon as a point of order is raised I have to make a decision.

Mr. Knowles: Did you not call section 28, sir?

The Chairman: I called section 29.

Mr. Fulton: May I point out that this discussion started on section 29 on Tuesday evening, and we are now continuing the discussion which was started then, and which has been carried on without interruption. It has to do with power to appoint an investigator, and deals with the procedures under which things are done.

Mr. Knowles: Mr. Chairman, but for the interruption I would have been through with my comment on this point. In the light of the situation that has developed, we feel that we simply have to know what the government is doing. In the light of the experience which the Minister of Justice had with this particular piece of legislation that we are talking about, namely, the Combines Investigation Act, starting back in November, 1949, this is the kind of thing about which the government should lean over backwards, and instead of there being any protest at the requests that are being made from this side, we should be given the Minister of Justice's assurance, not as a lawyer but as a member of the government, that we shall be kept fully informed as to any steps taken to interfere in any way with the Combines Investigation Act.

Mr. Howe: Question.

The Chairman: Shall clause 29 carry?

Mr. Carroll: There is another matter that I wish to bring to the attention of the Minister of Justice. I have no doubt that the persons who will be appointed as investigators will be capable, and will have some knowledge of investigations of this kind. Is it only a report that these investigators make, or do they find a person guilty or not guilty?

Mr. Howe: No; they simply make a report, and then the case is brought into court in the usual way.

Mr. Carroll: There is one other matter. I do not know whether the Inquiries Act makes provision for warrants of search. I do not think it does. If I had taken a moment before I came into the house I could have found out. But I would suggest to the minister—it does, does it?

Mr. Garson: No—I was just nodding assent to your suggestion.

Mr. Carroll: I would suggest to the minister that the reference that is made in the section to ex parte applications, judges and so forth, may take away a part of that dispatch which will be necessary when investigators make inquiries under this legislation. There may be times when the investigator finds out in a hurry that certain goods, papers, merchandise, or anything of that kind, may be moving about the country here and there, and it may be difficult for him at that time to approach a judge of the supreme court or the county court and so on. I am just bringing this to the attention of the minister because it may not be good for that dispatch which I think is necessary in investigations of this kind.

Mr. Garson: In reply to my hon. friend's remarks I might say that this wording is taken almost completely from the Department of Reconstruction and Supply Act, where it appears on page 18 of the office consolidation of that act; and that it has been found in practice to be adequate there. Of course we are not desirous of taking any greater powers under any of these laws than are necessary to accomplish the things in view, and where it has been found that they are adequate for that purpose, we have stuck to existing procedure.

Mr. Higgins: Subsection 3 of section 29 reads:

> An investigator may allow any person whose conduct is being investigated . . . to be represented by counsel.

Why should a person not have the right in any case to be represented by counsel? Why must he have the consent of the investigator to be represented?

Mr. Carroll: To make assurance doubly sure.

Mr. Garson: We are exposed to criticism of every kind. Even when we put in here, within the abundance of caution, language confirming that he has the right to be represented by counsel, my hon. friend objects that he would have that right anyway. Well, he will have it without any question as a result of this subsection.

Mr. Higgins: It will not be written into the act. It says "may" at present.

Mr. Garson: It is there now.

Mr. Higgins: It says: "The investigator "may", not "shall". The word "shall" is used after the report has been made.

Mr. Lesage: Read the section.

Mr. Higgins: Read it yourself; it is divided into two.

Mr. Garson: The subsection reads:

An investigator may allow any person whose conduct is being investigated under this act, and shall allow any person against whom a charge is made in the course of such inquiry, to be represented by counsel.

Mr. Low: He has discretion.

Mr. Higgins: There are two separate sections. That particular clause can be divided into two, really.

Mr. Garson: That is quite true. He has a discretionary power, which I would not imagine he would exercise in any other direction but allowing counsel; but in any event if there is any charge to be laid he "shall" allow counsel.

Mr. Higgins: Why cannot he have that right in the first instance?

Mr. Howe: This act was good enough to get us through the last war, and I find it very difficult to believe that the opposition find anything abnormal in a war situation—I really do. The bill before the house has been prepared as the result of experience and in an effort to get an act under which the government could move expeditiously in matters having to do with carrying on its war duties. Why would we come back and change an act that worked well in the last war? For instance, if we suspect that stolen war materials are in a certain place, if we have to wait until a man sends out for his counsel before we can search—

Mr. Higgins: This section does not cover that. But two wrongs do not make a right. This particular section merely speaks of a man who is accused—

Mr. Fournier (Hull): No.

Mr. Higgins: Hold on; it certainly does. Let me read it to you again. It says:

An investigator may allow any person whose conduct is being investigated under this act—

Then we shall forget the next words until we come to these:

—to be represented by counsel.

That is the way you must read it.

Mr. Garson: Yes. My hon. friend as a lawyer knows perfectly well that a man is not accused if he is merely under investigation. Under the act, there is no—

Mr. Higgins: Why do you have it in the act at all?

Mr. Garson:—no question of his even being accused.

Mr. Higgins: Why do you have it in the act?

Mr. Garson: Just a minute. But as soon as he is accused then it says the investigator shall allow any person against whom any charge is made in the course of such inquiry to be represented by counsel. I might tell my hon. friend that this is the identical wording of section 22, subsection 3, subparagraph (b), page 18 of the office consolidation of the Department of Reconstruction and Supply Act. It is taken from that act. This is the section under which all necessary proceedings of this sort were taken during the whole of world war II. But if my hon. friend is not satisfied with the fact that it proved to be quite fair and reasonable for this purpose, let him refer to the Inquiries Act, which is of general application, and he will see in section 12 the language is identical. It says:

The commissioners may allow any person whose conduct is being investigated under this act, and shall allow any person against whom any charge is made in the course of such investigation, to be represented by counsel.

Mr. Higgins: I am not satisfied yet, I do not mind telling you.

Mr. Garson: If this provision, which has stood the test of time over all these years, is open to any sort of the abuses which my hon. friend seems to imagine, I should think the likelihood is that we would have heard about them before now.

Mr. Higgins: Has it been tested?

Mr. Garson: Yes; I am sure it has been used. It must have been, because there must have been investigations under it.

Mr. Higgins: Do you know it has been used?

Mr. Garson: I cannot offhand give any specific case, no.

Mr. Howe: It is in the Inquiries Act. That is not wartime legislation. It is civilian, peacetime legislation, and it has been in force for years. Why it should be objectionable when given a wartime application, when it is good enough for peacetime, I cannot imagine.

Mr. Garson: For the hon. member's information, this provision was passed in 1912. I should think, referring to the hon. member's question, that there is a distinct likelihood that during the intervening period it has been used at one time or another.

Mr. Higgins: A few moments ago the Minister of Justice used the expression, "with

all our talents." Now, with all the minister's talents, can he tell me the necessity for putting it in the act?

Mr. Garson: I did not put it there.

Mr. Macdonnell (Greenwood): I do not wish to delay the passage of the bill, but I must say there has been no reason given for including this provision, except that it has been there a long time. After all, neither the Minister of Justice nor I was here when it was put in, and it might be quite wrong. But, speaking seriously, it may be asked: Can anyone suggest there is any objection to it? Well, if I was being investigated by the Minister of Trade and Commerce, let us say, even before being charged I would certainly feel it was a serious matter; and I am not at all sure that I would not feel it very desirable to have counsel in. The damage might be done by the time the investigation was over; then it would be much too late for one to go back and try to clear himself.

Mr. Howe: Does my hon. friend think this is a good time to revise a section in the Inquiries Act that has been there since 1912?

Mr. Macdonnell (Greenwood): I suggest that we are giving the most extraordinary power—power which was never dreamed of when the Inquiries Act was passed.

Mr. Howe: It is the ordinary provision.

Mr. Macdonnell (Greenwood): There is no suggestion that it could do any harm. If either of the ministers can point out any harm that would come from what has been suggested, I would be slowed up. However, that has not been done. Apparently it is just because they think that, like the laws of the Medes and Persians, nothing can be altered.

An hon. Member: Carried.

Mr. Higgins: No, just a moment. I do not mind being overridden altogether, but I am not satisfied, and I just wish that to be known.

Mr. Howe: It is a good law of this parliament that we do not have to satisfy everybody.

Mr. Macdonnell (Greenwood): Very unreasonable.

Mr. Higgins: The section says:

> No report shall be made against any person until reasonable notice has been given to him.

What does the minister understand by the expression "reasonable notice"? What is notice, and what is reasonable, and how is it to be given?

And then, in subsection 5 it states:

> An investigator may in writing, with the approval of a judge—

And so on. How is that approval to be obtained? Is it to be a written approval, or what?

Mr. Garson: My hon. friend, who is a lawyer himself, will know that where the word "reasonable" is used in this sort of context in a statute its meaning is to be interpreted by the judicial body before whom the question arises. All those who are responsible for the carrying on of proceedings of this sort are under the necessity of seeing to it that the notices they do give are reasonable notices; because if they do not give reasonable notices a challenge can be made on a question of fact—if the matter becomes one at issue.

Mr. Higgins: But this report does not go before a judge; it goes to a minister.

Mr. Garson: But if the point is ever raised, and there is any question where it must be defined, then those who take the proceedings have to assume responsibility for giving a notice which in fact is reasonable.

This language also appears in the Department of Reconstruction and Supply Act, section 22(3)(c); and I should imagine that the reason for the use of the word "reasonable" is that the circumstances under which these inquiries will be made will vary greatly one from another. In those circumstances it would be better to use the word "reasonable" as applied to the circumstances of any particular investigation than to have some fixed period which might be all right for one investigation but all wrong for another.

My hon. friend, with his familiarity with the statutes, would agree I am sure that this term appears frequently in statutes.

Mr. Higgins: Except that in this instance the length of the notice is to be determined by the minister. Who determines the time before it reaches the point where it goes to court?

Mr. Garson: Those who are in charge of the proceedings, in the circumstances of each individual case, are under the statutory obligation to see that what they do is reasonable. What could be more reasonable than to direct people to be reasonable?

Mr. Higgins: That is not very reasonable.

Mr. McLure: I note the expression "the minister may", an expression used in the bill about one hundred and fifty times. In connection with the investigation of contracts, what information must the minister have sent to him before these contracts can be

investigated? It has been suggested by the minister that this was good enough for the last war—but there are a lot of things which occurred at that time we do not want to dig up. I have in mind however a contract that was sublet; then it was sub-sublet, and I think it was later sub-sub-sublet. In the event of an investigation, where would they start; would it be with the sub-contractor, the contractor himself, or the sub-sub-sub-contractor?

Mr. Howe: Those questions are too deep to be answered today.

Mr. McLure: Well, it was under your jurisdiction at that time—your administration, or maladministration, whichever it was. I should like to know who would make the appeal to the minister in connection with, we will say, a clothing contract. The minister, even with all his power and virility, cannot see to all these contracts. If I want to have an investigation made about a contract for clothing or uniforms, to whom would I appeal? What information would I have to give?

Mr. Howe: The minister would decide whether in his opinion an investigation was warranted, and might do it on his own initiative or on the report of my hon. friend, confirmed by the proper officers; or he might do it for any reason. He can do it for any reason and at any time he likes, and he does it where he believes something has gone wrong.

Mr. McLure: Would he start with the sub-contractor or the contractor?

Mr. Howe: Anywhere he thought wise.

Section agreed to.

On section 30—*Essential materials and services; designation of materials and services as essential.*

Mr. Green: This is taken from the old Essential Materials (Defence) Act passed last September. What materials have been designated as essential to date?

Mr. Howe: I do not know whether I can give the full list, without referring to records. However, they include steel, copper, zinc, lead, nickel, aluminum, tungsten and a few more.

Mr. Knowles: Cobalt?

Mr. Howe: Yes; it is under export control—and also antimony. It is that type of material.

Mr. Green: They are all in that class?

Mr. Howe: Yes.

[Mr. McLure.]

Mr. Green: Then, under paragraph (b) power is given to the governor in council to designate essential services, as distinguished from the essential materials to which reference is made in paragraph (a). Paragraph (b) defines an essential service as—

> The carrying on of any commercial activity, including the generation and distribution of electrical energy.

And so on. Have any services been designated as essential under that provision?

Mr. Howe: No.

Mr. Green: Is it the intention that an individual business could be designated as essential, or might it be used, for example, to designate all hydroelectric plants across Canada as an essential service?

Mr. Howe: It could be.

Mr. Green: In what manner would such designation be made? Is it intended to apply only to one firm or one plant, or would it apply to the whole industry?

Mr. Howe: For example, if it was considered essential to use electric power for making aluminum instead of fertilizer, that electric power could be declared an essential service and an order would issue accordingly. If there was not enough water to go around and water was required for a war plant instead of a paper mill, water would be declared an essential service. It is that type of service that this section is intended to cover.

Mr. Green: Was that done in the last war, and, if so, could the minister give us some examples?

Mr. Howe: We had no essential materials act in the last war but I am told that it was done under the War Measures Act in connection with electric power.

Mr. Green: Was it used for any other service?

Mr. Howe: As far as I recall electric power was the only thing.

Mr. Green: Under this provision practically any type of service, such as supplying oil or water, could be designated as being essential.

Mr. Howe: That is right.

Mr. Green: If the governor in council so decided, they could include a complete industry right across Canada.

Mr. Howe: If it was thought necessary, yes.

Mrs. Fairclough: I am a little concerned about essential materials which may be required by municipalities for the construction of major works. I shall be specific. There is at present under way in Hamilton

the construction of a large sewer to service an area which is rapidly being built up. As a matter of fact, there would not be much use in trying to build up the area unless this service could be given. The work has already been started and it will take about three years to finish. Can the minister state that contracts that have been entered into for supplies will not be interfered with when the projects are required for health and expansion purposes?

Mr. Howe: That is a rather large guarantee to give. It might be interfered with by the Russians.

Mrs. Fairclough: I would not be worried about the Russians if the minister can give a guarantee.

Mr. Howe: I am afraid I cannot give that guarantee.

Mrs. Fairclough: Do I understand that the minister cannot even give a reasonable assurance that these contracts will be honoured?

Mr. Howe: Those who are responsible for the administration of the act governing the use of materials try to use the best judgment as to essentiality. It has been our effort and it will continue to be our effort not to interfere with important civilian projects.

Mrs. Fairclough: Just last year we had difficulty procuring supplies under contracts which had been signed previously. I am concerned, and I am sure the present administration of the city of Hamilton is concerned, about this large project now under way.

Mr. Howe: If my hon. friend had said that they had not been concerned about supplies I would have said they were in a unique position. Anyone carrying on any project is concerned about supplies.

Mr. Low: I am not just sure whether this is the section under which to ask the question I have in mind, but I am going to take a chance. Is the minister prepared to say to what extent he and the government have developed a national fuel policy to ensure the adequate supply of fuel, especially coal and oil, or to provide for its stockpiling to meet any future emergency? I am thinking of an emergency that might cut off the 26 million tons of coal now being brought in from the United States. Under section 30 the minister could designate coal and other fuels as essential materials.

Mr. Howe: That is correct.

Mr. Low: Would it not be important to have a well-developed fuel policy when such designations are made so that we would be assured of adequate supplies to meet any emergency that might arise? Can the minister inform us just how far the government has gone in the development of a national fuel policy?

Mr. Howe: It seems to me that this is a peacetime rather than a wartime question. I remember hearing talk about a national fuel policy in 1908 when I first came to this country, and I have heard it every year since. I think we have been generally developing a national fuel policy which has become more definite each year. I hope we shall continue to do that, but I hardly think we can put it high on the list of war problems.

Mr. Low: Does it not assume more gravity at a time like this than it does in peacetime? There seems to be considerable discussion in other countries about the necessity of stockpiling sufficient fuel, both liquid and solid, in strategic areas in order to meet whatever emergency may arise. I was wondering if the government had proceeded with any such plans for Canada, and I assume that these would naturally be related to sections 30 and 31 of this bill.

Mr. Howe: The people using coal are stockpiling at the present time, and I think the stockpiles are fairly full. I remember the winter before last we had stockpiles of coal but that did not save us from getting into a good deal of trouble, and that was in peacetime. I doubt if the risk of running out of coal is any greater in wartime than in peacetime. Perhaps it would not be as great because those who produce the coal would not be as liable to interrupt production as in peacetime.

Mr. Fraser: Have any essential materials been shipped to countries in the Soviet bloc during the last six months, and I include China? The export permit regulations of February 2 state as follows:

> Your attention is also drawn to the attached revised list of commodities which may be exported under general permit SPL-1597, without the necessity of obtaining an individual permit, to all destinations except North Korea, China, Hong Kong, Macau, Manchuria and Mongolia, as of February 1, 1951.

There would also be Soviet Russia, Poland, Czechoslovakia and other countries. I notice that among other things that may be shipped are agricultural implements, tools and business machines.

Mr. Howe: The area control against shipments to countries behind the iron curtain has been in effect for some time. We are not at war with any of the countries in the east referred to by the hon. member. We have a control covering that area, but it is not as

strict as that in connection with countries behind the iron curtain. I can assure the hon. member that nothing of any strategic importance has been shipped to Russia or any of the satellite countries for a long time.

Mr. Fraser: Outside of some scrap metal that was sent.

Mr. Howe: No.

Mr. Higgins: I understand that under this section the minister would have the power to set up hydroelectric plants.

Mr. Howe: We have the power, but we never do it.

Mr. Higgins: I am sure the minister is fully aware that the Hamilton river in Labrador has a potential capacity equal to 60 per cent of the electricity now used in Canada. There is a tremendous possible development in northern Quebec as well. With respect to this iron ore deposit I was wondering whether there was any possibility of the electricity being used. Does the minister have anything of that kind in mind?

Mr. Howe: Not the slightest. I might say that water powers are the property of the provinces. All development of water powers, other than private development, is carried out by the provinces. Theoretically we may have the power to build hydro projects but practically we do not.

Mr. Higgins: There is nothing in mind?

Mr. Howe: No.

Mr. Fulton: I think the minister said that magnesium is one of the essential materials. There was an item in a Canadian Press report yesterday, I think it was, that a $2,500,000 capital assistance grant has been approved by order in council to expand the production of magnesium castings for North America's most powerful jet engine, the Orenda. I understand that is regarded as an essential material. Would the minister tell me under what powers that order in council was passed?

Mr. Howe: Capital assistance provided from the military vote.

Mr. Fulton: I am sorry, I did not hear the minister.

Mr. Howe: It is capital assistance provided out of the vote for the armed services.

Mr. Fulton: From the national defence vote?

Mr. Howe: That is right.

Mr. Macdonnell (Greenwood): The minister takes these powers, which to most of us seem so astounding, in his stride. I listened to his explanation of the necessity of controlling, let us say, a certain power project which was manufacturing one thing and which was desired to manufacture another. Once you can perform the astonishing feat of accepting these powers I can understand the need for that, but as I understand it, it means that the minister can take over the Ontario hydro electric power commission, and under section 31 he could then require persons to obtain permits and so on to receive power under the act. Does the minister think it is necessary to have that terrific power? Does he not think that power to take over local plants would be sufficient and that the section could be limited in that way?

Mr. Howe: My hon. friend will be surprised to learn that we operated the Ontario hydro electric power system for about three years during the last war. We did so at the urgent request of the commission itself. The chairman of the commission was the deputy power controller for that area. The reason we operated the system was that the commission was badly in need of emergency powers that the federal government had under the War Measures Act, and that the province did not have at that time, although they have them now in large measure.

Mr. Macdonnell (Greenwood): I appreciate that the minister has scored a debating point with me but nevertheless I suggest that is the complete reverse, and that it does not really apply to what we are considering here. I still leave that question with him.

Mr. Fulton: Would the minister permit me to follow up the question of assistance for the production of those things based on essential materials? Is it the intention when the bill is passed that instead of these advances being made directly from the Department of National Defence appropriation it will be done under an estimate in this department, or still under the Department of National Defence Act?

Mr. Howe: It is proposed that it be done under estimate of this department when we have the estimate. It will not be until the coming fiscal year.

Mr. Fulton: In the meantime you will have to carry on under the Department of National Defence?

Mr. Howe: That is right.

Section agreed to.

On section 31—*Control over essential supplies and projects.*

Mr. Green: Section 31 lists the details of the things that may be done by the minister under the authority of the governor in

council. Are these powers wide enough to ration any materials that are designated essential materials?

Mr. Howe: Yes.

Mr. Green: And as I understand it, the power is also included to fix prices on all these materials?

Mr. Howe: Correct.

Mr. Green: Are both those suppositions correct?

Mr. Howe: They are both correct.

Mr. Green: There is complete power to ration?

Mr. Howe: That is right. We are doing it today.

Section agreed to.

Sections 32 and 33 agreed to.

On section 34—*Non-disclosure of information.*

Mr. White (Hastings-Peterborough): Section 34 says that no information can be given without consent except to a government department, and so on, for the purpose of the discharge of the functions of that department. Would such information be available to the Minister of National Revenue for the purpose of the discharge of the functions of that department?

Mr. Howe: It could be, yes. That is permitted under the act. Whether or not it would be would depend on whether we were asked for it.

Section agreed to.

Section 35 agreed to.

On section 36—*No action lies against controller or investigator.*

Mr. Fulton: Section 36 is one of those to which we have been taking objection, particularly that these powers should be given at a time when we are not actually engaged in what has been described as a shooting war. This is one of the sections concerning which I would ask the minister whether he does not think it could be left at least so that it might be brought into effect only on proclamation, it being envisaged that such proclamation would be issued when and if we might be engaged in a general war? I do not think it is right than any person should be exempt from the consequences of his acts when he has the tremendous powers over other persons' property and affairs that these controllers have under this bill.

Mr. Green: May I suggest that the powers given to a controller or investigator under other provisions of the bill are extremely wide. If by any chance he should exceed those powers surely the government should then stand behind him and be prepared to compensate the person who has suffered as a result of the excess use of these powers. The section reads:

> No controller or investigator is responsible at law for any act or thing done by him in good faith in the performance of his duties or the exercise of his powers under this act and no action may be taken against a controller or investigator in respect thereof.

The other evening we suggested that the powers of a controller should be limited to arranging for the completion of the defence contract, and that when that had been done he should get out. The minister said that in practice that would not work out, and would not agree to such an amendment. Section 36 goes much further in that it provides that no claim whatever can be made in respect of the actions of the controller even beyond what he was authorized to do.

Mr. Howe: Oh no.

Mr. Green: I would urge that the section be dropped because if a controller should do something he has absolutely no right to do under the act then the government should stand behind him and make good any damage that has been caused.

Mr. Howe: The section does not exempt the government for the act of its agent, the controller. It simply exempts the controller personally. I do not think you could get anyone to assume the office of controller if he could be personally sued for his actions.

Mr. Green: In a case of that kind the ordinary practice would be for the department concerned to step in. For example, where a member of the forces is in an automobile accident in the course of his duties and an action is taken the crown has been assuming responsibility. Surely the same practice should be followed by the Department of Defence Production. The individual soldier does not have to pay damages if he was driving in the course of his duty. Here you have a similar case. The controller is carrying on in the course of his duty. The department should stand behind him automatically.

Mr. Howe: So we do. The purpose of this provision is to enable us to get good men and to permit them to act with courage. A controller taking over another man's business has a pretty onerous responsibility. We expect that man to exercise his best business judgment. If he makes a mistake the recourse is not against him; it is against the crown who put him there. I have often wondered if someone would not turn on the crown

some day and say, "Look here; see what you have done to my business." I think all that has saved us is the fact we have always left the business in better shape than we found it; but if we should leave a business in worse shape than we found it I think we would have an action against the crown, and nothing in this clause would interfere with it.

Mr. Fulton: Under ordinary law the crown is responsible for the wrongful acts of its servants or employees within the scope of their employment. Does not this legislation which in effect exempts or absolves a controller from the consequences of his acts at least lead to the danger that the person wronged will have no recourse against the crown? If it is provided here that the employer is not responsible at law I should think it would be at least open to argument that the intention and the effect of the section would be to extend the same exemption to the employer, which in this case would be the crown. The minister has said that is not the intention, but I wonder if this section should not at least stand until that point could be looked into, because it seems to me to open the door to the possibility of complete exemption for any wrongful act or any injury which may be done the person whose plant may be controlled.

Mr. Howe: This clause has been used to protect many officers of the government. It was a standard clause in the wartime prices and trade board act, and we used it in the Department of Munitions and Supply Act. For myself, I certainly would not come to Ottawa and exercise wartime powers unless I had a clause of this kind to protect me personally; and no one else would.

Mr. Fulton: According to my reading of it the munitions and supply act did not have a similar provision. The last one passed during the war, chapter 8 of the statutes of 1943, extended only to investigators, not to controllers, though the minister appointed a number of controllers during the war. As to the wartime prices and trade board, they had no power to take over a business. They had power to set prices, and so on, but not to take over a plant and operate it. So this is an extension of wartime powers now being made applicable to controllers.

Mr. Howe: My hon. friend has asked me a good many questions; now let me ask him one. Does he think we could get many good men to come to Ottawa if all their acts on behalf of the government made them personally liable? What does he think?

Mr. Fulton: Yes, I should think so—

Mr. Howe: I would not want to be one of them.

[Mr. Howe.]

Mr. Fulton: —if you gave them a written undertaking that if they were acting in good faith the government would stand behind them. I should like the point cleared up that in the munitions and supply act this exemption was not given to controllers. As I say, from my reading of section 11 of the act of 1943, the last one passed, it extended this exemption to investigators, but subject to correction I cannot find that it was ever given to controllers by statute.

Mr. Howe: Exemption was given to them in the orders in council appointing them, under the War Measures Act and the munitions and supply act. I can assure my hon. friend that it is a necessary clause. If it were removed we would not be stripped of this power, because we would take it under the Emergency Powers Act; but if that protection were removed I am sure about half my staff would go home tomorrow.

Mr. Macdonnell (Greenwood): It seems to me that we are in agreement as to what should be done. The only question is whether the wording makes it clear. I agree with the minister that these men who come here have to be protected, and I was glad to hear the minister say there was no intention whatever of depriving the owner of the property of whatever may be his right at law. But the legal position seems rather obscured by the fact that in section 27 (2) the controller is declared to be agent of the owner. I am not going to offer any legal opinion, but I would certainly like to know whether the Minister of Justice will say the position is perfectly clear, in view of that declaration of agency of the controller, coupled with section 36. I should think the point we are making could be covered very easily by adding something to section 36 which would provide that while the controller was not responsible, nevertheless his principal, namely the government, was responsible. As it is now it seems to me that a clever lawyer could argue there is no foundation left for action.

Mr. Green: If the intention is as the Minister of Trade and Commerce has expressed it, that while the controller would not be liable the individual would still have a claim against the crown, what objection would there be to making that clear by adding a clause at the end of the section to this effect: "provided that rights against the crown shall not be affected hereby." That would make it clear that this section does not deprive the aggrieved person of his claim against the crown.

Mr. Howe: It has been made abundantly clear that every clause in this bill affords

the private person access to the courts. It is written into every chapter. I do not like to be silly about it and put in clauses provision for which is amply covered elsewhere. Would any lawyer opposite assert that, if we put a controller into a plant and as a result of his actions the plant went bankrupt, the crown would not be liable? In principle when we put in a controller we practically expropriate the plant.

Mr. Fulton: From the present wording of the section, coupled with the wording of section 27, I think it is arguable. The controller is relieved from liability at law because of any action done in good faith, and section 27 makes him the agent of the owner.

Mr. Howe: This clause has been used a long time. It was drafted and checked by the Department of Justice and I am not prepared to change it.

Mr. Fulton: The minister just asked whether we would be prepared to suggest there was any likelihood that the crown might be exempted from liability. We have suggested there is a likelihood, we have suggested the reason, and so far we have heard no answer to that objection and no reason why the words suggested by the hon. member for Vancouver-Quadra should not be incorporated. That would still preserve the right of action against the crown.

Mr. Macdonnell (Greenwood): The Minister of Justice has not answered my question, either. I am not suggesting that would conclude the matter, but it might help.

Some hon. Members: Carried.

Mr. Green: No; we would like an answer from the Minister of Justice. It is going pretty far when we bring forward reasonable suggestions and cannot even get an answer. There is something wrong if we have reached that state of affairs.

Mr. Garson: Well, I certainly do not want to disappoint my hon. friends. The wording of this section is substantially the same as that of the section in the Department of Reconstruction and Supply Act which was in effect during the whole course of world war II.

Mr. Green: That act did not come into effect until 1947, did it?

Mr. Garson: This last mentioned act and its antecedent legislation. The only difference is that in the one case it applies to investigators and in the present case to a new official being appointed under this act, a controller; but the principle is exactly the same in each case.

Mr. Fulton: But the investigator did not take over a plant.

Mr. Garson: No; there is a difference in that regard. It might be argued that the authority of the controller was somewhat greater than that of the investigator. I was not here myself at the time, but my information is that no cases of injustice or difficulty arose under the previous legislation. If my hon. friends allege that is not the case I would be glad to have them cite examples to the contrary. However, as the Minister of Trade and Commerce has indicated, I do not think there is any disposition on the part of the government in exempting a controller or investigator, very properly, from any personal liability to leave the owner of the plant without any recourse against the government itself.

Mr. Macdonnell (Greenwood): We do not think so either, but why not say so?

Mr. Garson: That is the point I was coming to. I make the suggestion, Mr. Chairman, that I discuss this matter with the draftsman to see whether or not in his judgment that result does not obtain at the present time, and if it does not obtain then what apt language would be required to make it obtain. He is tied up in court this afternoon, but I could see him later and discuss the matter with him. If any amendment is necessary, I could bring it to the house. It is quite probable that none is required, because this other legislation has been in existence and has met all the needs of quite a number of cases. That would seem to indicate that the law as it stands is all right.

Mr. Macdonnell (Greenwood): Will the minister draw to his attention the declaration that the man is an agent?

Mr. Garson: He is probably aware of that because he drafted the bill.

Mr. Green: May I point out to the Minister of Justice that the Department of Reconstruction and Supply Act was never used for the purpose of taking over a man's business.

Mr. Garson: The Department of Reconstruction and Supply Act is the name under which that piece of legislation now goes, but the antecedent of the legislation is the act setting up the department of munitions and supply. As hon. members are aware, most of these sections were carried forward from one statute to the other, so I do not think anything turns on the title.

Mr. Green: But the legislation only applied to an investigator, and not a controller.

Mr. Garson: That is true, but I think my hon. friend will agree that under the War

Measures Act there would be legislation, perhaps by order in council, that would have substantially the same effect. In other words, during world war II, under the War Measures Act, wartime prices and trade board regulations were enacted by order in council, and such orders in council would have provisions analogous to the ones we are discussing; and that proved to be quite satisfactory. I believe the proper course for us to follow, therefore, is to consult with the draftsman to see whether the points my hon. friends have raised are not already covered as the section stands, and if not, what would be the appropriate action to take to provide the protection my hon. friends request.

The Deputy Chairman: Shall the section pass?

Mr. Howe: Carried.

Mr. Green: The section stands. The section cannot be carried if we are to have further time to consider it.

The Deputy Chairman: Will hon. members speak a little louder. It is difficult to hear what is being said. I would also ask that members who are making interjections make them loudly enough to enable the *Hansard* reporter to hear them.

Shall section 36 stand?

Mr. Garson: I think we might pass section 36, and then if an amendment is brought in it will relate to the matter of crown liability in any event.

Mr. Green: There are two other sections standing now, and I do not think it would hurt to allow this one to stand.

Mr. Howe: We are going to take those sections and pass them. This is the third or fourth day we have been on this bill. We have spent enough time. We have been very patient.

Mr. Green: May I point out to the Minister of Trade and Commerce that he is not yet in a position to say we have spent enough time on any measure. He is not a dictator who decides how much time this house spends on a measure. I do not want to get into a quarrel with him, but I am sure he will agree with me when I say that is a very improper suggestion to make. We are doing our best to get this legislation into the form which we think is fairest to the Canadian people. No one is trying to hold up the bill. We are trying to get it in the best shape possible. If we are to be met with the statement from the senior minister of the crown that there has been enough time spent on this, what is parliamentary government coming to in this country?

[Mr. Garson.]

Mr. Howe: What does majority rule mean if that is the case, if one member can hold up the house?

Mr. Fournier (Hull): Question.

Mr. Fulton: The minister has asked for power to control our economy for five years. We have not yet spent five days on the bill giving it to him, and he thinks we have spent too much time. Surely, section 36, which the Minister of Justice has said could be referred to the draftsman to see if the points under discussion had been covered, could be allowed to stand until the minister has had time to consult with the draftsman. We have certain very strong views on the provisions of that section. We have amendments which we contemplated moving, but in deference to the minister's indication of his intention we would prefer not to move those amendments but leave it to be decided in the way he has suggested. We do ask for the accommodation of allowing the section to stand.

Mr. Garson: I do not want to labour this point too much, but I think my hon. friends will agree that they are of the opinion that clause 36 which we have been discussing is properly in the bill; that is, that it is desirable that an investigator or controller be protected against personal liability. The only question that they raise is whether or not the effect of protecting the controller and investigator is to protect the crown. They do not want to see that result obtained. If we pass this section it will not prevent our bringing back an amendment to some appropriate section of the bill to accomplish what they have in mind.

Mr. Green: Any amendment will affect this section. Surely we are not asked to pass a section, and then if the minister later brings in an amendment to some other section covering the matter we will be precluded from discussing this particular section. The proper way to do this is to allow the section to stand, as the other two sections were allowed to stand. I believe the Minister of Justice knows that just as well as I do.

Mr. White (Hastings-Peterborough): May I ask the minister a question? Does the minister make the decision as to whether or not a controller or investigator acted in good faith? If the answer is that the minister makes the decision, does that mean there is no possible way that decision can be brought before any court?

Mr. Howe: My hon. friend is a lawyer and I am not. What does he think the answer is?

Mr. White (Hastings-Peterborough): I asked the minister two questions. First, whether he decides the investigator acted in good

faith, and if so then I presume there is no way that decision can be brought before a court for review?

Mr. Howe: I would not like to hire my hon. friend, because there is nothing in the clause that says the minister has to decide. It is a matter for the courts to decide.

Mr. White (Hastings-Peterborough): I asked the minister who makes the decision as to whether or not a controller or investigator acted in good faith. If the minister makes the decision would it follow that there is no way in which that decision can be brought before any court.

Mr. Howe: Well, of course, the court makes the decision.

Mr. White (Hastings-Peterborough): No. I would ask the minister to consult his colleague, the Minister of Justice, and explain how the matter gets before the court, because he can only get before the court when he acts in bad faith.

Mr. Garson: Well, my hon. friend, being himself a lawyer, will, I think, be in a better position to appreciate what would happen in a case of this kind. Would he not agree with me that this is what would happen? Some gentleman, we will say Mr. John Doe, whose plant has been taken over by a controller and not properly administered—in general it is known then that he has a good claim against the controller because of his actions—consults his solicitor. His solicitor takes down the statutes and looks up this particular act. He comes on section 36. He thereupon concludes, after listening to the set of facts which his client has told him, that in this particular case the controller has not acted in good faith, and he launches an action against the controller, and the question as to whether the controller has acted in good faith would be decided by the judge. In order to get the case before the judge and under the provisions of this section of the bill, Mr. John Doe, who is the plaintiff, would have to show that the controller in this particular case did not in fact act in good faith. If he were able to prove that fact then clause 36 would no longer apply; and in that process the Minister of Trade and Commerce would be sitting by as a perfectly disinterested—

Mr. Howe: Spectator.

Mr. Garson: Yes.

Mr. Fulton: Is the minister going to let the clause stand?

Mr. Garson: I do not think it will interfere in the slightest degree with the undertaking that has been given.

Mr. Green: We think it would.

Mr. Garson: We said we would bring down any necessary amendment there might be, and it will be added to the proper section of the bill. I think nothing turns upon whether it stands or is passed, and we might as well dispose of it while we are at it, and we will consider this other matter and I will report back to the house.

Mr. Fulton: It is a peculiar thing, Mr. Chairman, that when we had two other sections about which there was some doubt they were allowed to stand. Surely that is the proper procedure, because, as I understand the rules of the house, the only time at which an amendment to a clause can be moved is at this stage in committee. I am not aware of any rule under which at a later stage, during third reading, this bill can be amended in detail by having one of the clauses amended unless the whole bill were to be opened up again or a new bill submitted. I do not think therefore that any other interpretation can be placed on the minister's proposal—that this should carry and that perhaps if they thought it necessary they would amend it in particular at some later time—than that they do not intend to improve this clause, but that they want to get it through so that it cannot be reopened; because there is no way in which it can be opened again.

The minister has still not dealt with the points that have been made. Let us assume that no one wants to see controllers personally embarrassed for actions they do in good faith, or made personally responsible. Let us assume for the purpose of argument that the section does not go too far even in that respect in relieving them of liability; in order to try to work out an acceptable amendment, let us say that there is agreement on that point. It is desired to exempt the controller from any attempt to make him personally liable for acts done in good faith, even though they injure the person who is the victim of the act. What is also desired is to provide that the crown shall be liable for the wrongful acts of its servants. The position is simply this. Provisions similar to clause 36 have not been in any previous statute. There has been in a previous statute a provision that an investigator is not responsible for any act or thing done by him in good faith. But, Mr. Chairman, under these statutes no investigator has ever been clothed with the powers which are now given under this bill to a controller, powers to take over a person's business and run it, not only in compliance with the directions of the minister but to run it as agent of the owner; no investigator ever had that power. No investigator could ever injure the property and rights of a citizen in the way

in which a controller can do. Therefore the fact that an investigator was exempt from responsibility for his acts done in good faith has no bearing on the question of the exemption of the controller from that responsibility.

The fact that the munitions and supply act itself is conspicuous in that it did not contain the word "controller" in a clause similar to this, but only "investigator", is a strong argument in support of the proposition that if it was not necessary to give controllers that same protection under the munitions and supply act, there is no case made out as to why they must be given this protection under this legislation.

Mr. Fournier (Hull): Why not move an amendment if you are not satisfied?

Mr. Macdonnell (Greenwood): We have one.

Mr. Fulton: Let the Minister of Public Works be patient.

Mr. Fournier (Hull): I generally am.

Mr. Howe: This is getting very repetitious.

Mr. Fulton: The Minister of Trade and Commerce says that it is getting very repetitious. There is a simple way in which the repetition, if it be that, can be avoided, and that is by answering the arguments which are advanced. We have had no answer to those arguments. The opposition's only recourse is to state the position clearly and then to move an amendment which would incorporate in the bill these things which we state in our arguments should be there.

Section 27 appoints the controller and makes the controller the agent of the owner. Section 36 exempts the controller from the responsibility of anything done by him in the performance of his power. It is therefore arguable, and very easily arguable, that if a case were to come before the courts as a result of some injury done to the person whose plant had been taken over, and the injured person sought to apply the ordinary law that the master, in this case the crown, is responsible for the wrongful acts of his servants, the courts, looking at these two sections together, would say: Well, the intention of parliament in this case was to provide that there was no wrong, and that you must accept whatever the controller does in the course of exercising his powers, provided that he does it in good faith; and that therefore the effect of that section is to provide that, by virtue of the emergency, parliament has declared that the former owner of the plant cannot be wronged by any act which the controller does. That is an argument which could not be dismissed lightly, because there is no limitation or qualification on the power of the controller, and there is no limitation or qualification on his exemption from the consequence of his act. I do not think it is proper for this parliament, if it can preserve the workability of the act, to place the owner in that position. Therefore, what is desired surely is an amendment which would make it clear that the controller does not himself have to pay for any damage he may do, provided that he acts in good faith, but at the same time the right of action against the crown is preserved. I think that that could be done simply by making provision that—

Nothing in this section or in this act shall limit or remove the right of any person to recover against the crown for any wrongful act done by such controller or investigator.

That, substantially, would be the subject of an amendment. It hardly seems possible—

Mr. Howe: Move it.

Mr. Fulton: It hardly seems possible to see how that would limit the effect of the act. What is the opinion of the Minister of Justice in this connection?

Mr. Garson: My opinion is this: Let my hon. friend move the amendment.

Mr. Green: I shall move it. I move:

That section 36 be amended by adding thereto the following words:

"Nothing herein contained shall limit the right of any person to recover against the crown for any wrongful act of such controller or investigator."

The Minister of Justice has already told us that he proposes to have this section considered by his officials after the six o'clock recess. He says he cannot reach them in the meantime, and that is understandable. But then he has gone on to make a suggestion with regard to procedure which is entirely unfair to us, and to the House of Commons. His suggestion is that, although this is to be considered at six o'clock, and although there is a possibility of an amendment being made by the government, still he wants to have the section passed at this time. The result is that if the government does not decide to bring down the amendment, there can be no further discussion and the subject is closed.

The practice followed ever since I have been here, in circumstances like these, has been to let the section stand. Already two other sections are standing, and no one is going to be hurt if this one is permitted to stand with those two. But for the government to take the attitude that the section must be carried now, whether or not at a later time it decides to make a change in it, is most unfair.

I would urge that the Minister of Justice permit the section to stand, and the matter could be dealt with briefly when it comes up this evening with the other two sections

Mr. Garson: I received word about two minutes ago that the draftsman will be here almost momentarily. With that in mind we could let it stand, then go on to clean up the other two which were stood over, in the hope that we may dispose of the bill before six o'clock.

The Deputy Chairman: Is it the wish of the hon. member for Vancouver-Quadra that the amendment stand, as well?

Mr. Green: It may stand too, yes.

The Deputy Chairman: Then, I shall not put it.

Amendment stands.

Section stands.

On section 37—*Paramount powers under this act.*

Mr. Macdonnell (Greenwood): May we have a word of explanation as to the significance of this section, and the terms of other acts which will be overridden by it?

Mr. Howe: Section 37 refers to competitive tenders. The Public Works Act and the Public Printing and Stationery Act contain certain regulations covering public tenders that are not carried into this measure. The bill states that, in matters covered by the Defence Production Act, that act shall override the provisions of the Public Works Act and the Public Printing and Stationery Act.

Mr. Macdonnell (Greenwood): What is the minister's attitude toward tenders, in the light of these powers?

Mr. Howe: There are some differences to be considered. For instance, I think in the Public Works Act the limit for tenders requiring orders in council is $5,000, whereas in this measure it is $50,000. There are differences of that kind. All this measure states is that where the procedure is set out in this act and, as so set out, is in conflict with either the Public Works Act or the Public Printing and Stationery Act, this act shall govern.

Mr. Knowles: Although the minister has said that the intention of the section is that it shall apply only to the provisions of those other statutes relating to tenders, nevertheless the wording indicates that the powers conferred by this measure may be exercised notwithstanding anything contained in these other acts.

Mr. Howe: That is right. It covers everything, but it is aimed particularly at the matter of tenders.

Mr. Knowles: Despite the fact that I am prepared to give necessary powers to the government, and that I am calling upon them to use those powers for certain purposes, it seems to me this wording might have been a little more precise. For instance, the Public Printing and Stationery Act contains a section which relates to the wages paid to employees working for the printing bureau. I am wondering if it is possible, under the powers conferred by this section, for the minister to have printing done somewhere else at wages less than would be paid by the printing bureau. If not, why should not the wording of the section be such as to confine it to what the minister has in mind?

Mr. Howe: I might say that this has been narrowed down from the provisions of the Department of Reconstruction and Supply Act. The provision there was:

> The powers conferred upon the minister by this act or by the governor in council may be exercised by him notwithstanding and without restriction or limitation by the provisions of any other act or orders in council enacted before this subsection came into force.

Which does the hon. member prefer?

Mr. Knowles: I certainly prefer this one but with one exception; the other one did suggest that the overriding of other statutes was to be done by the governor in council.

Mr. Howe: No.

Mr. Knowles: The one the minister just read, yes. If I am wrong, read it again and show me where I am wrong.

Mr. Howe: It says:

> The powers conferred upon the minister by this act or by the governor in council—

Either of them:

—may be exercised by him.

And so on.

Mr. Knowles: Well, we may both be right and both be wrong. But it does seem to me that, bearing in mind what the minister said the other night about the reluctance of ministers to interfere with matters coming under the supervision of other ministers, it might be a good idea if this sort of thing did require consideration by cabinet. Here we are asked to give the minister power to do things which normally come under the supervision of the Minister of Public Works, but without having to fulfil the requirements of the Public Works Act. Similarly we are giving him power to do something in connection with printing, and that comes under the Secretary of State. And he may do it without referring the matter to the Secretary of State, and without obeying the conditions laid down in the Public Printing and Stationery Act. I think the provisions are a little on the wide side, and I object.

Mr. Fraser: The minister said that under this bill the amount of tenders is $50,000; is that right?

Mr. Howe: Yes—or perhaps I am wrong; I think it is $25,000.

Mr. Fraser: Well, what is it?

Mr. Howe: I do not know, but if my hon. friend will read the bill he will find it. It is as much his duty as it is mine to read legislation we are discussing.

Mr. Fraser: The minister is trying to give me a lecture about something he does not know himself. He said at first it was $50,000, and now he says he thinks it is $25,000. During the last war I believe the contracts were $5,000—at least they were at the first of the war. Was the limit raised at a later time?

Mr. Howe: The provision is that where tenders have been called and the lowest tender accepted the minister has the authority to sign a contract, without an order in council, up to the amount of $50,000.

Mr. Fraser: Up to $50,000?

Mr. Howe: Yes.

Mr. Fraser: Are these contracts going to be made on tender or will they be allotted?

Mr. Howe: That will be decided from time to time.

Mr. Fraser: If they are allotted will you guarantee the contractor that there will be a limit on the price he must pay for raw materials?

Mr. Howe: No.

Mr. Knowles: What is envisaged by the word "printing"? Will this cover stationery and printing for the Department of National Defence?

Mr. Howe: I hate to get annoyed, but a section of this kind has been in almost every act that my hon. friend has seen passed in this house.

Mr. Knowles: That still does not answer my question. I submit that if one of the purposes of this department is to provide supplies that the Department of National Defence may require, and if one type of supplies is printing, I do not see why we should circumvent rules and practices governing government printing already in effect.

Section agreed to.

On section 38—*Orders and regulations.*

Mr. Fulton: It will be noted that there is no provision in this bill, such as is usual now in bills giving emergency powers, providing for the tabling of orders and regulations made under the statute. The minister has made certain concessions, I think in one and perhaps two instances, where the power to be granted was placed in the governor in council rather than in the hands of the minister, but there is as yet no provision in this bill governing the laying of orders in council and regulations before parliament. Therefore I intend to move an amendment to this section in exactly the same form as the amendment to Bill No. 24, the Emergency Powers Act, which was accepted by the Prime Minister. I move, seconded by the hon. member for Vancouver-Quadra:

That Bill 77 be amended by numbering present clause 38 as 38(1) and adding thereto the following:

"(2) In respect of an order or regulation made under this act, the period for laying the same before parliament under section 7 of the Regulations Act is

(a) five days after the making thereof if it is made by the governor in council, and

(b) fifteen days after the making thereof in any other case,

or if parliament is not then in session, a like period after the commencement of the next ensuing session thereof.

(3) If the Senate and House of Commons within a period of forty days, beginning with the day on which any order or regulation is laid before parliament in accordance with subsection (2) and excluding any time during which parliament is dissolved or prorogued or during which both the Senate and House of Commons are adjourned for more than four days, resolve that it be annulled, it shall cease to have effect."

I point out that that amendment would incorporate as subsections 2 and 3 of section 38 the present subsections 4 and 5 of section 2 of Bill No. 24. It will be remembered that there was originally a limited provision for tabling orders in council in Bill No. 24, but subsequently an amendment was moved making it exactly the same as this one.

Mr. Howe: This bill is quite different from the Emergency Powers Act. The Emergency Powers Act was for one year, while this bill is for five years. This bill deals with materials and things. For example, if an order is passed about copper the industry would be entitled to believe that there would be some stability to the order. If it is to be subject to reversal by parliament on short notice, say of forty days, it might cause a good deal of loss to the industry. The Regulations Act provides that orders in council shall be placed before parliament and orders in council passed under this bill would be tabled as required by the Regulations Act. I think that is as far as we should be asked to go with this kind of legislation.

Mr. Fulton: The Emergency Powers Act provides for the passing of orders in council bringing into effect price control if and when considered necessary. Surely if the price of

goods is set at a certain point that particular industry or business would want to know that there was a reasonable certainty that the price would have some degree of permanency, just as the minister has said that a particular industry would want to know that an order with respect to materials would have a degree of permanency. In the case of the Emergency Powers Act the Prime Minister and the Minister of Justice consented—in fact it was said that it was a good suggestion—that an amendment should be made in that respect.

Under section 28 of this bill the minister has the power to set aside provincial statutes and municipal bylaws. Under section 30 the governor in council is given the power to declare materials essential and to control them, and the same with services. To adopt the words of the hon. member for Winnipeg North Centre, although it might be agreed that the circumstances are such that the government should have this power, we are entitled to ask that parliament be informed as rapidly and as fully as possible as to what is being done under the power we have delegated.

As the minister has said on a number of occasions—for the sake of argument we will agree with him on this occasion even though we have not before—what will be done under these powers will be reasonable and essential for the proper defence of Canada. If an order or regulation is passed for that purpose and in that spirit, what concern need the government or the minister have simply because that regulation or order is to be tabled in parliament in the shortest possible time? If it is reasonable, then it can be supported and explained. Surely under those circumstances there would not be much likelihood of its being repealed. The only purpose of this amendment is to get the matter drawn to the attention of parliament, have it brought before parliament as early as possible.

I hope the minister has not altered the opinion he expressed a couple of nights ago when he said that he would have no real objection to the incorporation of any such provision in this bill. If he has not changed his mind then I can see no reason why he should object to this amendment. May I ask the minister if he is now adopting the practice of saying one thing to the people of Canada and another thing to this House of Commons?

Some hon. Members: Oh, oh.

Mr. Fulton: My hon. friends say, "oh, oh," but let me point out to them what was said in the broadcast radio interview of two nights ago. The minister was asked these questions by one of the correspondents:

> Q. In respect to letting parliament scrutinize some of these orders, the Prime Minister was good enough to consent in the emergency powers bill to give parliament the power to annul every such order and regulation that came to it. Would you have any objection to having such a provision incorporated in the defence production act?
>
> A. No, none particularly, no.
>
> Q. But there is no such provision in the act?
>
> A. No.

I point out that the provision now sought to be included in this act is exactly the same as the provision in the Emergency Powers Act.

Mr. McIlraith: A different set of circumstances.

Mr. Fulton: I suggest that the minister in consistency cannot say one thing on the radio to the people of Canada and then not comply with the request to incorporate it in the act when it is made in the House of Commons.

Mr. Knowles: Mr. Chairman, I am just as anxious as anybody else to keep the government in check. Sometimes the minister gets annoyed at things I say to him, and that will happen again, indeed many times. But just now I should like to point out the difference between the Emergency Powers Act and this act. The Emergency Powers Act is almost a blank cheque. It gives the government powers to do things not defined in the act. I do not think there is any argument but that it was imperative that there be written into that act the provision enabling parliament to annul orders passed under it. It is there, and we are glad that it is. But the bill before us is a bill setting up a department of government. Does it not have to be looked at in the same way as other departments of government, the Department of National Health and Welfare, the Department of Public Works, the Department of Justice and so on? All of them have under their statutes authority to pass orders in council to carry out the provisions of those acts but none of them have in those statutes a provision making it possible for parliament to annul orders in council passed by those departments in pursuit of their regular duties and functions. If we are going to introduce that principle into this department do we not have to ask for the same thing with respect to these other departments? That would be rather drastic.

I submit that not only is there that difference but it must be pointed out that, whereas the Emergency Powers Act was a short one not defining the powers that the government can take, this is a fairly lengthy bill of some forty-one sections in which there is some considerable definition of the powers that this department is to have. I think there is a

considerable difference between the conditions that required that the power of parliament to annul be written into the Emergency Powers Act and the circumstances pertaining to the bill before us.

One other point I wish to make is that the hon. member for Kamloops quoted me in support of his argument, with particular reference to my claim that we should know what the government is doing under this act. I still insist that is the case but I point out that the Regulations Act already requires that that information shall be made known to us. Earlier today I was demanding that that act be obeyed; that was my point. The Regulations Act really goes a considerable distance. The definition of a regulation under that act is as follows:

"Regulation" means a rule, order, regulation, bylaw or proclamation made, in the exercise of a legislative power conferred by or under an act of parliament, by the governor in council, the treasury board, a minister of the crown, or a board, commission, corporation or other body or person that is an agent or servant of His Majesty in right of Canada . . .

I point out that any regulations having legislative effect, even regulations passed by the minister, are required by section 7 of the Regulations Act to be laid before parliament. There is no question about that. It applies not only to orders in council. Regulations, orders and directives made by the minister having legislative effect will have to come before us. The operative effect of the amendment moved by the hon. member for Kamloops is not to require that these things be brought before us, for we already have that, but to give parliament the right to annul these orders as they come one by one. I submit if we are going to do that to the Minister of Trade and Commerce, much as we might like to clip his wings now and then, we would have to do it to every other minister as well, and that would hardly be consistent with established parliamentary practice.

Mr. Green: I would point out to the minister that under the Essential Materials (Defence) Act there was provision for tabling orders and regulations, not, it is true, in the terms of the amendment moved by the hon. member for Kamloops but there is this provision found in section 9:

Every order or regulation made by the governor in council under sections 3, 4 or 10 shall be published forthwith in the *Canada Gazette* and shall be laid before parliament within ten days after publication thereof, if parliament is then in session, or, if parliament is not then in session, within ten days after the commencement of the next ensuing session thereof.

Mr. Howe: What does the Regulations Act say?

[Mr. Knowles.]

Mr. Knowles: And it became law since the Essential Materials (Defence) Act was passed.

Mr. Green: If the Regulations Act covers a provision of this kind then of course that is a different matter.

Mr. Howe: That is the fact, yes.

Mr. Green: If all the information that would be given under section 9 of the Essential Materials (Defence) Act will now have to be tabled under the provisions of the Orders and Regulations Act—

Mr. Garson: The Regulations Act.

Mr. Green: —then of course that meets my argument.

Mr. Howe: That is the reason it was left out. It was found it duplicated the language of the Regulations Act passed subsequently.

Mr. Fulton: The Regulations Act was not passed subsequently to the Essential Materials (Defence) Act.

Mr. Howe: It came into force afterwards. The Regulations Act came into force after the Essential Materials (Defence) Act was passed, on the first day of January of this year.

Mr. Fulton: But the Regulations Act does not give parliament any right to express an opinion, to annul or do anything else with respect to the orders and regulations which are laid before it.

Mr. Howe: That is correct. We do not intend to give that right.

Mr. Fulton: My understanding is the minister said that he would have no objection to including such a power in this bill.

Mr. Fournier (Hull): Oh no.

Mr. Fulton: That was the answer given to the question asked in the course of the radio broadcast. I notice that the hon. member for Winnipeg North Centre, in spite of the fact that he always says that he wants to get full information and so on, yet when anything is done that would really have the effect of getting it that appears to be not acceptable to the government, he is not very slow in coming to their rescue.

Mr. Knowles: Mr. Chairman, on a point of privilege, there is no dispute between myself and the hon. member for Kamloops or between the two of us and the government as to the requirement that all orders and regulations be tabled. We are agreed on that.

Mr. Fulton: Is this a point of privilege? I hardly see that there is any privilege.

Mr. Knowles: Just do not misinterpret my words.

Mr. Fulton: Actions speak louder than words, and what I am doing is interpreting the hon. member's actions. Contrary to what the hon. member for Winnipeg North Centre has said, the powers given are in many respects quite as wide as the powers given under the Emergency Powers Act. The hon. member says that was a blank cheque. If there was ever a blank cheque this is a blank cheque to the Minister of Trade and Commerce. Before we come to any decision on this matter I want to ask the minister whether it is a fact that he did say on the occasion of that broadcast that he would have no objection to giving parliament the power to annul orders and regulations that come to it.

Mr. Howe: I do not know what I said. I did not realize I was talking to parliament when I was answering questions in a press conference. I do not know whether or not I said what the hon. member says I did. There was no record of it so far as I was concerned, but in any event the point is that I do not think I need to make a statement. I think the hon. member for Winnipeg North Centre stated the question. We have a Regulations Act which says what shall be tabled in parliament. This is legislation to set up a department of government, which will be like any other department, and I cannot accept the suggestion that any executive act of this department shall be subject to review and repeal by parliament.

Mr. Fulton: The minister said he did not realize he was speaking to parliament when he spoke at his press conference. No; the minister was speaking to the public.

Mr. Howe: I thought I was speaking to some reporters.

Mr. Fulton: The minister surely knew his conference was going to be broadcast over a national network. He must have known that was the purpose of the conference.

Mr. Howe: You mean that was legislation by radio? I understand my hon. friend made quite an impassioned oration about legislation by radio.

Mr. Fulton: What I am objecting to is the minister's saying and doing one thing over the radio to the people of Canada and then expressing a different opinion or desire in parliament. That is what I am calling attention to here.

Mr. Howe: Well, you have called attention to it, so why not have a vote?

Mr. Fulton: If the minister has changed his mind, let us say, I suppose that is his privilege; but I do not think it is a very desirable course to follow in the case of a responsible minister who is asking this house to entrust him with very wide powers, which parliament is entitled to assume will be exercised with a degree of consistency that has not been displayed by the minister in the variation between his announcement of two days ago and his attitude in the house this afternoon.

Since this bill came before parliament we have been attempting to bring forward amendments which would make it in the better interests of the Canadian people. If the minister finds the provision that all the administrative orders in his department should be tabled is too wide, would he consent to an amendment which would require the tabling of legislative orders to be done within certain time limit, with the right of parliament to review those orders in council having legislative effect, because many such will be passed under the provisions of this act?

Some hon. Members: Question.

The Deputy Chairman: Is the committee ready for the question?

Mr. Fulton: I wonder if the minister is ready for the question I asked him. I am ready for the answer.

Mr. Howe: I do not think I should encourage this one-man filibuster, but the position is that the Regulations Act sets out the rules under which orders and regulations are tabled. The department now being formed will be subject to that legislation, and I can assure my hon. friend that the Regulations Act will be followed with all dispatch and in the spirit of the legislation.

An hon. Member: You have had your answer; let us get on.

Mr. Fulton: I do not think the Minister of Trade and Commerce needs much help from the hon. gentleman who made that interjection. At this late stage I do not suppose there is much point in demonstrating it further, but I want to emphasize that here the minister is asking power to control our economy for five years, and he objects that we are wasting time though we have not had this bill before us for five days.

Mr. Fournier (Hull): Irrelevant to this item.

Mr. Fulton: The Minister of Public Works (Mr. Fournier) apparently does not appreciate the position, so I will try—

The Deputy Chairman: Order. I think the hon. member should keep his remarks as relevant as possible to the section under discussion, which is section 38. He asked a

question of the Minister of Trade and Commerce, and he has had a reply. He may not like it, but he has had that reply and I do not think he should pursue that point further.

Mr. Fulton: I submit that any remarks having to do with the power to legislate by order in council are in order under section 38, which reads:

The governor in council may make orders and regulations to carry out the purposes and provisions of this act.

While I am seeking to carry on a discussion with the minister which would be to the point, I would point out that my attention is occasionally somewhat distracted by interruptions coming from various quarters of the house, and if I am led to try to deal with those interruptions I think the responsibility lies at least equally in other quarters. I was merely trying to put the point in a way in which the Minister of Public Works and I would be able to agree.

Mr. Fournier (Hull): We generally agree, but you talk too long.

Mr. Fulton: That is because you interrupt so much. The Minister of Trade and Commerce has said that the Regulations Act provides for the tabling of orders in council passed under this bill. That is also true of orders in council which might be passed under the Emergency Powers Act, and I ask the Minister of Trade and Commerce and the Minister of Justice if they consider that the same arguments apply with respect to legislative orders in council which may be passed under this act as applied to such orders in council passed under the Emergency Powers Act.

Mr. Howe: The answer is no.

Mr. Fulton: That is the question I am trying to get at in this amendment. If it is too wide and can be narrowed to cover only orders in council of that kind, and to confer upon parliament the right to deal with those, I would be happy to narrow it down; but I would like to hear from the minister whether he does not think the same arguments apply.

Mr. Howe: No, I think not. These orders applied to concrete situations and approval of regulations made necessary by circumstances. For instance, the steel order prohibited the use of steel for certain purposes. Suppose parliament overrode the order. That action would require a whole series of orders for other types of steel. You could not carry on under that arrangement. As I say, the people affected have a right to expect some stability, and I would not care to be responsible for administration while parliament was debating whether that order should or should not stand. That could happen; my hon. friend could carry on for weeks debating each order as it came out, and he would be likely to do so.

[The Deputy Chairman.]

Mr. Fulton: And you could go on administering them; you would not be interfered with.

Mr. Howe: I do not think I would care to give my hon. friend that opportunity.

Amendment negatived: Yeas, 17; nays, 72.

The Deputy Chairman: Shall the section carry?

Some hon. Members: On division.

Section agreed to on division.

On section 39—*Repeal.*

Mr. Green: There is no provision in this bill for tabling of an annual report by the department.

Mr. Howe: No. Mr. Chairman, I should be glad to move an amendment now to provide for the tabling of a report if my hon. friend wishes. This is the amendment which I shall ask my colleague to move:

That Bill 77 be amended by renumbering sections 34 to 41 as sections 35 to 42 and inserting immediately after section 33 the following heading and section:

Annual Report

34. The minister shall, before the thirty-first day of March in each year, prepare a report showing the operations of the department during the year last preceding and shall after completion of the report forthwith lay it before parliament, or if parliament is not then sitting, shall lay it before parliament within fifteen days after the commencement of the next ensuing session.

Mr. Garson: I move accordingly.

Mr. Green: I take it that there will be a report filed next year, even though there will not have been a full year intervening?

Mr. Howe: Yes, that is the intention.

Amendment agreed to.

Section as amended agreed to.

Section 40 agreed to.

On section 41—*Expiration.*

Mr. Green: We have an amendment to move to section 41. It reads as follows:

That Bill 77 be amended by substituting for "fifty-six" in section 41 thereof, the word "fifty-four."

The effect of that would be to cut the life of the act from five to three years. In other words, it would continue in effect only until 1954. This is an extremely important bill giving wide powers, in fact giving wider powers than were given to the munitions and supply department during the last war. These

powers are to be given, although the government itself has taken the position in other legislation that we are in what we might call a twilight era and not in an all-out war period. Because of the nature of the powers given, and because this department is a temporary one, we believe that parliament should have an opportunity in three years rather than in five to consider these powers again. We are asking, therefore, that the time limit be cut from five years to three.

I would point out to the members that in the Essential Materials (Defence) Act which was passed last September there was a time limit of a little less than two years; that act was to expire on July 31, 1952. The present bill absorbs all the provisions of the Essential Materials (Defence) Act, and even with my amendment those provisions would be in effect until 1954, which is two years longer than the time provided by the bill last year.

The Emergency Powers Act, which received third reading a day or two ago, contains a time limit which continues it in effect only until May 31, 1952. Then another act called the Export and Import Permits Act, which was introduced in the Senate the other day, contained a five-year life provision, as does this bill, but that time was cut by the other house from five years to three. I believe the other house was sound in making that reduction, primarily for the purpose of enabling parliament to have something to say about these powers at an earlier date.

I hope the government will not object to cutting this time from five years to three. Incidentally, the same time limit was contained in the munitions and supply act. When it was introduced at the outbreak of the last war it contained a time limit which, even though we were at war, was approximately three years. Subsequently, the time limit was lifted. I do submit that under present conditions it is reasonable that the time limit on this act should be three years. It could be extended at the end of that time if thought necessary. We all hope that by that time the crisis will be over and the need for a bill of this type will have passed. Certainly, parliament should have the opportunity, not later than 1954, to review a bill of this kind, and for that reason we propose this amendment.

Mr. Howe: Mr. Chairman, I just want to point out that we are undertaking a three-year program. This is a bill to set up a department of government.

Mr. Green: So was the munitions and supply act.

Mr. Howe: Perhaps it was, but we are learning from experience. We thought then that the war might be over in less than three years, we thought it might be over in one year. We have a definite three-year program before us. Experience tell me that at least another two years would be required to liquidate that program should it end after the three-year period. The five years is needed. I know my hon. friend likes the forum and likes to debate, but I do not. I find I have other things to do.

Mr. Green: I hope the minister was not referring to me, because there is nothing I like less than debating.

Mr. Howe: I do not see why my hon. friend is not prepared to withdraw his amendment, because he and I are on common ground. A great deal of thought was given to the period that should be provided for this department, and it was felt that five years was the shortest passage of time to allow the department to carry out the program that is now envisaged by the government.

The Deputy Chairman: Shall the amendment carry?

Mr. Macdonnell (Greenwood): No, Mr. Chairman, will you call it six o'clock. I want to say a word about this matter.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Macdonnell (Greenwood): At six o'clock the hon. member for Vancouver-Quadra was suggesting to the committee that the term of this Bill No. 77 be reduced from five years to three years. In effect the minister's reply was that the program of the Department of National Defence, which the Department of Defence Production is to work out, was for three years, and that they reckoned it would take us another two years to liquidate it, as he described it. I think that was his word. Therefore he suggested a five-year term for the act.

If in fact we were able to count confidently now that it would be a three-year program for the defence department, and that that would be the end of it, and that it would take them two years to liquidate it, I am inclined to think I would look on the matter very differently indeed; but of course we know that is not the situation at all; that it would really be beyond our hopes that in three years our national defence program would be terminated and then we could proceed to the liquidation. My feeling therefore is that this reason for the suggestion of five years falls to the ground, and that we

should look at the thing not from that point of view, because that to me is very unconvincing, but on its merits. I have this suggestion to make to the minister.

There is no magic in five years, and there is no magic in three years. I do not pretend there is, but I do suggest that three years would be a not unnatural time, because the national defence program runs to that time. I would also put this to the minister. It is astonishing how quickly the abnormal becomes the normal; and as we go on debating the clauses of a bill of this kind, almost in spite of ourselves we slip into the feeling that after all it is not so very unusual. But after all, it is an extraordinary thing that we should give this amazing arbitrary power to one man. I shall relieve the minister's feelings by saying I shall not repent my views. He is not interested in my views on this subject, and has heard them often enough before, and I do not intend to dwell on them. But I do suggest this, that we might remind ourselves that from the point of view of many of us, and perhaps far more than will ever speak on this bill, these arbitrary powers are something that we view with the greatest possible regret.

Therefore I suggest to the minister that it might be a reasonable concession to those who take a view so different from his own, if this concession of two years were made.

The minister expressed some impatience, not in a very impatient way, this afternoon, that we had spent five days—I think they were very short days—discussing this bill. I can assure the minister that if some of us had discussed this bill according to the repugnance we feel as regards matters of this kind, it would not take five days, it would take five weeks. Therefore I appeal to the minister for this concession. After all, if three years from now the situation warrants it we can extend it. If the situation is as it is now we no doubt will extend it. Therefore it seems no harm would be suffered, and in the opinion of some of us it would be just that much less unpalatable.

Mr. Howe: I am sorry that my hon. friend feels so great a repugnance toward this bill. I would remind him that a bill in similar terms allowed Canada to do a very creditable war effort not so many years ago. I see nothing that need concern my hon. friend so deeply. I thought he was going to suggest a compromise. Had he done so, I would have said it was the first reasonable suggestion I had heard from that side since we started to discuss the bill, and I might have taken it. But since he insists on three years, I must say, Mr. Chairman, I insist on five years.

[Mr. Macdonnell (Greenwood).]

Mr. Knowles: Do you mean you would accept four?

Mr. Green: If the minister would accept four it would be all right.

Mr. Howe: It is too late now.

Amendment negatived.

Section agreed to.

The Deputy Chairman: We shall now revert to the clauses that were stood over, namely, clauses 9, 16 and 36.

On section 9—*Administration of department under the minister.*

Mr. Howe: I have an amendment to suggest to section 9 which I shall ask one of my colleagues to move. It is as follows:

That subsection (2) of section 9 of Bill No. 77 be deleted and the following substituted therefor:

"(2) The minister shall have exclusive authority to buy or otherwise acquire defence supplies and construct defence projects required by the Department of National Defence, except

(a) defence projects to be constructed by persons in the employ of His Majesty; and

(b) such defence supplies or defence projects as the Minister of National Defence or any other minister designated by the governor in council may procure or construct at the request of the minister."

Mr. Fournier (Hull): I so move.

Mr. Green: I do not quite understand the last paragraph of subsection 2 where it says:

. . . as the Minister of National Defence or any other minister designated by the governor in council may procure or construct at the request of the minister.

Mr. Howe: The reason that the Minister of National Defence is named is that it is often convenient to have certain limited appropriations at the disposal of a local armed services unit, such as for Suffield. The unit may want the privilege of having say $500 a month to buy fresh vegetables, or for small supplies. The reason another minister is named is that another branch of the government might conveniently carry out some part of the defence program and the minister might wish to ask them to accept that responsibility. For example, housing might well go to the Minister of Resources and Development.

Mr. Green: That is, the request would come from the Minister of Defence Production to the Minister of National Defence?

Mr. Howe: Yes; and this provides that any other minister would have to be designated for the purpose by the governor in council.

Amendment agreed to.

Section as amended agreed to.

On section 16—*Defence production revolving fund.*

Mr. Macdonnell (Greenwood): There is a suggestion I have to make here. I quite realize—indeed I always did realize—there must be a revolving fund. My only aim was to see that as much information should come as quickly as possible to parliament, and I wonder whether the minister would agree to this suggestion, that there might be made available and laid on the table monthly statements of the operations under section 16, that is to say the incomings and outgoings under subsection 2 (a) and subsection 3 of the same section.

Mr. Howe: The figures would necessarily be very vague. They would show that the fund had paid out, we will say, X million dollars and had received, in the month in question, Y million dollars. Obviously, we could not say what the money had been spent for, nor could we say from where the receipts had been received. They would be perfectly meaningless figures.

It seems to me the same purpose would be accomplished by an hon. member asking for figures any time he wished to do so. I do not like to ask for the passage of a law or statute in parliament which states that I am to table figures which would be meaningless. If they meant anything I would not object to tabling them, always, of course, giving consideration to security matters. However if someone wants figures and asks for them, I shall be glad to table them the next day. I think the hon. member will appreciate the difficulty.

Mr. Fulton: Does the minister mean that he could not give the details for security reasons?

Mr. Howe: That is it, exactly.

Section agreed to.

On section 36—*No action lies against controller or investigator.*

Mr. Howe: I believe the difficulty in this section can be settled by the amendment I shall ask my colleague to move.

Mr. Fournier (Hull): I move:

That clause 36 be amended by adding thereto the following:

"but nothing in this section limits or restricts the rights of any person against the crown."

The Deputy Chairman: It will be noted that section 36 has been renumbered as section 37.

Mr. Green: That, in effect, is the amendment we suggested, is it not?

Mr. Howe: As a matter of fact, it is quite different from the amendment the hon. member suggested.

Mr. Green: It is the same, but in other words.

Amendment agreed to.

Section as amended agreed to.

Preamble agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Mr. Green: Next sitting.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935.

He said: Mr. Speaker, Bill No. 5 proposes three amendments to the Canadian Wheat Board Act, 1935. The first amendment corrects an error in section 20. In this section reference is made to the "thirty-first day of August". The amendment corrects this date to the "first day of August", as was intended.

The other two amendments are proposed as a result of experience in the operation of the Canadian wheat board over the years.

Under the act as it now stands, any increase in the initial payment for wheat, oats, and barley made during a pool period or crop year must be equal for all grades. A situation could arise in which it might be possible to increase the initial payment for certain grades of wheat, oats or barley to a greater extent than for other grades of the same grain. This amendment is designed to give the governor in council some latitude in adjusting initial payments within the crop year as between grades. I do not anticipate that the powers asked for in this amendment would be used in a year of normal production. On the other hand, I believe that the amendment, if enacted, will be useful in the event of a crop in which there are not only wide variations among the grades, but wide variations in the demand for particular grades as well. The proposed amendment is intended to meet such a contingency, rather than to alter procedures followed in a normal crop year.

The third amendment is the most important of the three. It proposes a means by which annual pools may be wound up promptly. Occasions have arisen in the past when the board has been operating two or more pool accounts at the same time. The procedure in these cases has been to divide sales between the pools. This means that the winding up of a particular pool takes an

unreasonable length of time. The amendment gives the governor in council power to authorize the transfer of unsold grain from one pool account to the next pool account for the purpose of winding up the earlier account and permitting a final payment as soon as possible after the end of each crop year.

The amendment contemplates a careful valuation of the inventory to be transferred, with the principle in mind that the later pool should neither gain nor lose because of the unsold grain transferred to it. In actual practice it may not be possible to eliminate all risk to the pools concerned. I believe that the house will agree, however, that the proposed method is preferable to holding up the final settlement with producers under each pool until such time as the last of the grain in that pool has been sold.

I have now covered all the matters concerning Bill No. 5, but I am sure the hon. members would wish me to take this occasion to review the current developments in the board's operations.

I shall not discuss the 1945-49 pool account at this time, as it will be the subject of special legislation to be brought down shortly. I might say just this, however, for the information of hon. members, that the annual report of the board has now been completed in Winnipeg and has been laid on the table of the house at an earlier sitting. The report contains the accounts covering the 1945-49 pool wheat, the last of which wheat was disposed of in December, 1950.

We are going through a most unusual experience in the marketing of wheat this year. The unusual circumstances arise largely from the lateness of the 1950 harvest and from the extensive damage to quality sustained by nearly one-half the crop due to the frosts last August.

The lateness of the 1950 harvest reduced the volume of shipments from country elevators to the lakehead before the close of navigation and made the transportation of grain an acute and continuing problem for the remainder of the crop year 1950-51. Because of the late harvest, some 37,000 fewer cars of grain were loaded in the prairie provinces from August 1 to December 1, 1950, than were loaded the corresponding period a year ago, despite the fact that the railways loaded cars in the country at about the same rate as last year once the 1950 crop started to move. In recent weeks the loadings have been exceeding last year's levels.

In marketing the 1950 wheat crop, the Canadian wheat board is carrying on two distinct operations, the one having to do with milling wheat, the other with the lower grades. As a result of the frost damage and unfavourable harvesting weather, less than one-third of the 1950 crop will fall into the grades Nos. 1, 2 and 3 northern, which are the standard milling grades normally constituting the bulk of the prairie wheat crop. Fortunately we had a carry-over of about 99 million bushels of wheat on July 31 last, principally of the grade No. 2 northern. In addition, No. 4 northern wheat this year has been a useful milling grade both in the domestic market and for export. Even allowing for these factors, our supplies of milling grades of wheat are not adequate to meet the demand this year. In selling the milling grades, the board's problem is one of securing adequate transportation both by rail and by inland water routes to meet domestic and export commitments.

I might add that Alberta marketings of wheat show a high percentage of milling grades, and as a result the board is working on a maximum export program through Pacific coast ports, which will continue for the balance of the crop year.

With respect to low-grade wheat, the situation is very different. Because of the damage sustained in 1950, the board is faced with the task of shipping and selling over 150 million bushels of grades not normally used for milling purposes. Fortunately, the largest individual grade among the lower grades is No. 5 wheat, for which there has been an overseas demand. No. 6 wheat and feed wheat are being sold in some volume to the United States where such wheat can enter on the basis of a five per cent ad valorem duty, provided that the sample is considered unfit for human consumption. The disposal of such a large quantity of low-grade wheat will take considerably more time than that required for the selling of the limited supplies of milling grades, but progress is being made.

I should also note a third circumstance. As a result of the wet harvesting weather a considerable quantity of grain had an unusually high moisture content on delivery to country elevators and is grading tough and damp. The existence of so much grain with a high moisture content has had the effect of reducing the effective capacity of country elevators and lakehead terminals. I hope it will be possible to find storage for stocks of tough and damp grain remaining on farms, as well as terminal accommodation for the tough and damp stocks still in country elevators, before warm weather sets in. The wheat board and the board of grain commissioners are co-operating to that end. I might add that damp grain has been given first preference in transportation throughout the crop year, and the shipment of tough

grain of the lower grades has only been limited by the essential requirements of the board for milling grades which include the toughs of these grades.

From October 1 to date about 36,000 cars of tough and damp grain have been inspected. These inspections represent about 33 per cent of total cars inspected during the period. Thus, the shipment of tough and damp grain has received a substantial percentage of cars available for country loadings. Late in January, because of congestion at the lakehead, the board issued instructions limiting shipments of grain to the lakehead to damp grain. Recently it has been possible to amend this restriction to allow high-moisture tough grades to be moved as well.

Terminal elevators at the lakehead have had a free hand in drying damp grain and are keeping abreast with arrivals. Tough grain is being dried as required by the board. Although some 65 million bushels of tough and damp grain have been inspected, it is difficult to estimate the amount still to be shipped. While the problem is undoubtedly a diminishing one, it will continue for some time yet.

Under all these circumstances the Canadian wheat board has endeavoured to follow a balanced shipping policy. It has endeavoured to move forward sufficient high-grade wheat, including toughs and damps of these grades, to take care of moderate export commitments. This has left considerable latitude for the shipment of low-grade grain including the toughs and damps of these grades. The board felt, and I think for good reason, that in spite of the special problems arising from the large volume of low-grade wheat produced in the west this year, and from the volume of tough and damp grain, that a reasonable effort should be made to get on with the marketing of that half of the crop consisting of milling grades.

The board has made good progress in disposing of milling grades of wheat arising from the carry-over from the 1949 crop and from the 1950 crop. Commitments have been made not only for stocks which have arrived in selling positions, but for stocks which will be shipped from country elevators during the balance of the crop year.

For transportation reasons, sales of wheat of lower grades are not so far advanced, but sufficient sales had been made to give the board confidence in its selling prices for No. 5, No. 6 and feed wheat. By the end of last December it was apparent that wheat of milling grades would be sold at the international wheat agreement maximum price.

With this situation in mind, the board and the government considered it practicable to increase the initial payment on all grades of wheat by 20 cents per bushel. As hon. members are aware, this increase became effective on February 1. Between August 1, 1950, and January 31, 1951, producers had marketed about 256 million bushels of wheat, upon which an adjustment payment of 20 cents per bushel is about to be made. If the 1950-51 wheat account shows a surplus when all wheat is sold, there will be a final payment to producers. Because of existing good export demand there is reason to believe that there will be a final payment on all grades.

Earlier in the crop year the board felt that it would take perhaps twenty-four months to transport and sell the large volume of low-grade wheat harvested this year. Without minimizing the difficulties ahead in transporting and selling such a large volume of low-grade wheat, the board is now more optimistic.

The movement of oats and barley, for the reasons I have outlined, has been somewhat slower than in the previous crop year but, as in the case of wheat, the board had made good progress in selling both grains by the end of December. In January 1951, the board recommended, and the government approved, an increase in the initial payment on oats of 10 cents per bushel and an increase in the initial payment on barley of 20 cents per bushel, both increases becoming effective on February 1, 1951. Up to the end of January producers had marketed about 59 million bushels of oats and 58 million bushels of barley, against which adjustment payments of 10 cents per bushel and 20 cents per bushel respectively are about to be made. Any surplus in the 1950-51 oats and barley pools at the close of operations will, of course, be paid to producers in final payments.

Mr. J. A. Ross (Souris): Mr. Speaker, in rising to take part in a discussion on the second reading of this bill I must say that I have listened attentively to the Minister of Trade and Commerce (Mr. Howe) and in some respects I am bound to agree with the reasons he has set forth for an amendment to the act to cover the crop year and to include wheat, oats and barley.

Legislation of this kind has been requested by several speakers in this house on previous occasions. The minister has pointed out the difficulties that were encountered this year as a result of frost, as a result of bad weather for harvesting and as a result of the trouble encountered in moving the grain that was harvested. In fact, some of the crop is still lying in the fields unharvested at this time. The minister pointed out that all this had created great hardship and it was essential that provision be made to wind up the pool

at the end of the year which, as he stated, would be the end of next July or following August 1, 1951.

This legislation will not be of any benefit whatever to anybody until after that date, but it will be most essential following that date. For those reasons, so very well set forth by the minister, it will certainly be essential in another five months or so to have an amendment such as he has proposed to take care of that matter. There are some other matters with respect to the wheat board act that I should like to discuss at this time. First of all I should like to make some reference to the United Kingdom-Canada wheat agreement. As will be realized by those who have been here for some years and who have followed the activities of the wheat board, this agreement was brought into being by an order in council under the War Measures Act in July, 1946. Parliament never at any time had an opportunity to vote on the agreement as such.

Mr. Speaker: Order. Is it the understanding of the house that discussion of that agreement is to take place at this time? I do not want to stop the hon. member from discussing it if other hon. members are to do so. If it is agreed that discussion of that agreement can take place now I will allow the hon. member to continue.

Mr. Howe: I think it is difficult in a discussion about wheat to avoid discussing the five-year pool. I have no objections.

Mr. Speaker: The reason I interrupted the hon. member was that I thought the matter should be decided now.

Mr. Ross (Souris): Thank you very much, Mr. Speaker. I intend to confine my remarks pretty much to the act itself, and I am led to believe that one of the other ministers might like to make a very broad statement during this discussion.

Mr. Gardiner: I do not know how broad it will be.

Mr. Ross (Souris): An amendment to the Canadian Wheat Board Act of 1935 was passed during 1947 providing for the five-year wheat pool, 1945 to 1950. It was retroactive legislation. Members of this party proposed an amendment to the legislation creating the five-year pool, and we were voted down at that time by the supporters of the government. The U.K.-Canada contract went into effect on August 1, 1946. Farmers were compelled to sell 160 million bushels of wheat to the United Kingdom in each of the crop years 1946-47 and 1947-48 at $1.55 a bushel. The price for 140 million bushels in each of the two following years was to be fixed by negotiation under clause 2(b). The price for 1948-49 and 1949-50 crops was fixed at $2 which recovered none of the loss on the first two years of the contract. In fact the price was much over $2 when that price was negotiated and agreed upon.

On the most conservative estimate the farmers of western Canada lost $330 million in the first two years of the contract. In fact I can break that down into separate years. If anybody cares to check the report made by the then minister of trade and commerce, to be found at page 6020 of *Hansard* for July 17, 1947, the loss estimated by him was 77 cents per bushel or a total of $123,200,000 on the first year. On the same basis there was a loss of $207 million for the second year making in round figures a total for those two years of just over $330 million. I think these figures should be compared with a portion of the statement made by the Prime Minister (Mr. St. Laurent) in this house on March 2, to be found at page 833 of *Hansard*. He was announcing the final settlement of the five-year pool, and at that time he said:

> The contribution . . . is the equivalent of about 23 cents per bushel on the deliveries made during the last two years of the agreement to which article 2(b) had reference, that is, the $65 million contribution.

You will see that his statement completely ignored the first two years of the contract. At the time he made the statement it was very confusing to me. It has certainly been confusing to certain provincial ministers of agriculture judging from reports I have read of what they have had to say in their legislatures. Why the Prime Minister worded his statement that way I do not know. It is very interesting to study clause 2 (b) carefully, what actually happened in the first two years, and the Prime Minister's statement.

On the entire contract the loss is estimated at close to $500 million. Because of this wheat agreement the domestic price of wheat in Canada was held down to the level of the agreement. After September, 1946, when other producers and wage earners were freed of controls and able to charge all that the market would bear, the wheat farmers were lashed to an improvident agreement which compelled them to subsidize every bread consumer in Canada. In my opinion there was no shadow of justice in this policy. The Minister of Agriculture (Mr. Gardiner) discussed the United Kingdom-Canada wheat agreement on August 14, 1946. I do not think I need to remind the house that he was the minister who a month previously had negotiated the agreement on behalf of the government generally and on behalf of the then

minister of trade and commerce. As appears at page 4810 of *Hansard* of August 14, 1946, he said:

When we are at the end of the four-year period, if in the last six or twelve months we find ourselves in the position that world markets, so-called, are not offering as much for wheat as we are getting for it, I hope people will stand behind us to the extent they are standing behind us now. Even if wheat stays above $1.55 during the whole period, I hope people will still feel that it was worth while trying. If we are successful in this experiment, then we can talk to the grain trade people with some assurance. If they are able to show us at the end of the five-year period that we were all wrong, that over that length of time the farmer got less than he ever got before under similar circumstances and that the other system would have brought him more, then we shall be in a position to discuss the matter with them on an even footing. I am sure anyone who has taken this position and finds himself wrong will be quite prepared to discuss it from that point of view. In the meantime we are convinced that this is the best thing for the farmer. As long as we are convinced of that, and having another four years in which to try it out, we can put the policy into effect in a way that will at least help us to determine how this long argument between farmer and grain trade in western Canada ought to be settled in the interests of the great masses of the people.

On August 15, 1946, at page 4848 of *Hansard*, the minister put on record in detail the terms of the contract. I should like to refer to one of the paragraphs, and I would ask hon. members to follow this very carefully because it has reference to the previous statement I made about negotiations in the third year of the contract. The paragraph reads in parts as follows:

In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

I have already pointed out that in the first two years it is estimated there was a loss of at least $330 million. During November, 1947, Canadian class II wheat was quoted at $3.45 per bushel. I have already mentioned the loss under the "have regard to" clause in the first two years, and I think any legal person would say that is what it had reference to. During the discussions at that time Mr. John Bracken was with us in the house, and there was quite a discussion for a few days. I think it is only right that the words of Mr. Bracken, who warned of this very thing, should be remembered now. In August, 1946, he spoke in this house about wheat marketing policies, and said that selling our wheat at below market prices to one country was either a gift or an improvident trade arrangement. If it was a gift, then it was not fair that western farmers should make the whole contributions. I have already pointed out that this loss is estimated at $500 million. At that time Mr. Bracken said it was a bad bargain because it would create friction between Great Britain and Canada. I wonder what the people in this country think of that now, after the last two or three days. He went on to say that if in two or three years the world price of wheat was low and Britain did not come through with a higher price, we would feel that she was reneging on the agreement. Now I think he has been proved correct. In gambling on the British market under that contract we have lost the market to other nations.

I think every westerner should know that at the time Mr. Bracken made his speech in the house he was heckled by the hon. member for Rosetown-Biggar (Mr. Coldwell) and Mr. Tucker, then a member from Saskatchewan. Mr. Bracken asked Mr. Tucker if he thought Britain would pay any more for the wheat at the end of the contract. Mr. Tucker replied: "If I got wheat part of the time at below the world price, I would expect to pay more when the world price went below what the agreement called for". The leader of the C.C.F. party accused Mr. Bracken of using the word "renege" and Mr. Bracken replied that in this agreement there was no assurance Britain would pay any more than the world price later on. So we had the picture of the hon. member for Rosetown-Biggar and Mr. Tucker speaking for their parties and selling the Canadian wheat producer down the river. At that time, as I say, Mr. Tucker was a federal member, and at present is engaged in another field of public service.

We had quite a discussion of another amendment to the act on June 5, 1950. The Minister of Trade and Commerce (Mr. Howe) was reporting on a trip he had made to Great Britain. There were quite a few exchanges and I am quoted as having said, at page 3222 of *Hansard*:

The Minister of Agriculture and the then prime minister repeatedly stated that the farmers who were making those sacrifices would have that taken into account for many years following the war. However, I take it there is to be no further settlement expected from Britain under that contract?

Mr. Howe: That is correct—

It is rather significant also, in view of the fact that the Minister of Agriculture (Mr. Gardiner) visited Britain very recently, that within the last few days a question should be asked in the British house as to whether there might be any further settlement under this contract by Britain. The answer given by Mr. Gaitskell was, "No. This matter was thoroughly discussed last summer, and a settlement arrived at." So that policy has not been changed. Then during January the Minister of Agriculture was in the west, and at the meeting of the federation of agriculture

in Calgary was reported in the press as having said that wheat payment negotiations were being reopened. He is reported as having said that before he left Ottawa he and the Prime Minister had agreed that he should make the statement at that time. Under clause 2 (b) of the four-year wheat contract now terminated, he said, Britain had agreed that there should be an adjustment; but during the parliamentary session last summer the Minister of Trade and Commerce (Mr. Howe) said that Britain considered the matter closed. That was from the Winnipeg *Free Press* of January 24, of this year. I think that is very significant. And it is strange that just one year ago today in this house the right hon. Minister of Agriculture should have said, as reported on page 569 of *Hansard:*

> What I wish to say to this house, and through this house to the country, is that the Prime Minister stated to the farmers that it was decided during the first discussion that every dollar the wheat pool was entitled to as a result of the British agreement would be paid into the pool by the end of this crop year, on the basis on which the British agreement called for the deliveries, and that therefore there would be no possibility whatsoever of any loss being taken by the farmers of western Canada as a result of that exchange. The money will be paid into the pool by the government of Canada and any loss which is taken—if any loss is taken; and we do not expect that there will be any—would naturally be taken by the treasury or by a settlement that we get from the British under the "have regard" clause rather than by the farmers themselves. I thought it was necessary that that matter be cleared away at this time in order that we may avoid discussion of the idea in the future.

Remember that the end of the crop year to which he referred was July 31, 1950. As I have pointed out already, during November of 1947 Canadian class II wheat was quoted at $3.45 per bushel. That was during the early part of the second year of the United Kingdom-Canada wheat agreement. According to the speech of the Minister of Agriculture which I have just quoted and the announcement of the Prime Minister regarding the final settlement of the five-year wheat pool, as reported on page 833 of *Hansard* for March 2, 1951, there seems to be no intention on the part of the Prime Minister, the Minister of Agriculture or this government to carry into effect the promises I have already quoted. This is very disappointing to a great many people in the country.

It now becomes apparent that the government and the Liberal party will attempt to place the entire blame on the British government. Certainly Mr. Wesson of Saskatchewan, upon whom the Minister of Agriculture relied so much, is already doing this, and I think it is rather unfortunate.

Some hon. Members: Unfair.

[Mr. Ross (Souris).]

Mr. Ross (Souris): Yes, very unfair and very unfortunate. And I am surprised that after the many times I have heard the minister tell us that our best market for wheat and many other agricultural products was Great Britain, he or the pools or anyone else should attempt to create a rift between Great Britain and the people of this country. In that regard there is quite an article in the Winnipeg *Free Press* of January 22, 1951, headed "Hard Facts" and reading:

> In the British House of Commons on December 11, 1946, Mr. Strachey, then minister of food for the U.K., said this:
>
> "We buy agricultural products at the lowest price we can get them in the world and if we deviated from that policy I am sure the house would censure us very severely indeed."
>
> Again, on February 3, 1947, Mr. Strachey, still minister of food, replied to a questioner as follows:
>
> "In fact we pay the best price, being the lowest, that we can pay in the circumstances."
>
> His reference, of course, was to the purchase of foods.

And further on:

> And now, more recently, on September 19, 1950, the present minister of food, Right Hon. Maurice Webb was asked in the British House of Commons if he would "offer preferential prices to producers in the British commonwealth and empire." He replied in the negative.
>
> "The question," he said, "of giving any form of preference under these contracts to commonwealth producers does not arise because I am still bound to obtain as much as I can of these commodities at reasonable prices from all sources and in any case bulk purchase contracts must be based primarily on commercial considerations."
>
> There is, of course, not the slightest ground for criticism of the United Kingdom in these quotations. It is not only right and proper but inevitable that the U.K. should buy as cheaply as possible. That is the job of British traders, and they are very good at it. If they failed, they would undoubtedly deserve and receive very severe censure.

I think that has quite a comparative meaning to this agreement and the situation in which we, unfortunately, find ourselves. During this period the cost of production in Canada has increased a great deal. Certain farm implements have increased over sixty per cent; discriminatory freight rates have increased twenty-two per cent; and the cost of living rose twelve points during the last year, 1950. Last month it made the greatest increase of any month in the history of Canada, being at an all-time high of 175·2, and still increasing rapidly. At the same time the price of wheat has been substantially reduced by order of this government.

When I refer to that, may I remind the members that this year's price is $1.60 basis Fort William. The purchasing value of a bushel of wheat today on the basis of the 1939 dollar and the dollar of today is approximately 75 cents. That is all the purchasing

value there is in a bushel of wheat at the price which the government has set for this year.

Mr. Gardiner: There is no price set for this year.

Mr. Ross (Souris): For the 1950-51 crop?

Mr. Gardiner: No. There is an initial price of $1.60, but that is quite a different thing.

Mr. Ross (Souris): Then the initial price has that purchasing value, Mr. Speaker. During 1950 the income of the Canadian farmer was reduced by over 12 per cent; that is the type of stability the farmers have been guaranteed. I have heard some of my hon. friends close to me cite this agreement in the past, and even during this session, as evidence of the type of stability guaranteed to the farmers. How much longer the farmers of Canada can carry on under this type of stability I would not have any idea. The Canadian farmer has a just grievance, and that includes the dairy producer, cheese producer, hog producer, poultry, potato, fruit and other agricultural producers. The coarse grains which many of these producers would use, Mr. Speaker, came under this act, and they have a just grievance.

I should like to refer some of the members to an article appearing in the Winnipeg *Tribune* of Tuesday, March 6. I am not going to quote that article because some of it might not be in order at this time. I would ask hon. members to look it up on the editorial page, and it is entitled "These American Prices". Just to quote a few of the items mentioned we find sugar, 10 pounds, Minneapolis, $1.01 and Winnipeg $1.40; T-bone steak, per pound, 79 cents in Minneapolis and 89 cents in Winnipeg; pork tenderloin, $.70 per pound in Minneapolis and $1.05 in Winnipeg; milk, 2 quarts, 33 cents in Minneapolis and 34 cents in Winnipeg. Mention is made of canned applesauce to which there was a reference in the house the other day. Eggs, grade A large, 52 cents a dozen in Minneapolis and 55 in Winnipeg. Many people imagine that the cost of living is considerably higher in the United States than it is in Canada. Minneapolis and Winnipeg are comparative cities. It is quite evident that the housewife, either on the farm or in an urban centre, can procure her supplies in the United States for less money than she can in Canada. I believe that fact is pertinent to the statement made by the Minister of Trade and Commerce the other day in connection with another measure to the effect that the business people were set for price controls. I do not know how the people, even on the farms and in the urban centres, are able to properly provide for a growing family. It is extremely difficult.

In view of the fact that, as I have already pointed out, this measure will not be of any effect in Canada, that is this Bill No. 5 which we are now considering, until August next, and we are only now starting this session, I should like to move, seconded by the member for Brant-Wentworth (Mr. Charlton):

That this bill be not now read a second time but that further consideration thereof be deferred until this house has had an opportunity to record its opinion on the government's announced decision with respect to the final settlement of the five-year wheat pool and on the government's mishandling of the sale of wheat and other grains covered by the Canadian Wheat Board Act.

I have just about completed my remarks, Mr. Speaker. We have had a great many discussions about the grain trade in this country, and we have heard many comments and arguments about gambling with our grain. I want to say that nothing I have been able to read in the histories of the various countries throughout the world would indicate a greater gamble taken by any government than was taken by the Minister of Agriculture (Mr. Gardiner) on behalf of this government, and on behalf of the then minister of trade and commerce, when he undertook to gamble on 600 million bushels of wheat for future delivery over four years. The greater part of it had not even been seeded. I believe that was a terrific gamble for the producers of wheat, and if you are to believe the contract, it was at the expense of the Canadian taxpayers as well as the producer. I believe the government has a great responsibility with respect to this matter. I believe we should keep that in mind when we are considering future markets. On another occasion I pointed out, and it has a bearing here, that I thought there should be a thorough investigation—I say so in the face of the speech made by the hon. gentleman in discussing this matter in 1946—by a royal inquiry into the marketing, transportation, grading and storage of grain in this country and abroad.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, at the beginning I should like to thank the member for Souris (Mr. Ross) for having selected the quotation from my speech in 1946 which he did select. We were then at the beginning of a four-year contract, and we are now dealing with the last act associated with that four-year contract. I would wish for no better starting point from which to discuss what has happened in the period in between than the statement which was quoted from my speech in 1946.

Mr. Ross (Souris): I try to be helpful.

Mr. Gardiner: I do not need much help, but I accept it thankfully. The statement

which was then made was to the effect that we were starting on an experiment, and no one had any right to consider it anything other than an experiment. We were hopeful that that experiment would give us some guidance in dealing with a question which had been discussed over a long period of years in western Canada, and in this house as well. I recall that the constituency which I now represent in this house was represented in 1896 by a gentleman, Dr. Douglas, who introduced the first Manitoba Grain Act into this house. He was here as a patron of industry, the name under which the farm movement of his day operated; and he brought into this house a bill, a private member's bill, which he thought should be passed by the house, to deal with the marketing of wheat on the Winnipeg grain exchange. He had the same experience as private members have here at the present time, Mr. Speaker. He had his bill talked out the first time he brought it in. Then he brought it in the next year, and it received second reading, but it did not get any further than that. Then he had the experience which not many of the private members have who introduce bills in this house. The next year his bill was taken by the government of Canada and presented to this house by the government as the first Manitoba Grain Act, and placed upon the statutes of Canada. From that time till now the marketing and transportation of wheat in Canada has been largely regulated by the operations of that act as it has been amended from time to time.

We finally gave it a new name and called it the Canada Grain Act, but in all of its essential features it is the same act. So tonight I rather appreciate the opportunity of standing here at the end of fifty years' experience under that legislation to speak in favour of what the representative of the constituency I now represent thought would be a good thing for the farmers of western Canada over fifty years ago.

I represent the constituency which was represented by another great farm leader of western Canada, the Hon. W. R. Motherwell. He, in 1900, organized the old territorial grain growers association. He and Dr. Douglas, who was the member that I spoke of a few moments ago, had campaigned up and down the section of western Canada which grows wheat, against the operations of the Winnipeg grain exchange, and against the operations of the railway which at that time controlled the shipment of grain to the detriment of the farm population in so far as its handling was concerned, although to their benefit in the fact that it got it away from the wheat fields to some place where it could be consumed.

But Mr. Motherwell in his day became the advocate of the formation of great co-operative organizations of farmers, which would replace the companies, if necessary, which had been handling grain in previous years, but not so much to replace them as to regulate them. And so we had set up as early as 1910 in western Canada the Co-operative Elevator Company, which was established—the first one in the province of Saskatchewan—under the leadership of the Hon. W. R. Motherwell.

Following that experience we had elevator organizations of a kind set up in the provinces on either side of us. At that time there was a Conservative government in Manitoba, and that Conservative government thought that the kind of system of elevators that they ought to have there in which to handle the grain of their province was a government-owned system, and the Roblin government established the government-owned system of elevators. They took over all the elevators in Manitoba and operated them as a government system. We in the province of Saskatchewan refused to establish a government system of elevators, but we did establish a co-operative system. May I repeat, our objective in establishing the co-operative system away back at that time was to avoid the establishment of the government system, in other words, to avoid setting up, even at that early date, of what is now known as state socialism.

The Liberal party of that day, taking that position, established in western Canada the co-operative elevator system which eventually became the pools of the present day. I wanted to give that little bit of history of the development of the systems.

Mr. Wright: I always understood that it was the farmers of the west who built the co-operative elevator system in western Canada.

Mr. Gardiner: My hon. friend said it was the farmers. Yes, the farmers always do good things under the leadership of the Liberal party; and, incidentally, Mr. Speaker, they like to be led by the Liberal party. As a matter of fact, now that my hon. friend has raised the question, he knows that the government of the day advanced 85 per cent of the total cost of the building of the elevators. They trusted the farmers of Saskatchewan to pay the money back, and the farmers of Saskatchewan did pay the money back, and in the end owned their elevator system, and do own it today.

That system has resulted in half the grain that is grown in Saskatchewan being handled by the pool elevator companies, and the other half is handled by the line elevator companies. I recite that fact in order to say,

Mr. Speaker, that it never was intended the system set up by the farmers in the province of Saskatchewan, and later on in the other provinces, was going to drive out of business the private dealers in grain in western Canada. It was intended that they, by handling a certain percentage of grain, preferably about half of it, would so regulate the handling of it that all others who entered the trade would be required to handle the grain in pretty much the same manner. And that has gone on from that day down to this.

We make all kinds of claims, which I am not going to take the trouble to make here tonight, as to what the result of the inauguration of the policy has been; but I recite this in order to repeat that the farmers of western Canada have absolute confidence in the co-operative organizations that they set up to handle their grain, and there is no kind of argument that is going to be put up by anyone in this house to the effect that somebody has lost a lot of money that is going to change the attitude of the farmers of western Canada toward the system that they themselves have set up. They are going to operate under that system, and anyone making speeches from this house with the idea that he is going to encourage some change by saying that the farmers have lost $300 million or $600 million, as the notion takes him when he is speaking, is wasting his time. I just want to say to them that they had better talk with some of the farmers in western Canada before making such speeches because there is nobody in western Canada that believes them.

Mr. Ross (Souris): Quite a lot of them. That is pretty wild.

Mr. Rowe: You have got them pretty well trained.

Mr. Gardiner: My hon. friend says: "That is pretty wild." I think I talk to as many farmers in western Canada as anyone.

Mr. Rowe: You must have.

Mr. Gardiner: I think I know what they are thinking. As a matter of fact, the Conservatives on the other side of the house ought to know what they are thinking, and particularly in the province of Saskatchewan. We think we know pretty well, and I believe we do. It was suggested a few minutes ago that I would probably be making a broad statement on the five year contract—the four year contract.

Mr. Ross (Souris): Or the five year pool.

Mr. Gardiner: Yes, or the five year pool. Well, I am going to make a statement on it. I do not know whether my hon. friend will consider it broad, after I have finished. Nevertheless it will have the facts in it, and it will be broad enough to cover most of them.

But before proceeding to deal with it I would like to say that the handling of wheat over the last five years has resulted in the setting up of a lot of ten-digit figures. I hope the house will permit me to use only the round figures in what I am going to say tonight and, at the same time, will agree that since I am going to hand all the figures I use to *Hansard*, that the long, ten-digit figures can be put into *Hansard*, without my repeating all the digits in those figures.

It should be noted that two different policies announced by the government are involved in the announcement that $65 million is to be paid from the treasury of Canada to the wheat board, and that this is to be distributed to the wheat-growing farmers as part of a payment of 8·3 cents a bushel on all the wheat which entered into the five year pool.

I am only going to say in passing that the hon. member for Souris said he was rather surprised that the Prime Minister (Mr. St. Laurent) the other day referred to a distribution of this amount of money at the rate of 23 cents a bushel over the deliveries of the last two years. I would think that one who has discussed, and talked about, and tried to instruct others with regard to the contents of the United Kingdom-Canadian agreement would have read it sufficiently carefully to have realized that that is the method which is provided for in the agreement for the distribution of the amount of money which is going to be paid as a result of any losses.

In other words it says that any losses which were experienced in the first two years are to be paid them as an addition to the amount of money which otherwise would have been paid in the last two years. And so the Prime Minister quite properly the other day, when he was giving to the house the fact that $65 million was being added to the amount of money which had gone into the pool, said that the $65 million should be figured on a bushelage basis on the last two years of the four year contract.

Now, on September 19, 1945, the Hon. J. A. MacKinnon, then minister of trade and commerce, announced to the House of Commons a plan to set up a five year pool with a ceiling of $1.55 a bushel and a floor of $1 a bushel.

The hon. member for Souris a few moments ago referred to some resolution that was passed the next year, 1946, and made reference to some statement that this government took the 1945 crop into the five year pool. This government did nothing of the kind.

Mr. Speaker, this government in 1945 on the 19th of September had the minister of trade and commerce of that time get up in

the house and announce a five year pool, and the grain of western Canada has been handled under that five year pool. It did not make any difference whether we had ever had a wheat contract with Great Britain or not, the grain would still have been handled under the five year pool. And all the grain sold, no matter whether sold to Great Britain or to whom it was sold, was handled under the five year pool, right from September 19, 1945—and as a matter of fact we dated the operation back to August 1, 1945.

Mr. Ross (Souris): That is just what I said you did.

Mr. Gardiner: Well, that is not just what my hon. friend said, and if he will read *Hansard* tomorrow he will find it is not what he said.

Mr. Ross (Souris): It is certainly what I tried to say, anyway.

Mr. Gardiner: This was action taken on the recommendation of the prices board—and now that I have all the time I wish to take tonight, because my hon. friend has moved an amendment, which places me in the position of being the first member of the government to speak afterwards, and therefore in the position of being able to speak as long as I like—I can put many things into my speech I had not intended to put in.

Mr. Ross (Souris): You usually do.

Mr. Gardiner: This was action taken on the recommendation of the prices board. And my hon. friend will recall that wheat was the one product which, from 1941 to 1945, had no ceiling upon it. And if he recalls the action of members in the house in 1941, he will recall the reasons why there was no ceiling on wheat from 1941 to 1945.

And just to recall the matter to his memory I will remind him of the fact that it was under the leadership of Liberals from western Canada that that position was established in the house at the time, and was supported by the government and Liberal members of the House of Commons.

We had no ceiling on wheat until 1945. The ceiling was established on September 19, 1945, at the time the five year pool was established, and as part of the set-up of the five year pool. The idea was based upon the fact that the international wheat committee was at that time discussing a five year agreement with a floor of one dollar and a ceiling of $1.50 a bushel, No. 1 northern, Fort William. When it was announced that the committee, which was meeting in London, could not agree, the Canadian government proposed a five year pool on practically the same terms. The amount of wheat handled under this pool has been 1,435,955,510 bushels.

On July 26, 1946, the Hon. J. A. MacKinnon, then minister of trade and commerce, announced to the House of Commons the signing of the four year United Kingdom-Canadian wheat agreement. The United Kingdom-Canadian wheat agreement resulted in the sale to Britain of 631,552,419 bushels of wheat out of the total sale of 1,435,955,510. The receipts from this sale were paid into the five year pool—that is, this sale to Great Britain—and amounted to $1,089,889,013.

The operations of the pool are very simple. The farmers delivered 1,435,955,510 bushels of wheat of all grades to the wheat board. This wheat was sold in three different markets, first the home market, second the British market, and third all other markets in the world.

The amount of money received from each source was paid into the pool conducted by the wheat board. An initial payment of $1.25 a bushel, basis No. 1 northern, Fort William, was paid in 1945. Interim payments spread over the entire five years were made from time to time amounting in all to 50 cents per bushel. This makes the total payment, basis No. 1 northern, Fort William, $1.75 per bushel. The total amount paid out to date is $2,489,000,000 on 1,435,955,510 bushels.

The total amount of $2,552,333,047 was obtained from three sources: $448,649,824 was obtained from the home consumers for wheat delivered by the wheat board; $1,089,889,013 was obtained from the United Kingdom for wheat; and $1,013,810,849 was obtained from all other sources for wheat delivered by the wheat board. The Canadian government announced the other day the payment of $65 million on account of the United Kingdom into the pool. This results in there being $2,617,333,047 in the pool for distribution after costs have been deducted to producers of 1,435,955,510 bushels of wheat. The payment per bushel will amount to $1.833. When this payment is made the five year pool will be completed. I think it will be well for hon. members to keep that figure in mind because it will be used on one or two other occasions.

Mr. Wright: The minister has said that that $65 million was paid in on account of the United Kingdom. What authority was there from the United Kingdom to pay in $65 million on their account?

Mr. Gardiner: We will get along to that in a minute. When the five year pool was announced on September 19, 1945, the war had just ended—as a matter of fact I think

only three days earlier—and we were facing the uncertainties of the future. It was thought by most persons that prices would go down. The international wheat agreement was being advocated to stabilize prices.

Three things happened to change the situation between September 19, 1945, and June 30, 1946. Changes in the value of steel caused breaks in price controls on necessary equipment; wage increases were provided for; the Canadian loan was proposed and discussions of financial assistance to the allied countries from the United States arose. These developments made it evident that there was not likely to be any difficulty about maintaining a floor of $1 under wheat, but that the real possibility of the future was a break through the ceiling of $1.55 a bushel.

It was decided to offer the United Kingdom a four year contract—probably I should say that we started out in the beginning by offering a five year contract, but it very soon became evident that could not be considered and we offered a four year contract—with wheat delivered at $1.55 a bushel for two years, a floor under the last two years in case the unexpected happened and a price for which there was no ceiling to be arranged at least six months before the opening of the 1948 and the 1949 crop years. This contract was signed by the minister of trade and commerce, the Hon. J. A. MacKinnon, and announced by him in the House of Commons on July 26, 1946, and Mr. Strachey in the House of Commons at Westminster on July 25, 1946.

Mr. Coldwell: The minister has said that we offered the United Kingdom a contract. Does that mean that we initiated the agreement?

Mr. Gardiner: We initiated the discussions. It was agreed that it would be helpful to Britain to have her main food requirements supplied at a price of $1.55 a bushel which was then low and was likely to remain low throughout the first two years. The British were confident that the price would fall below $1.55 in the last two years, and we were just as confident that with United States aid and a Canadian loan the price would go and remain above $1.55. We, therefore, decided to leave the arrangement of price, as is the case in many British food long-time contracts, to be negotiated.

There is nothing new about that. By far the greater number of British contracts for food has an arrangement in them whereby prices are negotiated for all the years after the first year, and certainly for all the years after the second year. Most of these long-time contracts have a floor and ceiling and are for a price which may be varied a certain percentage upward or a certain percentage downward. That is done by negotiation. There was nothing new about that. The only thing new about this contract as compared with some of the others was the fact that there was no ceiling placed upon the price to which the wheat could go in the last two years. The reason for that will be evident.

Mr. Blackmore: The minister has referred to a Canadian loan. Has he in mind the $1 billion loan to Britain?

Mr. Gardiner: I have in mind the $1,250 million loan to Britain, on which this $65 million is the last payment.

Some hon. Members: Oh, oh.

Mr. Gardiner: Of which this $65 million is the last part; it was not used as part of the loan.

Mr. Casselman: It is not coming out of that fund.

Mr. Gardiner: The result of the 2 (b) clause in the contract was that the $1.55 was a floor for the first two years, with the question as to what was to be the actual price determined after each crop had been marketed and all the facts were known. The method by which additional payments were to be distributed to farmers was set out in clause 2 (b) of the agreement. I refer again to the fact that it was quite proper for the Prime Minister (Mr. St. Laurent) the other day to so relate the amount when he was dealing with the $65 million which was being paid in.

There was a discussion in both London and Ottawa as to the meaning of the agreement. I explained it for the government, as I have already done today. I want again to thank the hon. member for Souris for having read some explanations to the house because it is helpful in connection with this discussion. Critics here took the position that the Canadian farmers never would get any more than $1.55 a bushel because there was no way of enforcing the contract. My hon. friends know best what members of the opposition were saying and what critics were saying. The critics all over this country were saying that Britain never would pay more than $1.55 a bushel. They said, "Do you think they are going to pay any more than $1.55?" It was in answer to things like this that the leader of the C.C.F. party and others interrupted and raised some question as to what was being argued and as to what was being said.

In London it was maintained that the British people would be compelled to pay too much for their wheat and in this House of

Commons it was maintained that the Canadian farmer would get too little. The position taken and the opinions held by the British government are best expressed by a question asked by Mr. W. Fletcher in the commons on July 25, 1946, when the agreement was being explained and the answer was given to his question by the Right Hon. John Strachey. As it appears in *Hansard* the question is as follows:

Mr. W. Fletcher: Is it not possible, even now, to see that some form of maximum price in the last two years of the running of the contract is achieved? Otherwise there is an unlimited liability on the government of this country, and the food subsidy will increase with leaps and bounds if the maximum price is too high.

It is all very well for periodicals, newspaper commentators and others to be saying now that nobody thought of that at the time. That, Mr. Speaker, was of the essence of the contract which was drawn up. It was of the essence of the position taken by the government of Canada that, in dealing with this question, if there was going to be a four year contract and if we were going to be delivering at $1.55 a bushel through the first two years, there must be no ceiling on the price for the last two years, and there must be consideration given to all the facts. Among those facts is the difference between the $1.55 price at which wheat was delivered in the first two years and the price that might have been obtained for it at the world price somewhere else.

I say that matter was discussed. It was discussed not only here but it was discussed in the House of Commons of Great Britain, and that question is of the very essence of the matter that was under discussion. What is the answer? It is as follows:

Mr. Strachey: No, I do not think that we could possibly alter the terms of the contract now,—

In other words, he says: I do not think that we could put a maximum price on the contract now.

—and in any case, I think the fears expressed by the hon. member are quite groundless. I should be most surprised if the world price of wheat was of any such character in those second two years.

Well now, Mr. Speaker, I am not going to say that Mr. Strachey was mistaken, but the facts are there to be seen. It will be noted that every claim that there was lack of consideration for possibilities on our part is denied by Mr. Strachey's answer. The fact that the United Kingdom did not estimate correctly should not justify their refusal to pay.

I was questioned in the house on a number of occasions regarding payments under the "have regard to" clause, and replied as follows in the speech which was quoted a few moments ago by the hon. member for Souris, and which was made on August 15, 1946, when this matter was being submitted to the house after the agreement was first made:

We on behalf of the government . . . suggested (during discussions with United Kingdom representatives in June, 1946) that in view of the fact that Great Britain was going to get wheat at some margin below the world price in 1946-47 they should be prepared, no matter whether wheat is below or above $1.25 or even above $1.55 to take into consideration any advantage that they get by obtaining wheat at a low level during these first two years. Without any reservations whatsoever those with whom we were discussing it came right back and said: "That is absolutely fair."

I am not saying that tonight, Mr. Speaker. I said it on August 15, 1946, before the British had a bushel of wheat delivered under this contract, and anyone who did not agree with the statement could have said so at that time.

Mr. Rowe: Which we did.

Mr. Gardiner: That might have had something to do with what would have happened from there on. When this discussion was at its height Mr. Strachey was invited to Winnipeg and Regina to outline their views as to the meaning of the agreement. He spoke at Winnipeg on February 25, 1947, in part as follows:

In London I often have to meet strong criticism of the Canadian wheat agreement. Our British Conservatives tell me that I have made a very poor bargain. They tell me that the result of the agreement will be that the British people will in the end have to pay millions of pounds more for their wheat than if no agreement had been made.

So I rather wish that I could have had them with me in Ottawa last Friday to listen to the Canadian opposition speakers alleging that I had made far too good a bargain, that under the agreement the Canadian farmers would sell their wheat to us for much less than if there had been no agreement . . . It is monstrous to suggest that any British government would ever break the terms of a solemn agreement such as this. And in this I am quite sure that I speak for the Conservative opposition in the British House of Commons as well as for my own government. The British Conservatives might not have made the wheat agreement, but once made, they, and all other parties in Britain, are bound by it. In fact the Conservative critics of the agreement whom I face in the House of Commons have complained precisely that we of the labour government have irrevocably bound Britain to this agreement, which in their view will mean paying a far higher price to the Canadian farmers.

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

Mr. Gardiner: Yes.

Mr. Rowe: You said a few moments ago that Mr. Strachey said that the opposition in the British house had said that if no agreement had been made we would have sold wheat for less. I think you must have meant more.

Mr. Gardiner: I read exactly what is here, and it will be in *Hansard* tomorrow exactly as it is here.

Mr. Rowe: If there is any doubt about it I should like you to read it over again.

Mr. Gardiner: Mr. Strachey wrote this. You will find it is all right.

Mr. Rowe: I should like the minister—

Mr. Gardiner: What part do you want read?

Mr. Rowe: I should like the minister to read what Mr. Strachey said about selling wheat for less because of the agreement.

Mr. Gardiner: "So I rather wish that I could have had them with me in Ottawa"—is that what you mean?

Mr. Rowe: Yes.

Mr. Gardiner: It reads:

> So I rather wish that I could have had them with me in Ottawa last Friday to listen to the Canadian opposition speakers alleging that I had made far too good a bargain, that under the agreement the Canadian farmers would sell their wheat to us for much less than if there had been no agreement.

Mr. Coldwell: You left the "than" out.

Mr. Rowe: Then Mr. Strachey did not understand the opposition.

Mr. Gardiner: Oh yes, he did.

Mr. Ross (Souris): Did you hear them say that?

Mr. Gardiner: At that time the opposition speakers were saying exactly what Mr. Strachey says they were saying.

Mr. Ross (Souris): Who said it?

Mr. Gardiner: The hon. member for Souris, among others. He has been saying it ever since. He said it no later than tonight.

Mr. Ross (Souris): Mr. Speaker, I should like the minister to quote the page of *Hansard* where I made such a statement.

Mr. Gardiner: Mr. Speaker, every time the hon. member has been on his feet since this contract was first signed he has argued that the farmers of western Canada were going to lose money by it. If that does not mean they are going to take less for their wheat what does it mean?

Mr. Ross (Souris): That is not what the minister read. That is quite true. I have been arguing that ever since.

Mr. Gardiner: That is what Mr. Strachey said you were arguing when he was here. Coming down to where I was reading when I was interrupted—

Mr. Rowe: I should like to ask the minister—

Mr. Gardiner: Let me make my speech.

Mr. Rowe: I am not going to interrupt again. I do not want to interrupt him because I do not do that.

An hon. Member: Not much.

Mr. Rowe: No, I do not, but I do wish to say this. Even if Mr. Strachey heard that in the gallery of this chamber, would the minister say he heard the hon. member for Souris (Mr. Ross) or myself or any of the critics in opposition say we would have sold that wheat for less if we had not made that agreement?

Mr. Gardiner: You still do not have it right. Read it in *Hansard* tomorrow.

> How then will the actual prices be fixed in the third and fourth years of the agreement? They will be determined by negotiations between the two parties and the agreement laid it down in these precise words that I quote.

And he goes on to quote:

> "In determining the prices for the two crop years 1948-49, 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years, and the world prices for wheat in the 1946-47, 1947-48 crop years."

Those are the statements preceding the "have regard" clause. Then Mr. Strachey's statement went on:

> Now these words mean neither more nor less than they say. They mean that the fact that we have bought our wheat from you this year below world prices—and that we may do so again next year—will be one of the factors in negotiating the actual prices to be paid in the third and fourth years. I and my government, and I am quite sure that this applies also to the Canadian government, would resist any attempt to add to or to subtract from this clear and definite statement as written into paragraph two subsection (b) of the wheat agreement . . . And, therefore, I personally hope that an international wheat agreement modelled on our Anglo-Canadian wheat agreement does come out of the forthcoming conference in London. But be that as it may, we in Britain and in Canada have already done our part to put our economic relations on a stable basis.

These quotations will indicate that there was no misunderstanding between the Canadian government and the United Kingdom government as to the meaning of this agreement.

Clause 2 (b) in the agreement, better known as the "have regard to" clause, provided for two discussions of price, one before December 31, 1947, and another before December 31, 1948. I was in London in September of 1947 on my way back from Geneva, and had the first of those discussions with Mr. Strachey, minister of food. The meeting was held at that time partly because of discussions I had with the international wheat committee while in Geneva. They were anxious to know at once what the terms of the contract were going to be for that

year, because they were discussing what was to be the price under the international contract. The critics who had maintained that when the time came the British would not agree to advance the price above $1.55 a bushel proved to be wrong. No one in London questioned our right to discuss a payment far above $1.55. The price was then around $3.00 a bushel, as the hon. member for Souris has said. We suggested that with the Marshall plan in existence and the Canadian 1946 loan operating to give purchasing power there was little chance of wheat dropping below $2 a bushel over the next two years, which would carry us to July 31, 1949. We stated that instead of asking Britain to pay on the basis of what the price of wheat had been, we were prepared to accept a temporary payment of $2 a bushel, with the final calculation of what we were entitled to left over to the end of the 1948-49 crop year.

This was a definite change in the agreement consented to by both parties, so that when today persons quote the original terms of the agreement and say the $2 was a final settlement of the price for the third year of the contract, they entirely lose sight of the fact that we had an agreement at the time which changed the terms of the original agreement with regard to that matter.

Mr. Coldwell: If the minister will permit me, on July 27, 1949, a meeting was held between the representatives of Canada, the wheat board, and the import cereals organization of Britain. I understand the price was then fixed and settled for 1949; at least the Minister of Trade and Commerce so announced at the time.

Mr. Gardiner: I will come to all that; it is two years ahead of where I am now, but the facts are not just as they are being stated. The press release setting forth that arrangement was issued by the late Right Hon. W. L. Mackenzie King on October 1, 1947, and reads:

> The Prime Minister, Mr. Mackenzie King, made the following announcement: "A wheat price of $2.00 per bushel for the third year of the Canada-United Kingdom wheat contract has been agreed upon by the governments of Canada and the United Kingdom.
>
> The price, basis in store Fort William, Port Arthur, Vancouver or Churchill for number one northern wheat, applies to 140 million bushels of wheat to be sold to the United Kingdom in the 1948-49 crop year under the terms of the contract which require that the price for the third year be negotiated and settled not later than December 31, 1947.
>
> In the negotiations which took place during the past month both parties recognized the obligation contained in clause 2 (b) of the agreement, which requires that in settling the price to be paid in the last two years of the agreement period regard should be had to the difference in the first two years between the world price and the agreement price. Having in mind the magnitude of the agreement and the long term security which it provides, a precise arithmetical calculation of the difference in price was not suggested. The government is satisfied that the considerations which have prompted the United Kingdom government to offer and the Canadian government to accept a price of $2.00 a bushel for 1948-49, will apply, fully and in the same spirit, in the negotiations for the settlement of the prices to be paid in 1949. The negotiations for this purpose are to take place before the end of 1948."

It will be noted that wheat did not drop below $2 a bushel in any market during that year, hence no adjustment under the "have regard to" clause materialized and the terms of the changed agreement postponed the whole settlement over to December, 1948.

The discussions on the payment to be made on the 1949 crop were carried on in December, 1948, by myself with Right Hon. John Strachey and Sir Stafford Cripps. For the first time the meaning of the "have regard to" clause was questioned by a minister of the government of Great Britain; it was questioned on that occasion by Sir Stafford Cripps. The final news release, however, did not question it. The questioning was done in the discussions we had. We threshed out the matter, and after it was threshed out a press statement was issued. That release, issued on January 20, 1949, read as follows:

> The government made the following announcement today:
>
> "Representatives of the United Kingdom and Canadian governments have had discussions on the price to be paid by the United Kingdom for Canadian wheat in 1949-50, the fourth and final year under the United Kingdom-Canadian wheat agreement of 1946. After taking into account all relevant considerations, including but without attempting to reach a final settlement of the United Kingdom obligations under clause 2(b) of the agreement, the two governments have agreed upon a price of $2.00 per bushel.
>
> The two governments have also agreed that their representatives shall meet not later than 31st July, 1950, to settle any obligations of the United Kingdom which may then still be outstanding under clause 2 (b) of the agreement.
>
> The extent to which any such obligations will remain will depend largely upon the actual prices ruling for wheat during 1949-50.

It will be noted that it was agreed that a settlement had not yet been reached under the "have regard to" clause. This was verified in Sir Stafford's press release of February 23, 1949. We did not ask him to make this press release, Mr. Speaker. It was made because of criticisms which were prevalent in his own country, and criticisms which may have gone across from this country. But no one here suggested to him that he should make a press release. He did make one on February 23, 1949, and he made it to the Canadian Press to make sure that the press release would come over here. It did come over here, and

it was quoted in every daily paper from one end of this country to the other. Here is what he said with regard to wheat:

As regards wheat, we shall continue to depend on Canada for the greater part of our supplies. The four year contract negotiated in 1946 will expire in 1950, and we have recently agreed upon a price of $2 a bushel for the 1949-50 season. We think there is every possibility of the world price falling below the $2 level before the end of the contract, either because of the general improvement in the supply position or as a condition of any international wheat agreement which may be concluded in the near future. If this should be the case, the Canadian farmer will enjoy a favoured position by virtue of the fixed price on which we have now agreed. This might prove to be fair compensation for the earlier years when he was selling us wheat at below the world price. It depends of course upon how far prices actually fall. But in any case we have agreed to discuss this matter further with the Canadian government some time towards the middle of 1950.

Now, I do point out that is the first time that anyone to my knowledge who had been dealing with this question used the word "compensation". It is not our term. It is a term used by the chancellor of the exchequer in Great Britain. He said we were entitled to compensation, and the extent to which we would obtain compensation would depend upon the extent to which wheat in 1949-50 dropped below $2 a bushel. We all know now that in so far as most markets were concerned it did not drop below, but I will go into that in a few moments and make allowance for what was said.

My colleague, the Minister of Trade and Commerce (Mr. Howe), went to London in May, 1950, and took with him the members of the wheat board to discuss deliveries of wheat to the United Kingdom under the international wheat agreement. Before he left it was suggested that he arrange to have the date for final discussion of the "have regard to" clause postponed until all the facts were known. Some of us thought it might be a good thing to have all the facts before us when we discussed this matter finally. It was then acknowledged by everyone that there had been no drop in prices, which was going to create a situation, and we tried to have it arranged that the discussion would take place after July 31, 1950. He reported on return that Sir Stafford insisted on discussing and declaring closed the four year wheat agreement. The Minister of Trade and Commerce indicated he was not prepared to discuss the matter at that time, but agreed to report their attitude back to Ottawa but refused to agree with their view.

In other words, he said the matter had to be discussed back in Ottawa, and no matter what position they took he was not there to agree on that question. He did so report, and the government here unanimously agreed that if the British refused to acknowledge any obligation under the agreement, any further obligation under the agreement, it was not drawn in such terms as permitted of our enforcing the agreement. I think I am right in saying that even if it had been in legal terms we would not have considered taking the matter to the international court. We have not been in the habit of dealing with matters of this kind, as between ourselves and Great Britain, in any such manner. Even had the terms of the agreement been drawn in different terms from what they were drawn—and I am not admitting that there were any weaknesses in the terms of the agreement—it was fully understood and everyone agreed as to what the meaning was down to a certain time; then there was some disagreement.

Mr. Coldwell: Will the minister permit a question? Will he tell us on what date the Minister of Trade and Commerce reported?

Mr. Gardiner: I am coming right to it. He reported to this house on the same day as he reported to the cabinet.

Mr. Coldwell: June 5?

Mr. Gardiner: No, not June 5. He did not report on June 5. What you are talking about on June 5 is a discussion—

Mr. Coldwell: During which he made a statement?

Mr. Gardiner: He did not make a statement, he answered some questions which were shot back and forth across the house. If my hon. friend will check the *Hansard* report of what was said, and if he does not agree that it is not a proper report of what anybody said, then I will discuss it further. It happens to all of us sometimes in these exchanges back and forth that someone says something and someone puts a period in the wrong place.

Mr. Argue: It does not change the meaning at all.

Mr. Gardiner: It changes the meaning, and we will have that a little later.

We just could not reach agreement that there would be a final discussion of the matter at a later date. That was the question under discussion, could we reach an agreement that there would be a discussion at a later date. We just could not reach an agreement that there would be a discussion at a later date. The Minister of Trade and Commerce reported to this house on May 30, 1950, as follows, and this same statement was reported in Great Britain just as the other two statements that had been made after the discussion. I am reading it again, but it is on *Hansard* now. What I cannot understand is

why opposition members who are trying to be fair do not read the official report that was made in this house, instead of grabbing at sentences here and there that were used when there was an exchange back and forth across the floor of the house just as we had a few minutes ago. When one is trying to be fair, one takes the reports as they are officially made, and here is the official report.

The Minister of Trade and Commerce reported to this house on May 30, 1950, as follows:

In connection with my recent trip to the United Kingdom, I should like to read into the record an agreed statement by the United Kingdom and Canadian governments recording the result of our wheat discussions.

"The Canadian Minister of Trade and Commerce held discussions in London with United Kingdom ministers on the subject of the United Kingdom's wheat requirements in the crop year 1950-51 within the framework of the international wheat agreement.

Both governments have now reviewed the results of those talks. They are agreed that the international wheat agreement removes the need for a contract to replace the existing Anglo-Canadian wheat agreement which expires at the end of July.

The United Kingdom government has made it clear that out of its total import requirements in 1950-51, it expects to buy a large proportion in Canada which, quite apart from the special contractual arrangements for the past four years, is, and it is hoped will remain, the traditional source of supply for the United Kingdom. The Canadian government, for its part, is satisfied that Canadian wheat growers will continue to find in the United Kingdom a market for a very substantial part of their exportable wheat."

That is the report. That is the report which was made on both sides of the ocean with regard to these discussions.

It will be noted that it is not stated that any agreement had been reached on the "have regard to" clause.

Mr. Argue: You read the statement of June 5.

Mr. Gardiner: You read the statements which were made, the official statements. I was asked the other day to put the official statements on the record. I am putting them on the record.

Mr. Argue: I read the official statement.

Mr. Deputy Speaker: Order.

Some hon. Members: Order.

Mr. Gardiner: My hon. friend never reads anything right, and if he does he never interprets it properly.

Mr. Argue: I have a good example in the minister.

Mr. Ferrie: The hon. member never put anything right in his life.

Mr. Gardiner: The government of Canada continued to make representations to the United Kingdom to the effect that further consideration be given to the opinion widely held in Canada that the terms of the agreement had not been met.

When it was suggested that there was a shortage of dollars, it was pointed out that there was $65 million left in the loan which might be utilized and save dollars for the present. It was suggested both in this house and outside that the government had announced agreement with the British in their contention that they had met their obligations. That was not the case, and in the hope that a removal of that opinion might change the decision the re-opening of the discussions was pressed.

I would like to call attention to the fact that at no time in my speech at Calgary did I say that negotiations had been opened. My speech does not say any such thing. That statement was made again this evening, in spite of the fact that I denied it the last time it was made.

My speech at Calgary was read, and in reading it I read the statement as it is in the speech, and as it had been agreed upon before I left here, namely, that discussions were opening with regard to the whole matter; and those discussions of course were on the question as to whether negotiations could be re-opened after the statement which the British had made in May.

The Prime Minister re-opened the discussions while in Britain in January. After his return we were notified that the United Kingdom government preferred to consider the matter closed.

It was thought wise that because I had carried on the negotiations five years ago and when the payment for the last two years was arranged I should make an effort to have the question re-opened.

While I was in Britain I was informed—I see the press is trying to make a lot out of the fact that the matter was dealt with before I got to Britain, but it was not.

Mr. Macdonnell (Greenwood): Tell us about that.

Mr. Gardiner: I got to Britain on Sunday. I was in touch with the government immediately. I was in touch with them again on Monday, and I was in touch with them again on Tuesday, and the announcement was not made until Tuesday afternoon.

While I was in Britain I was informed that notwithstanding the views of the Canadian government the United Kingdom government had determined that they would not make further payment, they would not make use of the $65 million remaining in the 1946 loan for the purpose and that it was their intention

to declare that they did not intend to utilize the remaining part of the loan for any purpose. They so declared on Tuesday, February 20, while I was in London and after the matter had been discussed.

I might say in passing that those people who have such great concern for Britain and for Britain's way of doing things should accept that statement, rather than try to leave the impression that somebody tried to steal a march on somebody as this was being discussed. That did not happen. The British did discuss the question with the government here, as a matter of fact, before I left to go to Britain. I knew all about the discussion here when I left. They discussed it with me when I got over there, and they did indicate to me what they intended to do before they went into the house to do it and secured a seat for me to hear it and they discussed the matter with the whole delegation that was over from here before they went into the house to make the announcement.

This amount of money which would have been provided out of the Canadian treasury, whether loaned to the British or paid without their consent, is being utilized to make the payment amounting to 23 cents a bushel on the last two years of the agreement into the pool.

This makes a total payment under the "have regard to" clause of something between $80 million and $100 million. I think it will be agreed that the world price for 1949-50 in terms of the agreement would be not more than the ceiling price under the international wheat agreement. That was $1.80 a bushel. And the fact that there would be a ceiling price announced was dealt with in the statement of Sir Stafford Cripps in February of 1949. He on that occasion said that the world price might be lower than $2 as a result of either of two things or both, namely, that the price had gone down on the world market, or that the price was set lower under the international agreement. Well, the price set under the international agreement was $1.80 a bushel. The price actually paid by Britain for 140 million bushels of wheat was approximately $2.05 a bushel at Fort William. Had it not been for devaluation, this would have provided an adjustment of $35 million. The least it did provide was $16 million. I am prepared to agree that the settlement of 1949-50 could be held to be one of, at the outside, $35 million.

There is no doubt that was the intention of the chancellor of the exchequer in Great Britain. It was the intention of the British government; it was the intention understood by myself. I explained to the government here when I came back that the international wheat agreement price, whatever it would be—it was then discussed as a possibility at $1.75; it developed to be a price of $1.80—would be interpreted as a world price under the "have regard to" clause in the wheat agreement which we had made in 1946, and since it would be considered as that, and had we not interfered in any way whatsoever with the valuation of the pound as compared with the dollar in the period in between, we would have received a settlement under that "have regard to" clause amounting to $35 million. Therefore I repeat it is not correct to say that the British have not paid anything. It is not correct to say that the British have not acknowledged the terms of the agreement, and they have done nothing at all under it. The only contention that can be put forward is the one which has been put forward by farmers and others, namely, that it is thought that they have not gone far enough. These two amounts, the amount of $65 million, which the Canadian government paid, because they did not think that the settlement was as high as it should be, and the $35 million which is accounted for by the world price in 1949, as compared with the $2.05 which we received, results in the fact that a total amount of $100 million has been paid in order to adjust the position.

I say what I am going to say now, only because it has been published in the press right across the country as having been said by Mr. Wesson himself while he was in Britain that the representation made there was that the British could settle what the farmers considered to be their obligation by paying, or arranging for the payment of, $100 million. I am sure if everyone were satisfied that $100 million has been provided under the terms of the agreement there would be general satisfaction among the farmers of western Canada. All that was necessary to put us all behind such a settlement was the consent of the British government. There never was any question in our mind that this amount of money ought to be paid, and all this talk about disagreement and discussions that have taken place in the government is just so much eyewash. The discussions lasted about half an hour, and took place just a few days ago.

Mr. Harkness: Do you mean you only talked half an hour?

Mr. Gardiner: Well, when I have to convince my hon. friend I have to talk much longer.

Mr. Harkness: You will have to keep on for hours more, at this rate.

Mr. Gardiner: You will not be around here for me to have to convince after the next election.

Mr. Harkness: Oh, you said that before the last one.

Mr. Gardiner: All that was necessary to put us all behind such a settlement was the consent of the British government. I am sorry I was unable to obtain that consent.

Now, let me review the position. The United Kingdom paid $1,089,889,013 into the pool and received 631,552,419 bushels in wheat and flour. Canada has now announced the payment of $65 million into the pool in lieu of payments we feel the farmer had a right to expect under the terms of the agreement. All others—that is, all other people who bought wheat from the wheat board—paid $1,462,460,673 into the pool and received 803,549,229 bushels in wheat and flour. This means that the wheat delivered to the United Kingdom earned for the producer an average of $1·828 a bushel at Fort William. The wheat delivered to all others earned for the producers an average of $1.82 a bushel at Fort William.

The payments made to the farmers when completed will amount to an average of $1.82 a bushel, from the five year pool. Now, I would ask members of this house this question: How much more equitable can a price be made? The British contract, as it has been settled with the payment of $65 million, brings $1.82 into the pool. The sale of wheat to Canadians, and all other people outside the British contract, brought $1.82 a bushel into the pool; and when we are paying it out we are paying on the basis of $1·833 for No. 1 northern. But that does not mean that every farmer will get $1·833.

Mr. Wright: Does that $1.82 include the 160 million bushels sold on the domestic market?

Mr. Gardiner: Oh yes, it does. Do not get to arguing that too far, or I am afraid you will run into trouble.

Mr. Wright: I am just asking the question.

Mr. Charlton: Will the minister permit a question?

Mr. Gardiner: The payments made to farmers when completed will amount to $1.82 a bushel. This is two cents above the figure which has been written into the international wheat agreement as satisfactory to farmers. And who settled that figure? That figure was settled by the farm representatives from all the exporting countries in the world, meeting with the importers from all the importing countries in the world. And every leader of the farm movement in the Dominion of Canada was present at the time, and they declared that a reasonable ceiling price for wheat in Canada, not in the past five years, but in the years ahead, was $1.80 a bushel.

This contract, this pool, brought the farmers for the last five years two cents a bushel more than that. What criticism could there be made of it? As a matter of fact there is nothing in connection with that to criticize.

Some parties continue to contend that if wheat had been sold on the open market the farmer would have obtained $330 million more for the wheat sold under the four year United Kingdom-Canadian wheat agreement.

In the first place there has been no open market for Canadian wheat anywhere in the world, outside Great Britain, since 1941. The reason for that is obvious. We were at war during the greater part of that time. I hope the Winnipeg *Free Press* will not say that I am saying there has been no world market. I have made the statement that I am making now on a number of other occasions, and everyone who has quoted it has said that I have said there was no world market. I have said there was no open market. And there has been no open market.

There has been an embargo against our wheat going into the United States for human consumption since 1941. We are not permitted to ship it there. Before that there was a prohibitive duty of 42 cents a bushel. Since the Marshall plan was set up, if we had been pouring our wheat into European countries and thus using up American dollars, wheat could at any time have been declared surplus. Even though wheat was not declared surplus one country after another which usually obtained its wheat from Canada, but was receiving Marshall aid, considered it wise to take their wheat from the United States. The result of that was that Canada dropped from a position where she supplied 40 per cent of the wheat which entered into international trade to a position where she supplied only 22 per cent of the wheat which entered into international trade. This position would have been much worse, had there been no United Kingdom-Canadian agreement.

In the second place, the class II wheat price which is used as the basis for figuring the loss up to $330 million is the price which the United States government paid American dealers for wheat—much of which they were trading to get their dollars back, and much of which they were giving away—plus the increased value of Canadian wheat because of greater protein content.

There was less than 72 million bushels of this class II wheat sold in 1946-47 and less than 17 million bushels in 1947-48, or less than 89 million bushels peddled over the

world, while 340 million bushels, or four times as much, was being sold to Great Britain alone. If we had left the British market to Marshall aid and attempted to peddle 430 million bushels of wheat over the world under after-the-war conditions, we would have had to give much of it away or lend the dollars to countries which could never pay it back to get rid of our wheat. The argument is a ridiculous attempt to mislead farmers, and it is used only for that purpose, Mr. Speaker. No such loss would have been experienced if Britain had paid nothing under the "have regard to" clause, or if the Canadian government had not paid the $65 million. It is just possible that the Canadian farmer received more because of the four year contract than he could have received under any other system.

The fact is that the western farmers accepted the wheat board as the agency to sell their wheat. They accepted it as a result of those agitations which I stated at the beginning began back around 1900. They sold 636 million bushels to be delivered over four years to the United Kingdom government. The government of Canada is behind the financing of the wheat board and considers that the farmers were entitled under that agreement to $65 million more than they were paid.

The whole experience is conclusive proof that the farmers were well advised when they asked to have their wheat marketed under the terms of the wheat board act, now before parliament for amendment.

The act may require further amendment from time to time; but in my opinion the farmers of the west have not been convinced that they have lost money under the system of wheat board marketing as compared with any other system. Any hon. member of this house who thinks that he is going to be able to break the impression which western farmers have of the system under which they have been marketing their grains over a period of years by suggesting that there is any other system that ever brought home returns similar to those ought to recall that in no other five year period, either in wartime or in peacetime, did the farmer ever get so much for his wheat as he got for his wheat over the last five years.

One of the brightest young farmers in western Canada said to me the other day, "If the government will guarantee that I will get as much for my wheat on the average over the next five years as I got under this system for the last years, I will sell all my wheat now."

Mr. Ross (Souris): Mr. Speaker —

Mr. Howe: The hon. member who is now on his feet has spoken on this amendment. I call that to your attention, Mr. Speaker.

Mr. Ross (Souris): I did not want to interrupt the Minister of Agriculture during the last few minutes until he had finished, but he made a statement that those who were talking about these great losses were doing so to mislead the farmers of this country and for political purposes. I happen to be a member who has been making those statements, and I am a farmer. I am supported by the three pools which met in Regina yesterday and the Alberta legislature who passed resolutions about the losses. The minister should withdraw that remark. It is not becoming to this house. I did not want to interrupt him while he was speaking, but I think in fairness he should withdraw that remark at this time.

Mr. Gardiner: There have been so many people, including my hon. friend, who have been making these statements, that I am quite prepared to say that possibly he did not have that objective in mind. But I am quite sure that the people from whom he got his figures did have that objective in mind.

Mr. Ross (Souris): Mr. Speaker, I have accumulated and worked out my own figures and I think the minister should be fair.

Mr. Gardiner: I want to congratulate the hon. member upon getting them so close to those that the *Free Press* and the grain exchange worked out.

Mr. Ross (Souris): Mr. Speaker, do I have any privilege in this chamber or not?

Mr. Deputy Speaker: The remarks of the minister were not directed to the hon. member.

Mr. Wright: Mr. Speaker —

Mr. Ross (Souris): I think this is going pretty far in a chamber such as this and in a democracy such as this.

Mr. P. E. Wright (Melfort): Mr. Speaker, in discussing this Bill No. 5 I had intended to deal with the amendments themselves, but in view of the direction which the discussion has taken I intend to use what time I have tonight in discussing the five year pool and the British wheat agreement. I quite agree with the Minister of Agriculture (Mr. Gardiner) when he said toward the close of his remarks that it is the desire of the wheat producers of western Canada to continue the pool method of marketing grain. I think the minister is quite right when he states that a large percentage of the farmers in western Canada do wish to continue that method of marketing. They want to see their

grain pooled over a period of years rather than marketed under the one-year method that is being used at the present time. As a matter of fact, the farmers of western Canada would have liked to have seen another three to five year pool based on the world wheat agreement and to have had their grain marketed in that manner.

There are one or two things I want to deal with particularly, first with regard to the British contract and, second, as to why the western farmers believe that they have something more coming out of the five year pool than the 8·3 cents which the government has announced will be paid. First I should like to deal with what the Minister of Agriculture has said with regard to the settlement of the "have regard to" clause between this government and the British government. The minister was quite right when he stated that as far as the 1948 crop was concerned there was a final agreement reached between the Canadian government and the British government. The Canadian government agreed that the $2 payment on that year's crop would meet the requirements of the "have regard to" clause.

Mr. Gardiner: I did not say that at all.

Mr. Wright: That is—

Mr. Gardiner: The public statement does not say that.

Mr. Coldwell: That is the official statement.

Mr. Wright: That is the official statement made by the Minister of Trade and Commerce in a report published by the external affairs department.

Mr. Gardiner: I read the only official statement that was ever put out and it does not say that at all.

Mr. Wright: The Minister of Trade and Commerce said:

> That is the "have regard to" clause in the agreement. I suggest that regard was paid in fixing these prices . . . After negotiation the price for the third year was fixed at $2, and after negotiation the price for the fourth year was fixed at $2.

Mr. Gardiner: I was giving evidence tonight to prove conclusively that that was not the case, no matter who said it or where it was said.

Mr. Wright: I am speaking about the third year of the contract.

Mr. Gardiner: I am speaking about the third year of the contract too.

Mr. Wright: Here is a statement by the Minister of Trade and Commerce published by the information division, Department of External Affairs, on August 12, 1949. The right hon. gentleman is quoted as having stated in regard to the third year:

> The terms of the Canada-United Kingdom wheat agreement for 1948-49 have been fully carried out . . . Final transactions to complete the third year of the agreement were concluded on July 27 between the Canadian wheat board and the imported cereals division of the United Kingdom ministry of food.

Mr. Gardiner: That is an entirely different matter; that is a matter of distributing the funds that were with the wheat board at that time.

Mr. Wright: I will ask the Minister of Trade and Commerce if that is not the fact.

Mr. Gardiner: No, it is not the fact. I put the facts on the record tonight.

Mr. Wright: I am not asking the minister. The minister is not in charge of this department although he seems to have a lot to say about it.

Mr. Gardiner: On that question—

Mr. Wright: I am asking—

Mr. Gardiner: I was the man who negotiated the arrangement.

Mr. Deputy Speaker: Order. The hon. member for Melfort has the floor.

Mr. Wright: I am asking the Minister of Trade and Commerce if that statement published under his name in this government publication was not correct?

Mr. Howe: Mr. Speaker, I doubt if it was under my name because I do not think I was Minister of Trade and Commerce at the time the statement was issued. If my hon. friend will send it across to me so I can see what it is all about I will be able to answer it a little later.

Mr. Wright: We will get the exact copy and have it sent to the minister. I have just a quotation from it. The Minister of Agriculture stated that the official statement with regard to the 1949 crop was made in this house by the Minister of Trade and Commerce on May 30, and he proceeded to read that statement. The statement that he read had no reference at all to the 1949 crop. The minister was speaking with respect to sales of wheat from this country to the United Kingdom in the 1950-51 crop year.

Mr. Gardiner: Exactly what I said.

Some hon. Members: Order.

Mr. Wright: Just a minute.

Mr. Gardiner: Read my speech tomorrow and you will understand it.

Mr. Wright: On June 5, 1950, the Minister of Trade and Commerce (Mr. Howe), having made no statement with regard to the five year pool, was questioned in the house about it to see if we could not get some information as to whether a settlement had been reached concerning the "have regard to" clause when he was in Great Britain in the latter part of May. On questioning he made it quite definite. There is no doubt about the minister's words. At page 3221 of *Hansard* for June 5, 1950, he stated:

> The "have regard to" clause reads as follows:
> "The actual price to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom and the government of Canada not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December, 1948. In determining the prices of these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in 1946-47 and 1947-48 crop years."

The minister goes on to say:

> That is the "have regard to" clause in the agreement. I suggest that regard was paid in fixing these prices.

That is the Minister of Trade and Commerce speaking in the house. He continues:

> The price for the first two years of the agreement was $1.55. After negotiation the price for the third year was fixed at $2, and after negotiation the price for the fourth year was fixed at $2. What does my hon. friend read out of the agreement beyond the fact that the price for the last two years would be settled having regard to world prices in the first two years?

Later on he continues as follows:

> The matter of the "have regard to" clause was discussed in great detail during our sessions with Sir Stafford Cripps and other ministers of the United Kingdom government. The whole situation was reviewed. The United Kingdom is just as positive as I have been in my statements in the house as to what the world price of wheat really was in those periods. My hon. friend said the world price was the price in a local market to which Canadian grain is not permitted access. I wonder what the world price would have been if we had been able to ship our Canadian grain to the Chicago market, which he says is the great criterion for world prices. We went over the agreement while in London. We asked the United Kingdom government what further settlement it is to make on account of the "have regard to" clause. The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

That is pretty positive. I am sending to the Minister of Trade and Commerce the statement that appeared in the government publication. It is quite clear from what I have read that the Minister of Trade and Commerce, who handles the department and who was doing the negotiating, was satisfied that a final settlement had been reached.

Mr. Howe: On a question of privilege, I wish to make it perfectly clear that I went to London to settle the marketing conditions of the 1950 crop. I made it very clear to the people in London that I was not authorized and was not there for the purpose of discussing the five year pool. I made it clear that all I could do was to state our views, listen to their representations and take a message back to my colleagues. That is exactly what I did.

Mr. Wright: Then I would ask the Minister of Trade and Commerce why he made this statement in the house. I ask him why he made the statement that the government was satisfied that the British government had met their commitments under this agreement. I do not think it was a good settlement. I think that the British government did owe us something so far as the "have regard to" clause is concerned. I have just taken the Minister of Trade and Commerce's own words that, so far as he was concerned, the British government had fulfilled their obligations under the "have regard to" clause. If the Minister of Trade and Commerce now denies that—

Mr. Howe: I deny nothing. Make your own speech. I stated my position, that any decision was made in Ottawa and not in London. I was simply the messenger. I brought back Sir Stafford Cripps' positive statement that the British government would not pay more in settlement of the contract, and any decision was made in Ottawa.

Mr. Wright: All I can do is read the minister's statement. He said:

> We went over the agreement while in London. We asked the United Kingdom government what further settlement it is to make on account of the "have regard to" clause. The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

One of the circumstances was the fact—and the minister stated it after he came back—that Great Britain was prepared to purchase a greater amount of wheat during 1950 than she would otherwise have done. That was one of the ways in which the British government was having regard to the fact that they had not made full payment under this clause, that in purchasing a larger amount of wheat than they had normally

purchased from the Canadian market in the ten years before the war they were in part fulfilling their obligation.

Mr. Gardiner: May I ask my hon. friend a question?

Mr. Wright: Yes.

Mr. Gardiner: Are you sure you are reading the sentence as it is in the *Hansard* that you have, or is there a period in the middle of the sentence? Are you reading the sentence correctly?

Mr. Wright: It does not make a particle of difference to the meaning.

Mr. Gardiner: It makes all the difference in the world.

Mr. Wright: Not a particle.

Mr. Gardiner: You are not reading what is in the book.

Mr. Wright: I am reading exactly what is in the book.

An hon. Member: Read it again.

Mr. Wright: I am not going to bother reading it again. You can put a period or a comma anywhere you like and it will not make any difference.

Mr. Howe: Mr. Speaker, on a question of privilege, I am entitled to keep the record straight so far as I am concerned. I may say that the discussions about the disposal of the 1950 crop took place before there was any mention of the five year pool. That matter was discussed and settled and then discussions were opened on the five year pool, against our wishes really. I made it clear at the outset I had no authority to discuss or settle. I told those present that we looked to the minister who negotiated the agreement in the first place to negotiate the settlement, and that all I could do was carry back a report of the discussions. Nevertheless when the discussions continued I got a very positive statement from the chancellor of the exchequer, and there were other ministers present. I had to take their views back to my colleagues as the position of the United Kingdom government. I reported that position to them. The decision, if there was any decision, was made after I returned.

Mr. Coldwell: May I ask the minister a question, or both ministers a question? Are there any initialled memoranda or letters which have a bearing upon these circumstances? If so, I think they should be produced in order that we may know exactly what the situation is.

Mr. Gardiner: In answer to what my hon. friend has said, this is one of the matters which took me over to Great Britain. I have in my hand a copy of the daily edition of *Hansard* for June 5, 1950. I repeat that what was read a few moments ago is not what was in the daily edition of *Hansard* for that date. What is contained therein reads as follows:

> The United Kingdom government took a very strong position that they have fulfilled all obligations under that clause, and so far as the United Kingdom was concerned.

The sentence ends there. Then there is another sentence which goes on.

Mr. Coldwell: Read the next sentence.

Mr. Gardiner: My hon. friends have no right to be quoting any statement different from the way it was put down at the time.

Mr. Coldwell: Well, on a matter of privilege, I think an hon. member is entitled to quote from revised *Hansard*, believing that it is the final revision and therefore correct. It is not the fault of the hon. member if the minister again corrects revised *Hansard*. We have always understood that revised *Hansard* was the last word.

Mr. Gardiner: I sat in the house and listened to the statement being made, and I was quite satisfied that the minister stated the position just as it had been reported. When I went over to Britain this was quoted to me. I handed the copy of unrevised *Hansard* I have in my hand to the minister, and he read it.

Mr. Rowe: Is that revised *Hansard*?

Mr. Gardiner: It is unrevised. I handed it to the minister just as it was put down here the night the statement was made. He read it; one of the other ministers present asked to see it, and he turned to me and asked, "What were they doing in the house when that statement was made?" I replied that obviously they were in committee of the whole. Then I asked them if they made statements of policy over there while they were being questioned back and forth across the floor of the house, and they said of course not.

Mr. Wright: Now, Mr. Chairman—

Mr. Gardiner: My hon. friend asked for a statement, and he is getting it. Never again, during all the time I was there, did they quote this to me as being the opinion of the Canadian government.

Mr. Coldwell: Revised *Hansard* is the last revision. Who revises unrevised *Hansard* except the minister or his office? No one.

Mr. Gardiner: That is all very well for my hon. friend to say.

Mr. Wright: Those were the statements made in this house by the Minister of Trade and Commerce who is in charge of this

department, according to revised *Hansard*; and I think we as members are entitled to quote them. I believe members of the house and the people of Canada are entitled to believe what they read in revised *Hansard*, and not have ministers come back six months later and begin to revise it again under circumstances which make it pretty obvious that they are not satisfied with what they said before.

The other point I want to deal with in respect to this agreement is whether the farmers in western Canada are entitled to more than 8·3 cents per bushel. We hear a great deal of comment around this building that the western farmers are asking for a subsidy; that this $65 million is just a handout to the west. We see articles in the press saying that the west has again gouged the government of Canada out of a further $65 million. I want to point out some of the reasons why we in western Canada believe we are entitled to this money.

What were the conditions at the time the British agreement was entered into? You will remember that was back in 1945 and the early part of 1946, just at the time price controls were being removed in Canada. There was a discussion in this house as to whether or not the British agreement was satisfactory; certain questions were asked and certain statements were made in this house in reply. The Minister of Agriculture himself made certain statements, and the hon. member for Rosetown-Biggar asked certain questions with respect to what would happen if the cost of the things the farmer had to use in the production of his crop were to increase. Let me quote from page 4825 of *Hansard* for August 15, 1946. At that time the house was discussing the floor price legislation and this agreement.

> If what the minister says is correct and parity over the period of the agreement should be in the neighbourhood of $1.40 or $1.35, or whatever it may be, of course that would be a different story, but the point I think I made quite clearly was that if costs of production and costs of living continue to rise, a compensatory adjustment should be made out of the consolidated revenue fund of Canada.

That was the statement of the hon. member for Rosetown-Biggar, and later on the Minister of Agriculture had this to say:

> We shall not insist on the matter of time, and anyway we are in committee. What I want to point out is that under the floor price measure—and that is not the proper name, but it will do—we stated to the house that $200 million was being provided for the purpose of taking care of any adjustments in connection with what might be known as parity on other farm products. At the same time we stated to the house that similar arrangements would be made if necessary, through the wheat board, in connection with grain. I just want to point out that provision is made in another way.

In other words the minister gave this house the assurance that should the cost of production of wheat continue to rise, some compensatory adjustment would be made by this government—not by the British government but this government—to take care of that increased cost. What has taken place in the meantime? According to Professor McDougall of Queen's university, taking the purchasing value of the wheat dollar from 1935 to 1939 as $1, from 1904 to 1914 the value of that dollar in terms of wheat was $1.28. In 1947-48 it was 97 cents; in 1949-50 it was 80 cents. Today it is only 71 cents. In other words the cost of the things the farmer has to buy to produce his crop has increased by over 30 per cent. Therefore the farmer is entitled to some compensation for that increased cost of production which this government allowed to take place. Not only that, but look at the cost of living index. It has jumped from approximately 121 in 1946 to 175·2 today, which means that the value of the 8·3 cents payment we are getting is about 5 cents as compared to the purchasing power in 1946.

These are facts you cannot get away from. It is not a case of the western farmer trying to get something to which he is not entitled. Through all their organizations the western producers have stated that they believe they are entitled to from 15 to 25 cents by way of final payment, and we in this group believe that also. We believe that because of the policies this government followed in reducing the value of the Canadian dollar by allowing inflation in this country, in view of the policies which it followed, and which have caused increases in the cost of production, the government owes the western farmer a reasonable payment on this five year pool. They have failed to get a further settlement from the British government, but that does not remove their responsibility to the farmers in western Canada. I am therefore going to move, seconded by the member for Selkirk (Mr. Bryce), a subamendment to the amendment moved by the member for Souris (Mr. Ross), as follows:

> That the amendment be amended by deleting therefrom all the words after the words "final settlement of the five-year wheat pool," and substituting therefor the following words: It being the opinion of this house that consideration should be given to a final payment of twenty-five cents per bushel.

Mr. Howe: Mr. Speaker, if I may clear up a point, all this states is that the Canadian wheat board had met with the import cereal division of the United Kingdom ministry of food, that is the two sets of officials had met and completed arrangements which provided for the final deliveries on the crop of the preceding year. All this says is that owing

to a bountiful harvest they have been able to carry out their agreement in full and on time.

Mr. Coldwell: Does it not say that the agreement has been completed for that year?

Mr. Howe: It says that so far as the officials are concerned it has. It is only a meeting of officials. It had nothing to do with any policy matter. We had delivered the wheat as we agreed to do.

Mr. Coldwell: That is the final settlement for that year, as the Minister of Agriculture stated?

Mr. Howe: On the agreed basis; we delivered the wheat we had agreed to deliver and they paid the money they agreed to pay.

Mr. Wright: May I call it eleven o'clock and adjourn the debate?

Motion agreed to and debate adjourned.

RAILWAYS, CANALS AND TELEGRAPH LINES

Second report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Tomorrow we will proceed with the third reading of Bill No. 77, an act respecting the department of defence production. Then we will continue with this Bill No. 5. If we complete that we shall take Bill No. 130, an act to amend the Export and Import Permits Act. If we have time left we will discuss the resolution standing in the name of the Minister of Finance concerning foreign exchange control.

Motion agreed to and the house adjourned at 10.55 p.m.

HOUSE OF COMMONS

Friday, March 9, 1951

The house met at three o'clock.

PRIVILEGE

MR. WRIGHT—REFERENCE TO REMARKS IN DEBATE ON MARCH 8

Mr. P. E. Wright (Melfort): Mr. Speaker, I rise on a question of privilege, in reference to a statement made last night by the Minister of Agriculture (Mr. Gardiner). When I was speaking I read from bound *Hansard* a certain sentence. The debate on the point last night was as follows:

Mr. Gardiner: May I ask my hon. friend a question?

Mr. Wright: Yes.

Mr. Gardiner: Are you sure you are reading the sentence as it is in the *Hansard* that you have, or is there a period in the middle of the sentence? Are you reading the sentence correctly?

Mr. Wright: It does not make a particle of difference to the meaning.

Mr. Gardiner: It makes all the difference in the world.

Mr. Wright: Not a particle.

Mr. Gardiner: You are not reading what is in the book.

I wish again to read what is in the book, first in bound *Hansard* and then in daily *Hansard*, because the Minister of Agriculture implied that there was a difference between the bound and the daily *Hansard*. Here is the sentence as it is in the bound edition:

The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause,—

Comma.

—and so far as the United Kingdom was concerned.

Period.

We agreed on behalf of Canada that considering all the circumstances that was the case.

Period. That is as it is in the bound *Hansard*.

In the daily *Hansard* that was circulated to the members, this is the sentence as it was read:

The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause,—

Comma.

—and so far as the United Kingdom was concerned.

Period.

We agreed on behalf of Canada that considering all the circumstances that was the case.

Period. They are exactly the same in the two *Hansards*.

Mr. Gardiner: They are not. There is an "and" in one and a "comma" in the other. They are not the same in the two publications.

Mr. Wright: Exactly the same—comma and period; they are exactly the same in both.

Mr. Gardiner: No, they are not.

Mr. Wright: I would ask the minister to withdraw the inference that I was reading something that was not in the book.

Mr. Gardiner: I made no inference whatsoever. I had not seen the bound *Hansard*, and I asked the hon. member to give me information as to whether they were the same in both. Now that he reads them I find they are not the same in both.

Mr. Wright: Mr. Speaker, I am not prepared to accept that. They are exactly the same in both of these, as I have read. And I want to say this, that in the twenty years I have been in public life I have never heard anyone who could talk so much about a subject and avoid telling the truth about it, as the minister does.

Mr. Gardiner: There are a lot of people who do not agree with you.

Mr. Wright: Mr. Speaker—

Mr. Speaker: Order. I cannot allow this debate between hon. members to continue. The Minister of Agriculture has stated that he made no improper inference, and the matter should be allowed to drop.

GOLD

ADJUSTMENTS IN PAYMENTS UNDER EMERGENCY GOLD MINING ASSISTANCE ACT

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, with the concurrence of my colleague, the Minister of Mines and Technical Surveys (Mr. Prudham), I wish to make a statement regarding gold.

Hon. members may recall that on December 27 last, a delegation representing the gold mining industry in all parts of Canada came to Ottawa and made representations to the Prime Minister and a group of his colleagues. These representations related to the prevailing difficult conditions in the industry resulting from the increasing cost of production in the face of a fixed price for the industry's product and included recommendations for various changes in legislation or policy designed to assist the industry in meeting

the prevailing conditions and to avoid the closing down of mines with the hardship this would cause to a number of small northern communities largely or wholly dependent upon such mines.

As a result of the consideration given to these representations, the government had decided to consult with the international monetary fund in regard to arrangements which would make it possible for the industry to have access to premium markets for gold similar to the arrangements which the fund had agreed upon in the case of South Africa. To this end discussions were initiated with officers of the fund preparatory to the submission of a formal proposal to the executive board of the fund. We were then informed that the fund's staff was currently studying the situation arising out of the recent sharp increase in sales of gold in hoarding markets and had already decided to request the board to give urgent consideration to the whole question. Accordingly, the Canadian government was requested to defer the submission of a formal proposal pending this general review by the board. As a result of this review, the executive board of the fund passed the resolution which was made public on March 7.

For the convenience of hon. members, I think it would be desirable to place this resolution on *Hansard*. It reads as follows:

> Since the amount of sales and purchases in the world markets of gold for jewelry, artistic and industrial purposes has recently been increasing at a rate indicating that at least a part of it finds its way to private hoards, contrary to the gold policy of the fund established in June, 1947, the board considers the existing arrangements and practices of several countries, including South Africa, are no longer a satisfactory basis to implement the fund's gold policy and directs the staff of that fund urgently to elaborate, after consultation with the countries concerned, more effective methods than the existing ones.

It appears from the resolution that the board considers the existing arrangements and practices of several countries, including South Africa, as no longer a satisfactory basis to implement the fund's gold policy. The Canadian government has endeavoured in this, as in other matters, to observe its international responsibilities, and in the case of its gold policy has had in mind the interests of establishing orderly international monetary arrangements and the maintenance of a sound position for gold in the future. Because of the desirability of close co-operation in many fields with our partners in this international emergency, and in the light of the new resolution passed by the fund, the government has decided not to alter the Canadian gold sales policy for the time being at least.

In view of this decision, the government has given further consideration to possible adjustments in the payments to be made under the Emergency Gold Mining Assistance Act with a view to making some modifications which should more effectively assist the industry in overcoming the special difficulties with which it is confronted in the present circumstances.

It is now proposed to broaden the formula for the calculation of assistance payments during the calendar year 1951, which was announced on October 25 last by my colleague, the then minister of mines and technical surveys. This announcement stated that the government would introduce legislation at this session of parliament under which the rate of assistance in 1951 would be one-half of the amount by which the average cost of production per ounce of gold produced from any mine exceeds $22, provided that in no case should the rate of assistance exceed $11.50 per ounce. This rate of assistance was to be applied to the number of ounces of gold produced by a mine in excess of two-thirds of the number of ounces produced during the base year 1949, or one-third the number of ounces produced during 1951, whichever was the larger.

Under our present proposals no change will be made in the rate of assistance I have just described. However, it is now proposed that this rate of assistance will apply to the number of ounces of gold by which the number of ounces produced from the mine in the year 1951 and sold exceeds one-half of the number of ounces produced in the base year 1949 and sold. In no case, moreover, will the assistance payable be based on less than one-half the number of ounces produced from the mine during the present year and sold.

I do not, of course, wish to anticipate at this time the detailed explanation and discussion which my colleague the Minister of Mines and Technical Surveys will wish to give the house when he introduces the proposed legislation. All I need add at this moment is that this modification in our gold assistance formula has been discussed with the fund, which has raised no objection.

In conclusion, may I express the belief that the new program which extends the Emergency Gold Mining Assistance Act on a modified basis to the year 1951 will be of further assistance to the industry generally in meeting rising costs of production and will enable the continued operation of many mines in northern communities wholly or largely dependent upon them.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 131, respecting a certain patent application of George R. Hanks.—Mr. Richard (Ottawa East).

UNITED NATIONS

QUESTION AS TO WITHDRAWAL OF U.S.S.R.

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to ask the Secretary of State for External Affairs if he can inform the house whether Russia is leaving the United Nations and setting up a rival organization?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have no information on the matter. I have read in the press certain reports and predictions to that effect, but there is no evidence that I know of to confirm them.

KOREA

CANADIAN ARMY SPECIAL FORCE—QUESTION AS TO OFFICERS JOINING ACTIVE ARMY

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): I should like to direct a question to the parliamentary assistant to the Minister of National Defence, notice of which I sent to the minister last Wednesday. Are officers of the special force being encouraged to join the active army before proceeding to Korea, and if so, what conditions of service have they been offered?

Mr. J. A. Blanchette (Parliamentary Assistant to the Minister of National Defence): I regret that I have not received notice of the question, so may I take this as notice?

DEFENCE PRODUCTION ACT

CREATION OF NEW DEPARTMENT—MOBILIZATION OF ECONOMIC AND INDUSTRIAL FACILITIES

Right Hon. L. S. St. Laurent (Prime Minister) moved the third reading of Bill No. 77, respecting the department of defence production.

Motion agreed to and bill read the third time and passed.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed, from Thursday, March 8, consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and

the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Mr. P. E. Wright (Melfort): Mr. Speaker—

Mr. Speaker: Before the hon. member proceeds, may I say to the house that I have had some difficulty deciding whether the amendment to the amendment is in order. I have not yet come to a definite conclusion on this matter. From time to time the question arises in the house as to whether a motion involves an obligation on the part of the government to make an expenditure of money. Of course, if it does involve such an obligation on the part of the government, it is obviously out of order.

The amendment to the amendment proposes to amend the amendment by adding the following words:

It being the opinion of this house that consideration should be given to a final payment of twenty-five cents per bushel.

There has been a practice established in this house that private members may, by giving notice of motion framed in abstract and general terms, obtain the opinion of the house on matters involving the expenditure of money, or requesting that the government take into consideration the advisability of making such expenditure. It occurs to me that the situation might be different on the second reading of a bill. Although the words "that consideration should be given" are in the actual amendment, does that mean in practice that the government would be required to make the expenditure?

As I say, I think there is a difference between a private member's motion and a motion on second reading of a bill. If any hon. members would like to express their opinions on this subject, I should be glad to hear them.

Mr. Knowles: Mr. Speaker, I regret to say I have not looked up all the precedents that one might find—

Mr. Abbott: Shame.

Mr. Knowles: —to answer the point you have raised, for after all, there has not been time to do so, but by consulting the notes on procedure that I keep in my desk I find there are a few references—

Mr. Sinclair: Beauchesne, fourth edition.

Mr. Knowles: —which I should like to call to your attention. First of all, citation 444 of Beauchesne's third edition consists of two paragraphs that I should like to read. I point out before doing so that the first paragraph deals with private members' motions that would seem to involve the expenditure

of money indirectly. The second paragraph deals with an amendment to a government piece of legislation. Your Honour has suggested that in your view there may be some difference on that score. I do not see how that distinction can be drawn as long as the wording of the amendment to a piece of government legislation makes it clear that it is expressing only an abstract opinion. Let me read citation 444. It is as follows:

Private members may introduce resolutions that do not directly involve the expenditure of public money and have no operative effect but simply express an abstract opinion on a matter which may necessitate a future grant.

Note the second paragraph, which reads:

An amendment—

In other words, an amendment to government legislation.

—merely asserting as an abstract principle the expediency of a larger expenditure than that recommended by the crown in resolutions can be proposed, such amendment being moved mainly to prevent concurrence in the resolutions and having no practical effect with regard to public moneys unless the said increased expenditure is recommended by a new message from the crown.

It seems significant to me that those two paragraphs are right together in one citation, one of them dealing with private members' notices of motions and the other dealing with a motion amending a government measure.

I would also ask, Mr. Speaker, that you note three Speakers' decisions. They are lengthy, and I will not read them in full. One of them is reported on page 537 of Beauchesne's third edition, a decision given by Mr. Speaker Rhodes on March 16, 1921, which reads:

Private members may introduce resolutions when they do not directly involve the expenditure of public money and have no operative effect but simply express an abstract opinion on a matter which may necessitate a future grant.

The two or three pages that follow that introduction indicate that the ruling was with reference to a private member's notice of motion. The same is true in the case of a ruling made by Mr. Speaker Sproule on February 1, 1912. You will find that one beginning on page 529, but if you will turn to page 519 of Beauchesne's third edition you will find a ruling by Mr. Speaker Cockburn, the introduction to which reads:

An amendment merely asserting as an abstract principle the expediency of a larger expenditure than that recommended by the crown in resolutions, can be proposed, such amendment being moved mainly to prevent concurrence in the resolution and having no practical effect with regard to public moneys unless the said increased expenditure is recommended by a new message from the crown.

If you will turn to pages 520 and 521 you will find that this amendment was moved by a Mr. Wood back in 1869. He wanted certain words left out and other words put in which expressed the opinion that such and such should not be done without at the same time making provision for increasing in due proportion, and on principles alike just to the provinces of Quebec and Ontario, the amount of debt allowed by the British North America Act to the late province of Canada, and so on. Further down on that page the Speaker, in giving his decision, said:

The motion of the hon. member for Brant is a mere assertion of an abstract principle. Beyond that, it proposes nothing; it does not propose to take any step in the direction of legislation, but, on the contrary, . . . the effect would be, if passed, to prevent concurrence in the resolutions, and to stop the whole proceedings—so that the question on this proposed appropriation could not be approached again, this session, unless a message came down from the crown recommending such additional expenditure. Therefore, I think the argument unsound that this amendment involves a question of additional public expenditure, and, in my opinion, the motion is in order.

The point I ask Your Honour to consider is that that ruling bears directly on the point Your Honour has raised. For my part, I cannot see the difference between a private member's notice of motion and a private member's amendment to government legislation so far as the question of involving an expenditure of money is concerned. Here is a clear-cut case where the amendment by a private member was to a government piece of legislation, and the Speaker ruled that, since the wording made it clear that it was abstract and did not have operative or legislative effect, it was in order.

I point out that the wording of the amendment to the amendment moved by my deskmate, the hon. member for Melfort (Mr. Wright), is clearly in abstract form. It is governed in the first place by the wording in the earlier part of the amendment moved by the hon. member for Souris (Mr. Ross), which merely says that further consideration of this bill should be deferred until consideration has been given to such-and-such. Then my colleague's amendment proposes the addition of the words:

It being the opinion of this house that consideration should be given to a final payment of twenty-five cents per bushel.

If I were to take more time, which I will not, I could point out to Your Honour several cases in which motions were allowed which did not even include the word "consideration," because it was clear that they simply expressed the opinion of the house. My colleague's amendment not only uses the words, "it being the opinion of this house," but goes on to say merely that consideration should be given to the proposal indicated in the subamendment.

Therefore, Mr. Speaker, because of the proper wording of my colleague's amendment, and because of the citations I have called to Your Honour's attention, particularly the words of Mr. Speaker Cockburn as recorded on page 521 of Beauchesne's third edition, I submit that the amendment to the amendment is in order.

Mr. Speaker: I thank the hon. member for Winnipeg North Centre (Mr. Knowles) for bringing these citations to my attention. The one bearing on the point I raised is a ruling given by Mr. Speaker Cockburn in 1869. It is possible that there have been no rulings since that time bearing upon the subject.

I am aware of the fact that a few amendments similar to the subamendment now before the house have been permitted to stand. However, I am not convinced that such subamendments are in the same class as a motion framed in abstract terms by a private member asking for the opinion of this house. The amendment to the amendment does use the word "consideration", but I am inclined to think that if it were carried it would require the government to make the expenditure before the house would give second reading to the bill.

However, since there seems to be some uncertainty about it, and since apparently similar motions have been permitted in the past, I do not intend to rule the amendment to the amendment out of order at this time. I would like the house to note that I am not convinced that the amendment to the amendment is in order, and would ask the house not to consider me bound on any future occasion by what I am now doing in permitting the amendment to the amendment to stand.

Mr. Wright: I thank you very much, Mr. Speaker, for your decision to permit the subamendment to stand.

Last evening when I was discussing this matter I was about to point out that the farmers of western Canada were not basing their claim for a greater payment than the 8·3 cents the government has announced upon whether there was a period or a comma in a particular sentence the Minister of Trade and Commerce (Mr. Howe) might have spoken in this house. Their claim for some further consideration under the "have regard to" clause has a much broader basis than that.

We also had some argument yesterday as to whether any final agreement was reached on the "have regard to" clause, and the Minister of Trade and Commerce stated that when he was in England in May he did not reach any final agreement with the British government but that he brought back a report to the cabinet. He stated yesterday, at page 1072 of *Hansard*, "I reported that position to them"—that is, the position taken by the British government. "The decision, if there was any decision, was made after I returned." Until we have the minutes of proceedings and the communications between the British government and the Canadian government on this matter we are not in a position to say definitely whether the cabinet reached a decision and accepted the position the British government had taken with regard to the "have regard to" clause. That is why we are anxious to have these papers tabled at the earliest possible moment. As a matter of fact we should have had them before this discussion took place. Then we would be able to reach an intelligent decision based upon the actual documents that passed between the two governments.

Another reason we believe we are entitled to a further and larger payment than 8·3 cents is the fact that for two years, from 1945 to 1947, Canadian consumers were supplied with 160 million bushels of wheat at $1.25 a bushel, when the price received under the British contract was $1.55. Yesterday the Minister of Agriculture (Mr. Gardiner) made quite a point of the fact that the average price at which wheat was sold outside of the British contract over the five year period was $1.82 a bushel. That low average only resulted from the fact that through the wheat board the Canadian government sold 160 million bushels to the domestic trade in Canada at $1.25 a bushel, which was below the price under the British contract and which represented a loss to the wheat producers of western Canada of some $48 million.

Many people will say that many other producers in Canada were in the same position during those years; and I want to point out that those were years after the war was over, 1945 to 1947, when we were selling this wheat to the Canadian consumer at $1.25 a bushel. There were restrictions on the people selling lumber, steel, pulp and other materials. But I point out that so far as I know there was no other material in Canada over which the government had taken complete control. In no other case did the government take all the product and then go out and sell it in the name of the producers. The people who produced pulp, steel, lumber or other products were given a free hand under the ceiling prices that may have existed. They were able to sell their products within Canada at whatever they could get for them under those ceilings. Most of the ceiling prices were removed in 1946 and 1947, and they were allowed to sell their products in the Canadian

market at the highest prices they could obtain. They were also permitted to sell the share of their products they were exporting at the highest prices they could obtain in the export market, not under a contract such as we had with Great Britain, which to all intents and purposes placed a ceiling on the price.

These are some of the reasons why people in western Canada believe they are entitled to a payment of more than 8·3 cents. The government failed to maintain a price ceiling in this country. In this house the Minister of Agriculture stated that the producer was protected under the wheat board act, just as other producers were protected under the Agricultural Prices Support Act. Let me indicate just what that meant. The minister stated that in determining the prices for agricultural products under that act consideration would be given to the fact that during the first two or three years of the war agricultural prices in some cases were below the cost of production. When the ceilings were placed on agricultural prices in the fall of 1941 in many cases those prices were below the cost of production, and the minister said that in determining prices under the Agricultural Prices Support Act that matter would be taken into consideration. At page 5624 of *Hansard* for July 29, 1944, the minister is reported as having said:

> I was careful to see that there was nothing in the bill which said that we were going to base any decision on the cost of production. The cost of production may be only part of the consideration. I think it is possible the board might determine that the farmer should have considerably more than his cost of production because of some other experience he has had in order to get through the transitional period in a proper position.

I ask the farmers of Canada to consider that statement. In setting the prices under the prices support act, in setting the final payment under the wheat board act, has the minister given consideration to the fact that in 1940, 1941 and 1942 the wheat producers of Canada were selling wheat for approximately 50 to 60 cents a bushel on the farm? That was approximately the average price for the average grade of wheat for the first three years of the war. I do not think 8·3 cents a bushel represents any consideration of that fact.

Mr. Gardiner: My hon. friend has asked me a question. Does he want an answer?

Mr. Wright: I do not want these interruptions. If the minister has a question to ask, or if he has a matter of privilege to raise—

Mr. Gardiner: My hon. friend has asked me a question. Does he want an answer?

Mr. Wright:—until he asks to have that privilege, I am not going to be interrupted by him as I was last night.

[Mr. Wright.]

Mr. Gardiner: I am not going to ask my hon. friend a question.

Some hon. Members: Then sit down.

Mr. Gardiner: Just a minute. The hon. member for Melfort (Mr. Wright) has asked me a question.

Mr. Speaker: Order. The hon. member for Melfort has the floor.

Mr. Gardiner: But the hon. member for Melfort asked—

Mr. Speaker: Order. The hon. member for Melfort has the floor.

Mr. Gardiner: But Mr. Speaker, on a question of privilege—

Mr. Speaker: Yes, on a question of privilege?

Mr. Gardiner: The hon. member for Melfort has just asked me a question, and it will appear in *Hansard* as a question asked of the Minister of Agriculture. Unless I answer that question at this point, if it is intended to be a question, the hon. gentleman will go through the country saying he asked the minister so-and-so and the minister did not answer at all. I am prepared to answer the question.

Mr. Wright: The minister spent an hour making his statement on this matter, and he covered it fully from his point of view. I want to have the opportunity of covering it as fully from the point of view of the western wheat producers.

Mr. Gardiner: You do not want an answer.

Mr. Wright: During those three years the western wheat producer received an amount for wheat which was below the cost of production, for which the 8·3 cents being received at this time is not compensation. I would point out that in setting other floor prices for agricultural products under the Agricultural Prices Support Act the minister has had no regard for the statement which he made in this house when he said that in setting those floor prices the government would have some regard to the prices which the farmer had received during those three years. I ask him if 33 cents a dozen for eggs or 75 cents a bag for potatoes is a price which represents some compensation to the producers for the prices which they received for those products during the first three years of the war. I do not think it does.

Mr. Gardiner: Do you want an answer?

Mr. Wright: I am quite sure that the farmers of this country do not consider those prices to be a fair return for the sacrifices which they made during the war. It is for that reason that the Canadian Federation of

Agriculture and other farm organizations throughout this country are asking for a formula to be written into the Agricultural Prices Support Act. They want the farmer to have some protection. They have become fed up with waiting for the Minister of Agriculture and his department to give them a fair deal in this matter. That is why the farmers of western Canada are asking for a larger payment than the 8·3 cents at this time. If the farmers had any assurance that over the next three, four, or five years, as the minister stated yesterday, they would get $1.83 per bushel for wheat, they might have some confidence and be willing to accept the 8·3 cent payment. But they have no assurance from this government to that effect. They know that if this government is setting floor prices on farm products the first principle is to set them low enough so that they will stop production of that particular product.

What has been the result of the setting of a floor price on eggs at 36 cents a dozen?

Mr. Gardiner: There is no set price.

Mr. Wright: The result of that has been, Mr. Speaker, that the producers of eggs have discontinued production. Last fall consumers had to pay 80 and 90 cents a dozen for eggs. What has been the result of setting the price of butter so low? The result has been that the farmers of this country have gone out of the production of butter. In certain sections of the country today consumers are forced to pay as high as 80 cents a pound, and the speculators are making a killing if they happen to have any butter in storage. That is the result of the policy of this government. It is time we had forward pricing on agricultural products in this country, and an assurance of decent prices. If that had been done we would not have the fluctuations in our markets which we have today.

Mr. Robert Fair (Battle River): Mr. Speaker, I have been amused by the discussions that have taken place on Bill No. 5 concerning the amendments to the Canadian Wheat Board Act. So far as this party is concerned, we intend, at the proper time, to support the amendments proposed by the bill, which are three in number. The first one is apparently intended to correct an error, and changes the date of the commencement of the pool year from August 31 to August 1. Apparently the error was made when the bill was printed. The second concerns the adjustment of interim payments on different grades of grain. This is necessary because it is impossible to set initial payments at their proper level until some experience has been had by the board in selling those different grades. The third concerns the transfer of wheat from one year's pool to another. I believe that is one that will be appreciated by the farmers all over the prairie provinces, because it will enable the wheat board to wind up its business year much faster and give the farmers a chance to use their own money rather than pay interest for a year or two on money that rightfully belongs to them but still remains in the wheat board's funds.

I have no intention whatever of chasing through the volumes of *Hansard* in order to follow up the quotations that the Minister of Agriculture made last night from his own speech. There are one or two items in his speech of last night which I should like to comment upon. The first is to be found at page 1059 of *Hansard*, in the first column, where he said:

> We make all kinds of claims, which I am not going to take the trouble to make here tonight, as to what the result of the inauguration of the policy has been; but I recite this in order to repeat that the farmers of western Canada have absolute confidence in the co-operative organizations that they set up to handle their grain, and there is no kind of argument that is going to be put up by anyone in this house to the effect that somebody has lost a lot of money that is going to change the attitude of the farmers of western Canada toward the system that they themselves have set up. They are going to operate under that system, and anyone making speeches from this house with the idea that he is going to encourage some change by saying that the farmers have lost $300 million or $600 million, as the notion takes him when he is speaking, is wasting his time. I just want to say to them that they had better talk with some of the farmers in western Canada before making such speeches because there is nobody in western Canada that believes them.

In connection with that, lest there be any mistake about where I stand, I should like to say that I joined the Alberta wheat pool in early September of 1923. I was one of the first to sign a contract in my territory. I helped to organize the pool, and I am still a member of that organization. I still have thousands of bushels in the five-year pool, and up to today I believe I have delivered ninety-eight per cent of the grain I grew to the wheat pool elevator. I was a supporter of the wheat board at the time it was set up, and until it was finished after the first war. Had we been allowed to keep that wheat board, there would not have been any need for setting up wheat pools. Because we were denied that right we went ahead and organized our own wheat pools. I want to say that I am a firm believer in the wheat board, and in the wheat pools. While I am a member here it is my intention to support the wheat board. I believe we have an organization that has done a good job for the farmers. So far as I know there are no farmers dissatisfied with the work of the

wheat board. The figures I hope to give a little later will prove that beyond any question.

Then on page 1069 we find this—I am quoting the Minister of Agriculture:

> The act may require further amendment from time to time; but in my opinion the farmers of the west have not been convinced that they have lost money under the system of wheat board marketing as compared with any other system.

I agree with that statement; but I am sure that most of the complaint has come about because of a deal that the Canadian government made with the British government, and because of the Canadian government's policy in supplying wheat at below regular price to Canadian millers so that Canadian consumers could eat cheap bread.

As to dissatisfaction among the people in the west—and reference was made to that matter by the minister last night—I am going to read something that was said by the Canadian Federation of Agriculture when they appeared here on the fifteenth of last month:

> 1. We wish to express our appreciation of the efforts of the government to obtain from Great Britain adequate recognition of the "have regard" clause in the Canadian-United Kingdom wheat agreement.
>
> 2. We wish to point out that the government of Canada has a vital responsibility to see that wheat producers are treated fairly in the final settlement of the five-year pool, because the returns to wheat producers for those years were prescribed by government policy of sale of wheat in the domestic market and by the terms of the contract which the government made with the government of the United Kingdom in 1946.
>
> Our wheat producers feel that balance of the actual proceeds of the sales of wheat during the five-year pool is not sufficient to provide a satisfactory settlement. Our convention was unanimous in asking that a very substantial contribution per bushel should be made by the government of Canada to the final settlement of the five-year pool.

Then again we had statements by the representatives of the three wheat pools at Regina early this week. We know what their opinion has been. Only yesterday the Alberta legislature passed a resolution favouring some worth-while final settlement of this five-year pool. In addition to that, I believe that many hon. members in all parts of the house have received letters and telegrams ever since the session started, pressing for a worth-while settlement of the five-year pool.

When the Prime Minister (Mr. St. Laurent) made a statement the other day—it was on Friday last—in connection with the final payment, people all over the country were greatly disappointed; but I believe no citizen was more disappointed than was the Minister of Agriculture (Mr. Gardiner). While the Prime Minister was making that statement I watched the Minister of Trade and Commerce (Mr. Howe), who sat at his right, and the Minister of Agriculture, who sat at his left; and they were not a happy pair. It might seem fitting that the Minister of Trade and Commerce, who is in charge of that department, should make the announcement; or again, if he did not want to do it, it might seem proper that the Minister of Agriculture should do it, as he had quite a bit to do with the negotiations from start to finish. But perhaps neither of them wanted to make it; it was such a crumb from the rich man's table that neither of them wanted to hand it out, and the job fell to the lot of the Prime Minister.

For many years our Canadian wheat has been sold at prices that have been far below its actual value. Going back to February 25, 1947, we find this stated here in the house by the then minister of trade and commerce in connection with the sale of some of our wheat; and at that time—and in fact even prior to that time, in 1945—we had a ceiling of $1.55 a bushel placed upon our wheat, even though that figure was far below the value of that commodity. We find that the then minister of trade and commerce—at that time Hon. J. A. MacKinnon—as reported at page 787 of *Hansard*, set out in part a directive to the wheat board, as embodied in an order in council:

> Whereas the Minister of Trade and Commerce reports that because of the effects of a crop failure in Australia and French North Africa, of transportation difficulties in various supplying countries, and of other adverse developments upon the volume of exportable wheat and because of the urgent requirements of recently liberated areas of Europe and Asia, world demand for wheat is presently exceeding available supplies;
>
> That under these conditions Canada, as the principal wheat exporting country, is in a position to demand very much higher prices for wheat from importing countries which must obtain food from abroad regardless of price in order to avoid want and starvation and to many of which Canada has been or will be extending loans for rehabilitation and reconstruction purposes.

Shortly after that, we find that an agreement was made with Britain, that negotiations were going on for some time, as also were negotiations dealing with an international wheat agreement. But on July 25, 1946, the then minister of trade and commerce—again Mr. MacKinnon—announced an agreement with the British government. It must be pointed out that this agreement was one between the Canadian government and the British government and was not one made by the Canadian wheat board. Under the terms of the agreement Canada agreed to supply Britain with 160 million bushels out of the 1946-47 crop at a price of $1.55 a bushel. Ultimately we find that deliveries turned out to be 169 million bushels at $1.55;

and during that crop year the average price of class II wheat was $2.43 a bushel. Therefore the Canadian farmers who delivered that wheat had a loss of 88 cents per bushel, or a total of $148,720,000 on that wheat delivered. In the 1947-48 crop year we had agreed to deliver 160 million bushels at $1.55. Actual deliveries turned out to be 170·6 million. The average price of class II wheat during that year was $2.88 a bushel, so that the farmers lost an average of $1.33 a bushel, or a total loss of $226,898,000. In the third year of the agreement, the 1948-49 crop year, when we were supposed to deliver 140 million bushels, we actually delivered 146,342,802 bushels at a negotiated price of $2 per bushel. During that crop year the average price of class II wheat was $2.23 a bushel. Canadian farmers, therefore, suffered a loss of 23 cents a bushel, or a total of $33,658,844. In the last year of the contract, 1949-50, we delivered 140 million bushels; the negotiated price was $2 a bushel. The average price of class II wheat during that year was $2.16. There was therefore a loss per bushel to the Canadian farmer of 16 cents, or a total of $22,400,000. Those four figures total $431,676,844.

On August 14, 1946, when discussing this matter, as spokesman for this party I had this to say as reported at page 4800 of *Hansard* of that date:

> On behalf of this group I wish to say that we are glad to know that we are to have stabilized prices for the next four crop years and also that an agreement has been made with Britain. I am not going to say whether we are well satisfied with the prices received. We feel that the British government are satisfied that they got a very good deal at the expense of Canada. One of my reasons for saying that is contained in a Canadian press dispatch of July 26, which states:
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> "The *News-Chronicle's* streamer headline said: Strachey explains wheat deal and M.P.'s cheer Canada."
>
> In my opinion they had every right to cheer Canada. The dispatch goes on to say:
>
> "The *Mirror* headlined the story: 'Pact makes Britain's loaf safe for four years.'
>
> The *Daily Graphic* said editorially: 'Our debt to the empire increases every day . . . thanks, Canada, and thanks again!' "
>
> I am glad the people of Britain appreciate that they are getting a good deal from Canada. I might say we have no objection whatever to Canada's supplying the best food in the world to Britain and to other countries, but we object to the farmers bearing the brunt of the expense. On many occasions we have made it clear that the farmers of Canada have not received the price for their products to which they are justly entitled. I still estimate that the same condition continues under the present agreement. Of course we are very well satisfied to have a stabilized price for some time to come, because we all remember what happened after the first great war and we do not want conditions of that kind to arise again; but in view of the losses the farmers accepted from 1930 up to 1942, I feel we are entitled to a much better deal as far as our wheat is concerned. I am not going to deal in particular with the sale to the British government. The cost of that will, of course, be taken care of by the government here, and we in turn will have to bear our share of the loss through taxation.

Then at a later time the hon. member for Acadia (Mr. Quelch), speaking with respect to a further amendment to the Canadian Wheat Board Act, said on February 24, 1947, as reported at 746 of revised *Hansard*:

> I believe that the wheat agreement with Britain was fully justified but it does entail in its early stages a considerable sacrifice on the part of our farmers. We feel that the sacrifice should be borne by the people of Canada as a whole, and that is why we are so concerned about the guarantee that the government makes regarding the acceptance of fourteen bushels to the acre, which is supposed to remove the sacrifice from the farmers and place the burden squarely on the backs of the Canadian people.

In addition to that we find that at that time the price of wheat was climbing. There were discussions throughout the country, and some discussion in the house as to losses that might be suffered by the farmers. But we were continually given to understand that the "have regard to" clause of the agreement would take care of that. The "have regard to" clause was referred to frequently yesterday, and once today. When it came to fixing the price for the third year of the contract it was fixed at $2 per bushel, and did not take into consideration any of the losses that had been suffered by Canadian farmers during the first two years of that contract. It amounted to a loss of 88 cents a bushel in the first year and $1.33 a bushel in the second year, while in the third year of the contract we suffered a loss of 23 cents a bushel. When it came to negotiating the price in the fourth year, the price was again set at $2, through negotiation between the two governments, and we lost on that 16 cents a bushel, as compared with the price of class II wheat. So that I feel there was no regard whatsoever to the "have regard" clause in the agreement.

When people were getting anxious about their final payment we were told that final settlement would be made in the middle of the summer. Before that time arrived we continued to supply to Canadian millers, for consumption by Canadian consumers throughout the country, certain quantities of wheat. In the early part of 1946-47 we supplied 29,041,927 bushels at a price of $1.25. The average price of class II wheat was $2.43, and therefore the loss per bushel was $1.18, which was absorbed by the farmers. Then, late in 1946-47 the price had risen to $1.55. We supplied a further 24,573,939 bushels. During that time the average price of class II wheat was $2.43, and therefore the loss was 88 cents a bushel.

In the first part of the year 1946-47 there was a net loss of $34,269,474, and for the

second quantity in that year a loss of $21,625,066. In the 1947-48 crop year we supplied the millers 49,342,532 bushels at a price of $1.55. The average price then was $2.88, and in that year there is a loss of $1.33 per bushel to the farmer. This amounted to a net loss of $65,625,567. In the 1948-49 crop year we supplied 39,281,098 bushels at a price of $2 per bushel. The class II price in that year was $2.23, and therefore there was a loss of 23 cents a bushel, making a total net loss in that year of $9,034,652. In the last year of the contract, 1949-50, we supplied 39,788,512 bushels, at a price of $2. As the average price of class II wheat was $2.16 we suffered a loss of 16 cents a bushel, or in that year a total net loss of $6,366,162.

These figures indicate a total bushelage of 182,028,008, with a loss in dollars of $136,920,921. To this must be added the loss on the British contract for the four-year period, making a total net loss of $568,597,765. Out of this the government announcement says that the farmers will be paid $120 million, so that there will remain a net loss to be accounted for of $448,597,765. And instead of the 8·3 cents per bushel there should be a payment of approximately 40 cents to make up that loss.

If one were to average this loss among the average number of farmers who have taken out delivery permits that loss would amount on an average to $1,930 per wheat farmer. So that I feel there is something here to complain about, so far as the farmers of western Canada are concerned.

I have these figures before me in tabulated form. I might point out that they are taken chiefly from information brought down in sessional papers. The average prices for the first three crop years of the agreement were obtained from the 1948-49 Canadian wheat board report. The calculations I have made myself, and I feel they are quite correct. With the permission of hon. members I should like to place the table on *Hansard*.

Some hon. Members: Agreed.

Mr. Fair: It is as follows:

Losses Suffered by Farmers Under the British Wheat Agreement

Year	Bush. sold	Price	Price Class II	Loss per bush.	Net loss
1946-7	169,000,000	$1 55	$2 43	$0 88	$148,720,000
1947-8	170,600,000	1 55	2 88	1 33	226,898,000
1948-9	146,342,802	2 00	2 23	0 23	33,658,844
1949-50	140,000,000	2 00	2 16	0 16	22,400,000
Total					$431,676,844

Losses Suffered by Farmers as Result of Subsidizing Canadian Consumers During 1946 to 1949 Crop Years

1946-7	29,041,927	$1 25	$2 43	$1 18	$34,269,474
1946-7	24,573,939	1 55	2 43	0 88	21,625,066
1947-8	49,342,532	1 55	2 88	1 33	65,625,567
1948-9	39,281,098	2 00	2 23	0 23	9,034,652
1949-50	39,788,512	2 00	2 16	0 16	6,366,162
	182,028,008			Total	$136,920,921
			Losses on British contract		431,676,844
					$568,597,765
			Amount to be paid out		120,000,000
			Net loss		$448,597,765

It would appear the Minister of Agriculture (Mr. Gardiner) feels that we should not bear all the loss, as far as cheap wheat to millers is concerned. In *Hansard* of August 14, 1946, as reported at page 4806, the minister said:

> Having said that, may I say that farm organizations generally, the farmers in particular, and most of us who represent wheat-growing constituencies in this house have always questioned the advisability of charging the farmer up with the difference between whatever the price was and the price at which wheat was being supplied to the millers. In other words, it should be emphasized over and over again that every banker, every operator, every railroad, every clerk in a bank or store, every labourer, every farmer has been buying flour, or his bread to put it in other terms, on the basis of 78-cent wheat ever since control came into effect in this country. In other words, we have been supplying that important food product to the people of this country, to the labouring people and consumers generally, at a lower rate than it is supplied anywhere else in the world. I agree with those who say that that whole cost should not be charged up to the farmer, and in discussions in the past I have maintained that too much of that cost has been charged up to the farmer. I still maintain that we should get away from that just as soon as we possibly can.

I believe the Minister of Agriculture (Mr. Gardiner) still has the interests of agriculture at heart. While we have to have inflicted upon us a Liberal government I would much rather see the minister here as Minister of Agriculture that have him relegated to the other end of the building.

Some hon. Members: Oh, oh.

Mr. Fair: There is some applause from what used to be called the rump, but I am not quite finished with the Minister of Agriculture. In order to settle the argument that has been carried on between the *Country Guide* and the Winnipeg *Free Press,* perhaps I should read again from the October, 1950, issue. The Minister of Agriculture is not the only one who has been reading *Hansard* because I believe it has been thumbed through quite a bit during the past few weeks. I am going to read from the revised edition, which must be correct. Speaking on February 28, 1947, as reported on page 898 of *Hansard,* the minister said:

> Now I come down to the last week before the British agreement was signed, when we knew all the facts with regard to it. The Minister of Trade and Commerce and I met—I have stated this in the pool board meetings in western Canada and I have their consent to state it anywhere—we met the representatives of all the farmers' grain handling organizations in western Canada—the Saskatchewan wheat pool, the Manitoba wheat pool, the Alberta wheat pool, the United Grain Growers. These organizations were all present, together with the president and secretary of the Canadian Federation of Agriculture, and a representative of the wheat growers of Ontario. The meeting was held for the purpose of discussing what the initial payment ought to be following this agreement. We were in a position at that time to inform them what that British agreement was, because it had all been agreed to. The agreement was signed I think two days later.

That should set at rest any doubt with regard to the discussions that took place on that occasion. It has been said that all these organizations had given consent to the British wheat agreement, but that is not the case. They were called in for an entirely different purpose. While we were giving the consumers of Canada cheap wheat so that they could eat cheap bread and thus have a better standard of living than the farmers who were growing the wheat—I might mention that most people in towns and cities have bathrooms, electric light and all that kind of thing, when only a small percentage of the farmers who grew the wheat have these conveniences—we were forced to pay higher prices for everything we bought. I do not blame labour for getting a reasonable wage, but I feel that we should not be asked to stand this loss.

I feel the Minister of Agriculture has been trying to do a good job. The *Western Producer* of November 13, 1950, contains the following report with regard to the convention of the Saskatchewan wheat pool:

> Expressing the view that there was still a large body of public opinion in Great Britain that felt that Canada was entitled to further payments under the adjustment clause of the United Kingdom-Canada wheat agreement, Right Hon. J. G. Gardiner, federal minister of agriculture, told wheat pool delegates that the matter was still under discussion.
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> Mr. Gardiner was speaking at the twenty-sixth annual meeting of delegates, policy forming body of the Saskatchewan wheat pool. Earlier in the week delegates also heard an address by the Right Hon. C. D. Howe, who also indicated that the matter was still under advisement, and that officials of the three western pools would meet with the government later in November to discuss the matter of a final settlement of the five year pool with members of the cabinet.
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> Mr. Gardiner, in reviewing some of the marketing history relating to wheat, pointed out that prior to the date of the contract between the United Kingdom and Canadian governments,—

I might point out for the benefit of the Winnipeg *Free Press* that the Minister of Agriculture is admitting that the two governments mentioned made the agreement.

> —wheat prices in the United States were somewhere in the vicinity of 23 cents per bushel higher than they were in Canada.
>
> Concerning the operation of the agreement, the minister said he believed that after taking all factors into account, there was still "a margin between what Great Britain paid under the agreement, and what Canadian farmers might have received otherwise." Then he added: "All I am going to say is that I don't think the gap has been completely closed and we will go on with the discussions and see if there cannot be some conclusion arrived at which will be satisfactory not only to the farmers of the west, and the government of Canada, but the government of Great Britain as well."
>
> Mr. Gardiner said he did not believe the farmers of the west were being unreasonable, but rather, he believed that they all had a common hope that when the discussions with the British government were completed, a settlement would be reached that would enable Canadian farmers and all Canadians to feel that a reasonable settlement had been reached.
>
> The minister also doubted that the last word had been said by the British government on the question of an adjustment under the agreement. He pointed out that discussions were still continuing as had been indicated earlier in the week by Mr. Howe. He was confident that out of these discussions would come results that would be satisfactory.

That statement may seem strange to some people, particularly those of us who sat here in committee on June 5 last. I should like to read a question and an answer which deals with the matter so much in dispute on this occasion, and I intend to quote from page 3221 of the daily edition of *Hansard* of June 5, 1950. I might say that, as on many other occasions, I was in my seat and heard this discussion. I shall read both the question and the answer so that I cannot be accused of putting anything on the record that is not really here. I quote:

> Mr. Ross (Souris): The Minister of Agriculture said they had agreed with officials in Great Britain

to extend the final settlement until July, 1950. That is next month. He distinctly made the statement in this house that would be the date for the final settlement if there is to be any further settlement with Great Britain for the difference between the world price and this price. That was the final arrangement as nearly as the house knows it.

Mr. Howe: The matter of the "have regard to" clause was discussed in great detail during our sessions with Sir Stafford Cripps and other ministers of the United Kingdom government. The whole situation was reviewed. The United Kingdom is just as positive as I have been in my statements in the house as to what the world price of wheat really was in those periods. My hon. friend said the world price was the price in a local market to which Canadian grain is not permitted access. I wonder what the world price would have been if we had been able to ship our Canadian grain to the Chicago market, which he says is the great criterion for world prices. We went over our agreement while in London. We asked the United Kingdom government what further settlement it is to make on account of the "have regard to" clause. The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

Mr. Noseworthy: Where is the period?

Mr. Fair: The period is after the word "clause". I am not a school teacher, like the hon. member for York South (Mr. Noseworthy) or the Minister of Agriculture has been.

Mr. Gardiner: No comma there either.

Mr. Fair: Did you say no politician? I agree with that.

Mr. Gardiner: A lot of comedy.

Mr. Fair: Instead of the Minister of Trade and Commerce going to Britain last year many people felt that it would have been appropriate had the Minister of Agriculture gone. Some feel that the Minister of Trade and Commerce was not the right one to go. If he does not have more success in his deals in the future than he had in extracting a few more pennies from the British government then I think he had better send the Minister of Agriculture (Mr. Gardiner). These little fellows do not seem to care how big the other fellow is. They think that the bigger he is the harder he falls. I feel that the Minister of Agriculture is interested in his department. He knows his department. He believes in the wheat board, as I do, and I believe that he should have the sale of wheat in his department. I am not going to discuss that point further because my time is running out. Perhaps I should have cut my remarks down quite a bit.

I say that the wheat growers of the prairie provinces are not asking for a handout. They are simply demanding the same price as was obtained by the wheat board for class II wheat. That does not mean wheat sold through the Chicago market or any other market. We are asking for the same price as was obtained for class II wheat sold by the Canadian wheat board. The prices obtained by the wheat board for such wheat should be sufficient evidence that the board has done an excellent job, and that they have an excellent chairman, deputy chairman and commissioners. So far as I am concerned, I do not want to leave any doubt whatever as to where I stand in connection with this matter.

The advocates of the grain exchange are using the results under the British wheat agreement as an argument for throwing the wheat board out of business. In my opinion that is poor business on their part. Perhaps they are doing that because for a number of years I have advocated that they be thrown out of the grain exchange and made to earn an honest living. I still feel that they are carrying on in a dishonest way, and are trying to further their interests by attempting to pin on the wheat board the bad parts of the British wheat agreement. I feel quite safe in saying that if legislation to continue the wheat board in operation is not passed you will have one of the biggest farmers' strikes in western Canada that the country has ever experienced.

Since the Prime Minister (Mr. St. Laurent) made his statement about the settlement of the wheat agreement many supporters of the government have been blaming the socialists in Great Britain. They say that if the darn socialists had paid their debts the government would be able to make a much better payment. I think that is entirely a matter between the Canadian and British governments. So far as this group is concerned, we feel the whole responsibility of making these losses good rests fairly and squarely on the doorstep of the Canadian government. In the interests of Canada as a whole, I believe that the demands for payment should be honoured. Labour cannot get along without agriculture. In the *Rural Co-Operator* of January 24, 1950, there is a report of an address by Mr. C. H. Millard, director of the United Steelworkers of America, to the annual meeting of the Ontario Federation of Agriculture held in Toronto recently. The report reads in part:

"Falling farm prices", said Mr. Millard, "are giving all of us grave concern. We know that when farm prices fall below an economic level unemployment is going to follow, and we fear the future under such conditions. Frankly, I am a little concerned over the loose thinking of the past few years about the markets for our so-called exportable surpluses . . . The standard of life everywhere must be raised, here in Canada as well as abroad, so that labour is able to buy the goods the farmer produces, and the farmer can buy ours."

It is a two-way business. We must not do anything to destroy the purchasing power of the farmer, and we must also see to it

that labour has work to do. We feel that the farmers must be treated like human beings. References have been made with pride to the great strides the industrial life of Canada has made. I feel, as I have said on many other occasions, that we cannot have a prosperous and united Canada with part of our people well off and enjoying a high standard of living while others are in poverty.

When I spoke on the 6th of February I stated that facts that are not frankly faced have a habit of stabbing us in the back. I state that again today because when the international wheat agreement was introduced in the house we did not favour it with any great enthusiasm. Prices were cut down from what we had been receiving prior to that time so far as class II wheat was concerned. In order to try to get some safeguard, the hon. member for Acadia (Mr. Quelch), who is always sound in his thinking and in the speeches he makes, wanted to have the price of wheat tied to the prices of goods in other countries so that if there was a fluctuation in the prices of goods the price of wheat would fluctuate with them.

That suggestion was not even answered, or apparently considered, by the government. We now see the price of wheat going down while the prices of the products the farmer has to buy in order to produce are continually climbing. That is one of the results. First of all the wheat farmers want a reasonable and decent settlement of the British wheat agreement, and with respect to the wheat supplied to millers for Canadian consumption. Then farmers will be ready to go to work again. It has been pointed out that we are in a state of grave peril at the present time. Do not forget that regardless of the efficiency and prosperity of our industries we cannot get along without the farmer. If the farmer is not properly treated, do not forget that he can refuse to co-operate just as the industrialists did in 1939 when they would not work until the five per cent profit limitation was removed.

Do not forget that farmers are not as dumb as a lot of people think they are. In order to make things much better for all Canadians, I again suggest that a policy guaranteeing parity prices to agriculture should be put into effect without further delay. At the present time farmers comprise about 25 per cent of the population of Canada, and according to the best information that we can get from the financial branch of the bureau of statistics farmers are receiving somewhere between 10 and 15 per cent of the national income, one-half of what we are properly entitled to.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I have listened with interest to the hon. member for Battle River (Mr. Fair). I hope I shall be excused if I do not agree with all his political philosophy. However, I can agree with his last sentence or two when he said that the industrial and agricultural life of Canada are closely associated. I realize that when the one is prosperous it has an interlocking effect on the other. I am sure that every hon. member realizes that there is no time when the interests of industry and agriculture are more interlocking and of more vital concern than during a time such as we are passing through at present. I am satisfied that at no time in the history of Canada have a strong agricultural population and industry been of more vital concern than now when we are facing a possible world conflict. It was our strong agricultural position that assisted so much in the first great war, and indeed it was our strong agricultural industry that assisted so greatly in the second great war. I know we await with considerable concern, if not alarm, what may happen in the next few years as to the part agriculture may be called upon to play.

I am not going to depart from the issue now before the house. I followed the remarks of the hon. member for Battle River and I can agree with him to a large extent when he says that production in many branches of Canadian agriculture has been seriously affected and vitally weakened as we face a possible world conffict. That has come about, I believe, to no small extent through unsound policies practised by this government which since confederation has boasted of being the champion of laissez-faire, free enterprise, business as usual, individual recompense for individual effort, free trade, and all the other things that go with a free man who does not care what happens as long as it does not happen to him.

The minister has been a sturdy champion of a new form of bulk trading; but I cannot understand why he should be such a champion of free enterprise for almost every industry in Canada except the great industry of agriculture, which he represents in this house. At one time I think he was a free trader. Like many others of his party he has changed a great deal since that time. I believe in many respects he has always been more or less a champion of free enterprise; and I have heard him speak loudly and long of the economic freedom that resulted in Canada from these policies of his party. I recall that back in 1941 he brought in a policy under which the farmers of western Canada were paid not to grow wheat at all on certain

acres. That policy was accepted by this government, though I think he had some trouble in selling it to some of his colleagues and more than a little trouble selling it to the house. And I remember that famous summer fallow policy that came into operation in the first few years of the last war. We criticized that policy at that time, though wheat prices were low; and it was not long before many parts of the world were starving for wheat.

I could never conceive how the minister was able to sell his bulk trading policy in 1946 to his colleagues in the cabinet, especially the Minister of Trade and Commerce (Mr. Howe). I can only assume that that right hon. gentleman was so busy straightening out war assets, destroying old military equipment and trying to get this country back to normal civil production that he was not paying very much attention to these bulk trading policies in which his department would later find itself so involved in its administration.

I well recall that many on this side of the house proclaimed as vigorously as they could that this bulk trading policy was unsound in practice and would be a colossal blunder in the marketing of our wheat. I remember that at that time the Minister of Agriculture pleaded with us in this house to stand behind him in this venture, saying that we would try this experiment and see what happened. Some of us prophesied that it would lose millions of dollars to our farmers. Some of us suggested that it was unsound business practice to sell a man something today for less than its value and expect him five years later to pay you more for your product than he would have to pay in another market. I am a farmer, like the minister. I have done a little business around the farm occasionally. I have traded a few horses now and then. If in 1924 I sold a man something for much less than it was worth he would probably invite me to dinner when I met him at the local hotel, and would tell anyone around to vote for me because I was a good fellow; but he would not come back in 1930 and pay me more than a similar product was worth. Business is not done in that way. The British are smart business people. I always had my doubts as to what would happen. I feel almost like saying "I told you so," because I felt this would be the result.

What is the position after four or five years of this bulk trading? I am not going into the details, because I did not take much time to prepare my remarks. I was so astounded by some of the statements made yesterday by the right hon. Minister of Agriculture, however, that I felt impelled to say a few words today on this very important issue. We have confused our relationship with the British purchasers of wheat, and we have antagonized other countries who wanted our wheat at the time and had to pay more for it. We have dislocated the whole market for our principal agricultural product by selling part of it for less than it was worth and the rest at world market prices. I sometimes wonder how anyone with sound business judgment could have expected anything else. I am sure no one within the sound of my voice who has had experience in the industrial life of this nation would expect to be able to carry on business in that way and maintain good relationships with his customers. That is not done by selling Jones the product at one price and Smith the same product at half as much again. Business is just not done in that way.

I think the Britishers saw the Minister of Agriculture coming. They probably said to themselves that while he belonged to a free enterprise party in Canada, so-called, nevertheless he had caught the fever from some of his western friends who believe that someone else can run your business better than you can run it yourself. Whatever changed him so he would think bulk trading was the only way we could sell our wheat is still one of the question marks in this whole transaction.

Today the responsibility is with the government, with their large majority in this house. The unfairness of this situation is obvious to everyone. We have the western wheat grower humbly begging the government of Canada to make up to him the loss that must have seemed inevitable to anyone who carefully studied the proposition. On the other side of the picture we have the government suggesting that the taxpayers, the widows, the workingmen and all the rest who contribute to the consolidated revenue fund, must pay through taxation for this colossal error in the marketing of this great Canadian product. I would say that I am trying to tell you what your party has done and what it has not done. When these agreements were negotiated, Mr. Speaker, we were told we were going to receive a lower price than the world price, but that that would be taken care of by the "have regard to" clause and in the end the farmer would receive more money. I am not going to go into that in any detail. I have not got a lot of detail here. I have only a few notes that I scribbled a few minutes before I entered the chamber. I only wish that I had a staff like some of the government members that would furnish me with more material, because I think I could make it a lot more

interesting. I do know that the Winnipeg *Free Press*, which has not told many untruths about the historic Liberal party for some years, and which is considered to be one of the finest newspapers in this dominion, says there has been a loss of at least $330 million. I know it is a fine newspaper, and one which I would rather have with me than against me. I have been trying for years to get it with me. That newspaper sets the figure at $330 million.

Mr. Harkness: For the first two years.

Mr. Rowe: The member for Calgary East (Mr. Harkness) says that is for the first two years. I notice that other members have set this figure much higher. I studied it quite carefully during the election campaign, and I made it much higher myself. I know that the Minister of Agriculture (Mr. Gardiner) knows I have been long enough in public life that I will not lie to my constituents. I am not going to say whether the loss today is half a billion dollars or $750 million. I do believe that the muddling and meddling in Canadian agricultural products by this government has cost the farmers, before income taxes, at least a billion dollars.

The Minister of Agriculture said some time ago that we were trying an experiment. I must say that, doubtful even as I have been of this type of policy, one could not observe the adroit, smooth political ability of the Minister of Agriculture without at least giving him some credit for having possibilities as a good businessman. At that time we said, "Well, he is smart, perhaps not only in parliament but at least in the country, he has fooled more electors than any other minister of agriculture we ever had." I have often thought that my friends down to the left are pretty good, but I think that when it comes to convincing the farmers, especially a small group of them who believe in it, the Minister of Agriculture can convince an honest farmer against his will with more success than any other politician I have known in the last quarter of a century. The mere fact there is a young farmer in my riding or in the Minister of Agriculture's riding who says he is satisfied to take X dollars for his wheat in the next five years does not guarantee that this is a sound economic policy. I say with all due respect to the Minister of Agriculture, and to you, Mr. Speaker, that this policy has been a colossal failure.

If I had not thought it was a colossal failure before, I would have known it was when, from behind the curtain last evening, I heard the Minister of Agriculture's voice, because I have heard him for so many years, and I know him so well, that whenever I see that little champion of Liberalism in Canada getting out in the aisle and speaking more loudly and longer than he usually does, I know he has a difficult case to put over. That has been proven down through the years. For his debating skill I should like to compliment him, and his party. I know he loves parliamentary debate much better than does the Minister of Trade and Commerce (Mr. Howe). I do not mean to say that the Minister of Trade and Commerce is not forceful in the house, although I think he is more forceful outside the house. I do not think he likes debating quite as well as the Minister of Agriculture. I can understand why the rest of the Liberal party, whenever there is a difficult job to do, will sit quietly and leave it to their little champion, because he is the best in this parliament when the going is tough, and the going was never tougher than it was last night.

Mr. Speaker, I want to say that the figures representing the loss are a legend in Canada now. The Winnipeg *Free Press* has used much ink and newsprint in publishing them in the last few years and has tried vigorously to explain the true picture. In doing so I believe they did a grand service, because the figures will get into the hands of young farmers who will look them over. It is all very fine to say, Mr. Speaker—and it is a trick as old as this parliament itself—that the prices for farm products today are higher. They say "Look, the farmer received $500 million more this year than last year; he received more for wheat than the year before. What were agricultural prices in 1932?" I say to you, Mr. Speaker, that I have farmed quite steadily; in fact my family have been farmers for the past three or four generations. I can well recall when we sold wheat for $1.25 a bushel and barley for 96 cents. But then we bought a binder to cut the grain for $110. It is true we now sell wheat for $1.55 or more as may be fixed by this government with the socialistic turn of mind, but we are now paying as high as $800 for a binder. Threshing machines that could have been bought three or four years ago for $1,100 now cost $2,300. I shall not go down the line because there is not a farmer within the sound of my voice who does not know that the cost of almost every farm implement has practically doubled.

Turning now to farm labour costs, Mr. Speaker, at the time wheat was a dollar a bushel just before the first great war, labour costs were much lower. Compare them with today's labour costs. I am not familiar with what the farmers of western Canada are paying, because I have not discussed it with

them. I have a fair idea of what they would have to pay in view of the industries that are competing with them. I know that in our district the average farmer is paying, and I presume this is general throughout Ontario because there is a fair amount of industry around Waterloo and St. Catharines, $5 per day; that is the going rate. Someone says you cannot get men for that. In some of the more industrialized ridings, that may be true. I have heard men say they did not think they were getting enough when they were receiving board and lodging and a hundred dollars a month while working from seven o'clock in the morning until six at night. Let us be realistic about this. I know there is not another industry in Canada, and I know something about industry, that has been told by the government it must sell its products at less than the world price. When we sit down to negotiate an agreement with labour unions, the leaders point out to us that they are entitled to a reasonable profit and standard of living. I believe the hired men on the farms are entitled to give their children a good education, a good home, and have a decent standard of living. I do not believe that those of us who come from rural ridings—or those who do not for that matter —will serve their proper function in this House of Commons if they subscribe to bureaucratic control of the marketing of this product of agriculture to the extent that they make agriculture and the farmers the poor relatives of this super-duper form of new economy.

Last night the Minister of Agriculture (Mr. Gardiner) said that there has been no open market for Canadian wheat since 1941.

Mr. Gardiner: Except the British.

Mr. Rowe: I do not know just what is meant. There seems to be some confusion as to just what is an open market, because of so many catching on to the minister's bulk trading ideas, and all trying to experiment with somebody else's money; the open market question is rather confused with the world market. But the wheat board states that there was an open market, and reports an open-market price in 1947-48 and in 1948-49. It states the open-market price was $3.45 in 1947-48 and $3.15 in 1948-49.

That sounds like a high price. It sounded to me like a high price when last year I gave a man a cheque for $800 for a combine. In fact, it had rubber tires on it, which I did not think it needed, and I had to give him $830, I think it was. That sounded like a high price.

Mr. McCusker: The hon. member is just getting swanky, having a combine with rubber tires.

Mr. Rowe: I would look as swanky on it probably as would the hon. member. But I am not accustomed to putting on style out in the wheat field, if I can help it; and I am not out there any more than I can help these days. I only mention that these things are relative. I am not saying for a moment that the farmers of western Canada or the farmers any place should get $3.40 for their wheat. I am not saying that at all. When we get into a war and when our boys have to do as they had to do in recent years—and as I pray to God they may not have to do again—go overseas and meet the threat, I am satisfied that something will have to be done. Many of them are now going overseas even though we hear that there is not going to be any war. I read some reports from Korea and I think as do some others in this country who think that there are signs of war. I do not believe that any class of Canadian society should take an undue advantage. Probably if there was a world shortage the minister or the Minister of Trade and Commerce would be quite justified—and he would have the support of this house—in trying to keep the price stabilized at some point that was reasonable. On the other hand, we cannot afford to let things get out of relationship by these fantastic ideologies, as a result of which production may be affected.

The Minister of Agriculture said that there is no open market. But, Mr. Speaker, there has always been a free market. There was a free market in Chicago in the United States all during those years; and so far as that is concerned, there was a world price for wheat. During the time that this government was selling wheat at $1.55 a bushel and $2 a bushel in Britain, Britain herself was paying as high as $5 a bushel for wheat from Turkey; she was paying almost that for wheat from Argentina and she got so short of wheat, after our summer fallow policy in Canada, that she bought rye at $4.08 a bushel to take the place of wheat. Who is there to say that there is no open market left in the world, except those who want to control it under bulk trading systems in this country and in other countries as well? That is why I think the time has come, when this experiment has been tried, has been found wanting and to have failed, for the Minister of Agriculture to get back to his first idea of soundness, independent of what the political consequences are. Now in the twilight of his political career I would suggest to him that there is no other man in Canada who can go out to western Canada and tell the truth to the

people there as well as he can, or with such vigour as he still has. In fact, I think he has too much to go to the other place, as the hon. member for Battle River (Mr. Fair) suggested; we want to keep him here for a while. In fact he has more vigour than any of the rest on the other side of the house. But I would suggest that he go out and use some of that vigour to tell the people of Canada the truth. I would suggest that he say to them: "I tried to help you. I saw you selling wheat at low prices when there was no war and when we were in a world depression. I made up my mind that I would see to it that I would try to stabilize the price. I made statements out here in political campaigns that I would do everything in my power to see that you never sold wheat for less than $1 a bushel again." With those high motives he had I would agree. But I suggest that he go out now and say: "Boys, you stood by me in the past when I was wrong. I ask you to go along with me now when I have repented and am going to be right; because I have made a mistake; I have made a failure. I have lost you half a billion dollars. There is no teacher like experience. You have paid for your experience with interest, cash on the barrelhead. You have had good crops. God gave you good ground. You paid high prices for big combines to harvest your crops fast, so you could go south in the winter if you had enough acres; and if you did not have enough acres, I paid you for summer fallowing, even." That is the position the minister could take and not get off a sound economic basis the great agricultural industry that should be the last to get off the basis of sound economy in this country. Why put it off first?

The Minister of Agriculture has twitted my friends down here to my left; but I have not heard from them anything wilder in proposals than those that have already cost this country a half a billion dollars. I will say it may have been worth it; because if the right hon. gentleman will do that, and if my hon. friends down to my left—who I know can learn fast—will have observed what has happened by this socialistic experiment, then we shall never have a socialistic government in Canada.

Yesterday the Minister of Agriculture gave some figures. I wish I had his department to help me get these figures together. I am not going to misquote my hon. friend; because while he often surprises me by what he says, it would be a surprise to him if I misquoted him. But he said that he got $2 a bushel and that had he not got $2 a bushel he would have had to take $1.80 a bushel; because we have gone, as you will notice, into the world sphere now. We have an international wheat agreement now for $1.80 for the year 1949-50. The minister said that the price was $2 per bushel,—to be exact I think he said it was $2.06, because you have 6 cents for carrying charges.

Mr. Gardiner: I said $2.05.

Mr. Rowe: The minister is only one cent out, then. That is not so bad. The Minister of Agriculture did say that had he not taken the $2.05, he would have had to take $1.80. I know the Minister of Agriculture is smart and I know he is honest. I know that it is going to bother him, as it is going to bother me, to know why he failed to point out the fact that, so far as Canada was concerned, instead of there being 25 cents difference there was only 7 cents difference. In this particular case I would rather say he was honest than that he was smart in his trading, because it is clear that in his trading with Great Britain he has made a colossal blunder. It might be said, in the language of the street, that in this deal we have had it put over us very badly. I am inclined to think that the Minister of Agriculture (Mr. Gardiner) went over to Great Britain and listened to the government over there tell him that they were paying $2. Then, while he was over there trying to harvest his losses, he mentioned that they gave him $28 million more than he would have got out of the international wheat agreement, when as a matter of fact the international wheat agreement, a copy of which I have here, says:

> The basic minimum and maximum prices for the duration of the agreement shall be—

And then for the year 1949-50 it gives a maximum of $1.80. And then it says that these shall be in:

> —Canadian currency per bushel at the parity for the Canadian dollar, determined for the purposes of the international monetary fund as at March 1, 1949 for No. 1 Manitoba northern wheat in bulk in store Fort William/Port Arthur.

On July 6, 1946, when this agreement was drawn up, the exchange situation was such that our dollar stood at one hundred cents. On September 20, 1949, it was down by 10 per cent; and it was not until September 30, 1950, that this 10 per cent was withdrawn.

Therefore the Minister of Agriculture, despite the fact that we had understood before from the Minister of Trade and Commerce (Mr. Howe) that the agreements had been settled, and while it was understood that they should have been settled on July 31 for each year preceding, made this reckless pilgrimage back to Great Britain to settle those agreements. He went back and evidently made a $20 million blunder in the consideration. He tells us now that we get $28 million

more. However, if my mathematics is correct, 10 per cent of $1.80 brings the figure up to $1.98, or almost $2 in Canadian funds.

The United Kingdom-Canadian agreement is in Canadian funds at a rate of $2, while the international wheat agreement is in United States funds. Therefore when the exchange rate was at 10 per cent it makes a difference, not of 28 cents on the $2 price, or 20 cents, but a difference of only 2 cents.

Mr. Gardiner: I did not use the figure 28 cents.

Mr. Rowe: I am using it, from the figures you used. I do not want to read again what the minister said, because I know he will not want to hear it again; it is bad enough to have to listen to it once. However, what he said was not the fact—and perhaps I should not say that, because it might not be parliamentary. His statement may have been half true, and I am not saying that the minister knew the other half. But in view of the weakness of the whole deal I think one may deduce what has happened. I know that that was the general understanding.

On the other hand the Minister of Agriculture has told us about the way the agreement worked in the past. It is a big agreement, Mr. Speaker, one which deals with millions of dollars. I know that in the House of Commons it has become customary to throw a million here and a million there, and we lose some of our sense of respect for money. But, after all, I am amazed to see that one of my farmer friends would ever become as careless as the Minister of Agriculture has shown he has become.

There was involved an agreement for five years to sell our major agricultural product, an agreement involving millions upon millions of dollars. True, only 600 million of a total of 2 billion bushels was involved in the agreement; but the other wheat was sold everywhere. There was no open market, no world market. It was sold domestically sometimes below the agreement price, as was pointed out by the hon. member for Battle River (Mr. Fair). Other places it was sold for perhaps a dollar above that price. It was sold wherever the need was found. There was no organized salesmanship as there had been in earlier years. It was just a case of the minister saying, "I have wheat; come on, boys, you can have it for what you like. I am getting so much today, and I want more; but if you are good fellows you can have it for less. We will pay a bonus on flour and tell the housewife that we have lowered the cost of living by taking it off the farmer." I do not believe the farmers of this country should be asked to bear the loss involved in this colossal error—and I say it is a colossal error. I say again that it has upset the trade, and that the agreement has not been lived up to. And those who can be charged for its not being lived up to are not the British people.

An hon. Member: Sure they are.

Mr. Rowe: An hon. member says, "Sure they are." Well, he who runs may read, and I suggest that the hon. member read the agreement. It says:

> The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom government and the Canadian government not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December, 1948. In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop year and the world prices for wheat in the 1946-47 and 1947-48 crop years.

That is why I presume that at one time the Minister of Trade and Commerce made the statement which is recorded in *Hansard*. Although it was revised then, it seemed to be unrevised again last night. The result is that this was supposed to have been settled. If it was not settled by agreement, then it should have been settled, and there was no authority for its not being settled—except for the fact that, as the Minister of Agriculture says, at some place in London he had a conversation. He did not say whether he was out for dinner, and I know he is too seriously-minded to be in a cocktail lounge, or any place like that. He said that he varied the agreement verbally, and arranged for its renewal.

Mr. Speaker, that is a strange, a most unusual type of international negotiation. Here we have an agreement dealing with billions of dollars with respect to our chief product. A settlement is supposed to have been made by agreement, and concluded the year before. But Mr. Strachey and Mr. Gardiner sit down in consultation in a hotel room, or in the lobby of a hotel, or on an aeroplane, or somewhere else—even in an office—and renegotiate. "We can do this verbally"—but the agreement says it should have been settled long ago. What hope is there when we see that loose type of business being carried on? What right have we, or what right has anyone, to insinuate that the British did not keep their bargain, especially when the Minister of Agriculture was at least $28 million out in his calculations anyway?

I know there was a good deal more wheat than was sold under this agreement. I shall not labour the issue, more than to say that

I do not believe the Minister of Agriculture had any right verbally to change a contract that was of such vital concern to the economy of this nation. Whether he and the Minister of Trade and Commerce have or have not always been in unison in their thinking is a matter for conjecture. Perhaps in one sense it is none of parliament's business, so long as they stand behind the same type of policy and make the same sort of statements to the House of Commons.

It does not surprise me that the Minister of Trade and Commerce said:

> We asked the United Kingdom government what further settlement it is to make on account of the have regard to clause.
>
> The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

I am not going to burden the house further than to say that the Minister of Agriculture sold this bill of goods to parliament in 1946. He tried it out and it has cost the Canadian economy through the wheat producers and farmers generally well up to three-quarters of a billion dollars. He said at the time that he was not even sure of himself. We know that in his earlier years he did not believe in it. Whether he was trying to outbid the socialist trend in his native province of Saskatchewan or not, I urge him in conclusion, after having tried the experiment, to realize the one thing that is known to every financial man, businessman and farmer, that it is unsound in practice and not in keeping with business or international leadership. It has gone a long way toward creating a slight irritation between us and the motherland and has caused considerable suspicion of other countries.

I say to the minister to study carefully ways and means that will give the farmers a fair deal. After all, the farmers co-operative organizations I think have done a good job in this country. We have seen the wheat pool in action and we have seen the co-operative movements in action. They have done a pretty good job. I have never seen any co-operative organization making such an economic blunder as the co-operative organization of government which has to keep one eye on politics and which has shown such little capacity for sound business management.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I should like to say a few words on this bill, but before I do so I should like to take exception to some of the words of the hon. member for Dufferin-Simcoe (Mr. Rowe). When he made his latter remarks, he made it evident that he has not been out west recently, nor talked with western farmers. I can assure him that despite this controversy, and that is what it is, almost without exception the farmers of the west are behind the wheat board.

I intend to restrict my remarks this afternoon primarily to the $65 million payment which the government has decided to make to the five year pool. The first thing that I want to say about this payment is that no one is satisfied with it. Most eastern members seem to think, I believe unjustly, that it is a sort of raid on the federal treasury—a payment made for purely political purposes. On the other hand, most westerners are dissatisfied with it because they think it is completely inadequate.

An hon. Member: Speak for yourself.

Mr. Thatcher: It is far less than the amount of money that was promised in the last election. Whatever the faults or merits of that decision may be, I deprecate one impression which has been created throughout Canada in recent weeks. Certain members of this house have charged that the British government is responsible for this "wheat mess" through their failure to fulfil an obligation under the British-Canadian wheat agreement. That charge is so patently dishonest and untrue that I should like to speak for a few minutes about it.

First I should like to refer briefly to the history of the British-Canadian wheat agreement. Hon. members will recall that from 1946 to 1950 western farmers suffered a loss on pretty well every bushel of wheat they sold to the wheat board. This naturally caused a certain amount of discontent. However our farmers were assured by government speakers, including the Minister of Agriculture (Mr. Gardiner), particularly during the last election, that at the end of the five year pool certain compensatory payments would be made to make up for some of these losses.

There has always been a good deal of vagueness as to just where that payment was going to come from. Up until the Minister of Trade and Commerce (Mr. Howe) made his now famous speech last June, most Liberal members intimated that this final payment was going to come from the rather ambiguous "have regard to" clause in the British-Canadian wheat agreement. As has been pointed out, this clause provided that any losses sustained by the farmers in the first two years of the agreement would be taken into consideration by the two governments when they were fixing the price for the third

and fourth years. I think clause 2(b) of the agreement is significant. That clause reads in part:

> The actual price to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom and the government of Canada not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December 1948.

What actually happened? The price of wheat for the first two years was set at $1.55. After negotiation, as called for in the agreement, the price for the third year was set at $2. After negotiation, as the contract called for, the price in the fourth year was also set at $2. According to the British, the prices for the third and fourth years were agreed upon after having regard to Canadian losses in the first two years. The Minister of Trade and Commerce must have agreed because he said on June 5, 1950, after quoting that clause, and I refer hon. members to page 3221 of *Hansard*:

> That is the "have regard to" clause in the agreement. I suggest that regard was paid in fixing these prices.

This statement was made nine months ago. Meanwhile the price of wheat on the world market remained considerably higher than the farmer was receiving under the agreement. Whether it was justified or not, there was increasing discontent throughout the west over this fact. Partly as a result of this discontent the Minister of Trade and Commerce made a trip last May to Great Britain. He took advantage of his presence there to ask the British once again for concessions under the "have regard to" clause. However the British took the position that they had fulfilled all the obligations. But, at the minister's request, they did agree to give Canada preference on wheat purchases in 1951 and 1952. It was clearly understood that this would be the final concession they would make.

When the Minister of Trade and Commerce came back he reported to the house in a lucid statement. I am going to place extracts from that speech on *Hansard* once again because I think the farmers of the west should have every opportunity of reading them. I quote from page 3221 of *Hansard* of June 5, 1950, where the minister is reported as follows:

> The matter of the "have regard to" clause was discussed in great detail during our sessions with Sir Stafford Cripps and other ministers of the United Kingdom government. The whole situation was reviewed. The United Kingdom is just as positive as I have been in my statements in the house as to what the world price of wheat really was in those periods. My hon. friend said the world price was the price in a local market to which Canadian grain is not permitted access. I wonder what the world price would have been if we had been able to ship our Canadian grain to the Chicago market, which he says is the great criterion for world prices. We went over the agreement while in London. We asked the United Kingdom government what further settlement it is to make on account of the "have regard to" clause. The United Kingdom government took a very strong position that they had fulfilled all obligations under the clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

That is very definite. Last night the Minister of Agriculture suggested to this house that this statement was not the official report. Even if he is correct, what difference does it make? If we can believe the Minister of Trade and Commerce on May 29, and I think we can, then surely we can believe him on June 5. On June 5 he made the categorical statement that the British had fulfilled the "have regard to" clause. Last evening the Minister of Agriculture (Mr. Gardiner) engaged in some of the most amazing double-talk I have seen since coming to parliament. He suggested to the house that the Minister of Trade and Commerce (Mr. Howe) did not really say what *Hansard* proves he did say. He said that the "period" was in the wrong place. He stated that if it had been punctuated differently then the meaning would have been different. I wonder if since confederation a minister has ever used such a weak excuse to get out of a firm commitment? I watched the Prime Minister (Mr. St. Laurent). I think he was a little embarrassed. Certainly the face of the Minister of Trade and Commerce turned red. I wonder whom the Minister of Agriculture was trying to fool.

Mr. Howe: I have no red blood left.

Mr. Thatcher: Another point interests me. I would like to know how long the Minister of Trade and Commerce has needed the Minister of Agriculture to correct his speeches. So far as the matter of unrevised *Hansard* or revised *Hansard* is concerned, the minister did make a specific statement. The fact is that the government of Great Britain and the government of Canada agreed at top level last May that the British government had complied with the have regard to clause. Moreover, I understand that agreement has been verified in writing. When the papers are produced, for which the hon. member for Rosetown-Biggar (Mr. Coldwell) has placed a request on the order paper, I think this fact will be borne out.

I wish to say that I do not think the Minister of Trade and Commerce made a very good bargain when he went to England. It is pretty obvious today that the British got ridiculously cheap wheat. I think they should have given us additional consideration under the agreement. Be that as it may, the fact

remains that last May the Minister of Trade and Commerce, the top minister in trade matters so far as Canada is concerned, did make a final agreement with the British, and is on record in *Hansard* as having so done.

Mr. Howe: That remark is not true. I stated to the house last evening, and I will state again, that the Minister of Trade and Commerce did not go to London to discuss the have regard to clause. He had no authority to make a settlement and he made that very clear. After the other discussions were over, at the request of the British the matter was discussed. I stated clearly that I would take their position back to Ottawa, which I did. Any settlement or decision that was made was made in Ottawa.

Mr. Coldwell: Was a decision made in Ottawa regarding it?

Mr. Howe: Well, I—let the documents speak for that.

Mr. Thatcher: I thank the minister for his words but they are not the words he used in the house on June 5 last, as found at page 3221 of *Hansard,* and that is not the impression which he has created throughout the country. For example, here is what the Toronto *Saturday Night* had to say in its latest issue of March 13—and I ask the minister to listen to this:

> The British obligation has been fulfilled. The Prime Minister knows it; and—which may be more important in this moral twilight—Mr. Howe, the minister responsible for marketing wheat, said so last summer both to the British government and to the Canadian House of Commons.

That is the impression which Toronto *Saturday Night* gained. Here is another quotation from the Winnipeg *Free Press* of Monday, March 5, which reads:

> In the controversy which will now develop the first and obvious recourse of those who are responsible for what has happened will be to blame the British government. Such argument should be heavily discounted . . . There was no binding commitment and there is no bad faith.

When the Minister of Trade and Commerce made his speech last June one can well imagine the consternation among certain prairie Liberals because in the last election, even though perhaps vaguely, they had made some pretty broad commitments with respect to the final payment on the five year pool.

Mr. Ferrie: Tell us one who made a promise.

Mr. Thatcher: You made promises all over the province.

Mr. Ferrie: Nobody made one promise, not one; nobody did.

Mr. Thatcher: Every Liberal member.

Mr. Boucher: That is not true.

Mr. Thatcher: Liberal members from the prairies hoped that perhaps the agitation would die down among western farmers—that they would forget those election promises. Unfortunately for them it did not die down; it increased. Farm organizations almost unanimously have maintained that the government should assume responsibility for a payment of from 15 to 25 cents a bushel. Here, for instance, is a typical resolution passed by the Saskatchewan federation of agriculture as contained in the *Western Producer* of December 14, 1950. It reads:

> "That if the government of Canada has decided not to press the United Kingdom government for a cash settlement of clause 2 (b) of the Canada-U.K. wheat agreement, this meeting is of the opinion that the government of Canada must accept full responsibility for the obligation implied in this clause . . ."

They went on to point out that they would like a substantial payment made. According to all press reports, if we can believe them, about a month ago the Minister of Agriculture—and I give him credit for it—tried to sell the rest of the cabinet on the justice of a payment rumoured to be somewhere around 12 or 15 cents. Apparently he did not succeed, and the only thing that the cabinet would agree to was what western farmers think is a face-saving solution, the payment of 8·3 cents. As a result of this failure, the prairie Liberal members were left on the proverbial political hook because of their election promises. With nervous rapidity they looked around for a goat.

Mr. Ferrie: Mr. Speaker, on a question of privilege, the hon. member for Moose Jaw (Mr. Thatcher) is making the statement that Liberals of western Canada made certain commitments. Let him say right out who the members were and what they said.

Mr. Wylie: You must be one of them or the shoe would not fit.

Mr. Thatcher: I say that every Saskatchewan Liberal member intimated or directly suggested that there would be a substantial final payment on the pool.

Mr. Ferrie: Mr. Speaker, I am one who did not.

Mr. Helme: If my hon. friend wants to be fair—

Mr. Ferrie: He could not be fair.

Mr. Thatcher: I suggest that my hon. friend should not become excited.

Mr. Ferrie: I am no more excited than you are.

Mr. Thatcher: Here is a brief from the Saskatchewan and Alberta farmers unions. I am going to quote from it. It reads in part as follows:

> May we stress that the western wheat producers are not, in this case, asking for subsidies, nor do we consider further payments under the agreement in that light.

I am answering my hon. friends.

> We ask—and feel we have a right to expect—a just settlement in line with the terms of our contract, the recognition of a moral and binding obligation on the part of government to honour promises made publicly to the agricultural industry.

If my hon. friends want to read this they are welcome to do so.

Mr. Ferrie: That is not the Liberals.

Mr. Thatcher: I believe that in the last election every prairie Liberal made the promise that there would be a substantial final payment.

Mr. Helme: I should like to make it clear here and now that I never made such a commitment at any time during the election campaign or afterwards.

Mr. Wright: Is the hon. member for Prince Albert opposed to a decent payment?

Mr. Thatcher: I accept the correction but I suggest that the hon. member for Prince Albert was the exception rather than the rule.

An hon. Member: None of them made any promises.

Mr. Thatcher: I suggest they did. Early this year someone got a bright idea. Perhaps it was the Minister of Agriculture; perhaps it was one of his colleagues.

Mr. Ferrie: Mr. Speaker—

Some hon. Members: Sit down.

The Acting Speaker (Mr. Beaudoin): Order. The hon. member for Moose Jaw has the floor, and I would remind all other hon. members that the hon. member who has the floor must not be interrupted except with his consent.

Mr. Thatcher: Thank you, Mr. Speaker. I said a moment ago that my Liberal friends from the prairies had to find a scapegoat; so they looked around, and somebody got the idea of blaming Britain. They thought, "Why not in some way accuse the British socialist government of failing to live up to its obligations?" Well, the idea looked like manna from heaven. So notwithstanding the fact that the Minister of Trade and Commerce (Mr. Howe), on June 5 last, told us that Britain had fulfilled its contract, and notwithstanding the fact that the matter had been officially closed for almost nine months, certain members of this house started what I would suggest was an unwarranted and insidious campaign against the British government. The hon. member for Kindersley (Mr. Larson) started it in a very mild way. I think perhaps he had qualms of conscience before he commenced, but he did throw out some insinuations. This is what he had to say at page 150 of *Hansard:*

> I am going to say how pleased I am that the British government has considered fulfilling the "have regard to" clause in the five year wheat pool contract . . . I am not going to mention any alternatives because I am confident the British government is sound and fair enough to see that justice is done.

I ask the hon. member for Kindersley how he can reconcile those words with the statement last June 5 of the Minister of Trade and Commerce. Who told the hon. member for Kindersley the British government was ready to renegotiate this contract? It must have been the hon. member for Maple Creek (Mr. Studer).

Then on February 8 that bluff party stalwart, the hon. member for Springfield (Mr. Sinnott), took up the cudgels and had this to say:

> I repeat that the government of Canada must impress on the government of Britain that the "have regard to" clause must be carried out.

I wonder where the hon. member for Springfield was last June 5. He could not have been in the house June 5, and yet been so far off the beam the other evening. Perhaps he was home in Manitoba.

The next speaker was the genial hon. member for Moose Mountain (Mr. Smith). I think he was a little ashamed of himself when he made this statement, but he got it out:

> I urge the government to crack the whip and get going on this negotiation or discussion with the United Kingdom and let us have a decision on what is going to happen in respect to the five year pool payments.

Did not the hon. member know that a decision had been reached by his own Minister of Trade and Commerce nine months previously, or did he not want to know?

Finally the hon. member for Maple Creek took his turn. In my opinion he is a fine gentleman, but on that occasion he made what I think was one of the most shameful speeches, and what I believe was the most anti-British speech I have ever heard in the House of Commons. Realizing full well that the Minister of Trade and Commerce had publicly acknowledged that Britain had fulfilled her obligations, nevertheless he went on to charge the British with violating a contract. Here are his words:

> I believe more emphasis should be placed on the honouring of a contract between two countries.

Who has not honoured this contract? The British have. It is the Liberal members who are crying for revision of obligations long since completed. The hon. member went on:

I think the contract should be fulfilled by the people who signed it.

Does the hon. member suggest that the Minister of Trade and Commerce had no authority or power to make an agreement?

Finally the hon. member for Maple Creek addressed C.C.F. members and had this to say:

They should ask them what they are going to do about meeting the obligation they are in honour bound to meet. If they do not pay it, then I would say that there is a conspiracy between the socialists of Canada and the socialists of Great Britain to refrain from paying the farmers of western Canada what is their just due.

There is a conspiracy, all right, but it is not a conspiracy between the socialist government of Britain and the socialists of Canada. There is a conspiracy among prairie Liberal members to avoid carrying out election promises, and to foist the blame on a friendly commonwealth country. So one by one they joined the chorus.

Then at the height of the campaign one week end the Minister of Agriculture sneaked out of Ottawa and made a dramatic trip to Great Britain to try to argue with the stubborn British. According to rumour, most of his cabinet colleagues were not very keen about the trip. After all, most of them took the position that "a deal is a deal"—particularly when it is in writing.

Mr. Boucher: Who told you that?

Mr. Thatcher: I got it on very good authority. The minister flew the ocean to try to strike a bargain which would get prairie Liberals off the political hook in western Canada. Obviously he offered the British just about anything if they would only make a further payment on the old agreement. Of course the British declined to reopen the contract. How, in their financial plight, could they sell such a proposition to their parliament? How could they suggest that nine months after it was closed, a contract should be reopened which would cost them millions of dollars—particularly after the Canadian Minister of Trade and Commerce had declared the matter settled?

Thus, the Minister of Agriculture failed in his mission, as he knew he must fail. I say this very respectfully because I have great respect for the minister, but I think his trip was more or less eyewash, to provide him with an excuse, when he got back to Saskatchewan, for not paying more than 8·3 cents. The minister then was unsuccessful, but he did succeed in beclouding this whole wheat issue, and in making some Canadian people, particularly in the west, think that perhaps the paucity of the payment was due to the failure of the British to meet their obligations; and many backbench Liberal members once again joined the chorus. Here is what the hon. member for Vegreville (Mr. Decore) had to say to the Southam newspapers after the minister came back:

John Decore (Liberal-Vegreville) charged that the British government "has failed to carry out its moral obligations" to western Canada under the "have regard to" clause of the contract . . .

Had the British government assumed its obligation the farmer would have received substantially more and to which he is entitled.

We in Canada spared no efforts to help the British people when our help was urgently needed. The U.K. socialist government let us down. We Canadians never expected this kind of treatment.

Mr. Decore: Are you defending the socialists now?

Mr. Thatcher: I hardly think that question requires an answer. Reports like that have been circulated throughout the length and breadth of this dominion. Even the Prime Minister (Mr. St. Laurent) when he announced the $65 million payment, rather cleverly implied that there had been some default on the part of the British. If some hon. members want to challenge that statement I can show them the quotation from Toronto *Saturday Night,* which intimated that they received such an impression. I say the time has come to try to put this record straight. An attempt has been made, deliberately I think, to smear—and I use the word advisedly—a sister nation of the commonwealth, by charging her with failure to honour an obligation. That charge, which is false and unwarranted, is causing a great deal of misunderstanding and hard feeling.

Every member of this house knows perfectly well why the government is in this predicament. The Minister of Agriculture and other hon. members made promises before and during the last election regarding the final payment, which the cabinet is not prepared to carry out. Let the minister and his colleagues have the courage to admit that fact, and let them not in such a cowardly way try to place the blame upon a friendly nation of the commonwealth.

Some hon. Members: Order.

The Acting Speaker (Mr. Beaudoin): I have been a bit concerned about the decorum of the debate in this house for the last few minutes. I think the hon. member for Moose Jaw (Mr. Thatcher) has used some expressions which, if not unparliamentary, might be considered very strong.

Mr. Thatcher: I withdraw them.

The Acting Speaker (Mr. Beaudoin): I think the last word used, "cowardly", should be revised by the hon. member.

Mr. Thatcher: Mr. Speaker, I remind parliament that Britain has always been our best market for farm products, and she is likely to continue to be our best market in the future. Why jeopardize this market now by accusations of this kind? I think the people of Great Britain are going to resent them. Moreover I feel that the people of western Canada or eastern Canada will dislike such political tactics.

Last Friday, Mr. Speaker, the minister announced a payment of 8·3 cents a bushel. I believe most western members, and my Liberal friends may speak for themselves, do not consider 8·3 cents to be enough. There are a number of reasons why this payment should be substantially greater. The farmers in Canada are well aware of their political power, and any government which deliberately antagonizes all the wheat constituencies of this country is going to find itself in difficulty. I suggest that this is precisely what this government may do, unless, honouring its promises, it increases the size of that 8·3 cent payment.

Mr. Cruickshank: We do not buy votes.

Mr. Wright: What about the twenty-cent interim payment?

Mr. Thatcher: I have only one other suggestion to make. We have laws against fraudulent misrepresentation; we have laws against breach of trust and false pretences. All these laws operate against individuals. I say this parliament should bring in a law to prosecute politicians who make promises realizing full well that they can never be carried out.

Mr. Cruickshank: You would be in a bad way then.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, the bill which we are theoretically discussing at the moment provides for three amendments to the wheat board act. I am in favour of those amendments, and from what I have been able to hear I believe they meet with the general approval of the house. When we reach the committee stage, however, there are a few questions I should like to ask in connection with the price which is going to be established for the settlement of any particular pool.

This debate has not been on these three amendments, but has been confined almost entirely to the five year wheat pool or the four year wheat agreement, as it has been called. I should first like to make a few comments on the speech made by the Minister of Agriculture (Mr. Gardiner) last night. I was really rather surprised at that speech. To begin with, I would compliment him by saying that he gave us an extremely agile display of mental gymnastics and verbal legerdemain. He started with a little history of the wheat board act, but it was of course his own brand of history and given strictly from his own point of view. In the end it turned out to be what I would call his own brand of political pseudo-history designed to confuse the subject rather than illuminate it.

The minister's speech, Mr. Speaker, can be divided into two main parts. Everything he said falls into one part or the other, although he did at times become a little confused between the two contentions he was trying to put forward. I was amazed at the manner in which he moved from one part of the speech to the other without giving any indication that either of these two parts contradicted the other. Apparently from the loudness of his voice when he was putting forth these contentions, he was convinced that we would not think they were either. Listening to the minister talk in this way, a couplet came into my mind. I believe it is from Scott's "Lay of the Last Minstrel". It seems to me to be quite apt, and the couplet runs as follows:

> That through a bog, from hag to hag,
> Could bound like any Billhope stag.

I may say that the word "hag" as used by Scott in this couplet means a firm piece of ground situated in a swamp. The minister was certainly floundering in a swamp of his own making. He certainly gave a great exhibition of jumping from one position to another in that swamp. However, Mr. Speaker, I do not think he was on very firm ground in either position in which he landed.

I should like to analyse this speech to some extent. In the first part of his speech the minister tried to prove that Britain had not lived up to the four year contract, and that any losses that the farmers had suffered were entirely Britain's fault. That was the whole thesis, and the attempt was to place the blame in Britain. The roar from the Liberal benches which greeted a contention of that kind by the member for Moose Jaw (Mr. Thatcher) evidently indicates that most of the Liberal members who were in the house take that position, and are going to do their best to push it. When we come to the second part of the minister's speech, we find it was an argument that Britain had lived up to the have regard to clause, which is exactly the opposite of the argument that he was making in the first part of his speech. He said she had lived up to the have regard to clause to the extent of $35 million and that the $65

million, which as the minister said was now being paid into the wheat pool on Britain's account and which was a doubtful statement with which I shall deal later, would make up $100 million. He said that gave the wheat producers a satisfactory price for their wheat, and one which they were not entitled to complain about. Here is what he had to say about the satisfactory price as recorded at page 1068 of *Hansard*:

> The payments made to the farmers when completed will amount to an average of $1.82 a bushel from the five year pool. Now I would ask members of this house this question: How much more equitable can a price be made?

How much better could it be? In other words, he is doing his best to prove that the farmer got all he was entitled to receive, which was just the opposite of what he sought to prove in the first part of his speech. A little farther down on the same page he said:

> The payments made to farmers when completed will amount to $1.82 a bushel. This is two cents above the figure which has been written into the international wheat agreement as satisfactory to farmers.

Referring to the same thing a little later he said:

> This contract, this pool, brought the farmers for the last five years two cents a bushel more than that. What criticism could there be made of it? As a matter of fact there is nothing in connection with that to criticize.

Well, Mr. Speaker, if the second part of the minister's speech is accurate, and the facts which I have just quoted are accurate, then necessarily the first part of his speech must be wrong. The only purpose then of the first part of his speech is to stir up, I would say quite incorrectly and unnecessarily, bad feeling toward Britain on the part of our western wheat farmers. That is the only purpose it could serve. So far as I can see, that must be the only reason he made it, unless he admits that the second part of his speech is incorrect and the first part is the one he wants to stand by.

This business of stirring up bad feeling towards Britain is exactly what has been done by the speech the minister made last night and by similar statements made by the minister and others of his party. They have stirred up that bad feeling. I think there is no doubt about it, Mr. Speaker, that they are mischievous statements which were made for purely political reasons and in an attempt to turn the anger of the wheat growers from the minister and the government to the British people and to the British government. On the other hand, if there is any force in the minister's contention and in the contention of his followers to the effect that Britain was entirely responsible for the losses the farmers suffered, then of course, conversely, the second part of the speech must be wrong and the wheat growers have not had a fair deal. I think there is no doubt about it, Mr. Speaker—the minister cannot have it both ways—if one part is right, the other is wrong. It seems to me that he should make it clear to the country which one he wants to stand. Is he going to blame this on Britain and say that the farmers did not get enough, or is he going to continue with the contention that the farmers got enough and that therefore there is no blame on Britain? But surely he cannot have it both ways.

Mr. Murray (Cariboo): What position do you take?

Mr. Harkness: I will make my position clear as I go along. You will be quite certain, by the time I finish, what my position is. I may say that my position on this question has not varied since the time I first came into this house in 1945; and if you care to take the trouble to go through *Hansard*, where wheat was under discussion, from the present time right back to 1945, you will find that the position I have taken throughout is the same as I am taking right now and will take throughout the rest of this speech.

Last night there was considerable discussion about the statement made by the Minister of Trade and Commerce (Mr. Howe) on June 5, 1950, in this house. The Minister of Agriculture (Mr. Gardiner) rose in his place and said that it was not a statement, that it was just made in the house when there were some proceedings of questions and answers going on in the committee stage, and so on. However, Mr. Speaker, I should like to point out that this statement was made in the house under exactly the same circumstances as are a great many other statements made by ministers announcing government policy: in answer to questions and so forth. Of course the contention of the Minister of Agriculture that this was not a statement of policy and so forth or a statement—he even denied it was a statement—naturally gives rise to the question in one's mind: When is a statement not a statement? I think we should have some answer to that question, Mr. Speaker. Surely we are entitled to accept as statements of ministerial policy the statements made by ministers of the crown here. If we are not entitled to accept them as such, then there is not much use in their making them except possibly for political reasons from time to time.

At the same time the Minister of Agriculture disputed the appearance of a period in the statement of the Minister of Trade and Commerce as read by the hon. member for Melfort (Mr. Wright).

Mr. Gardiner: No. I said the period was there.

Mr. Harkness: It has already been pointed out that this was perhaps one of the most pitiful defences ever put up. But I took the trouble to go back and look up my copy of the daily edition of *Hansard*, as I happened to have it in my office. I also looked up the bound volume of *Hansard*. As was pointed out by the hon. member for Melfort, I find that there is not one iota of difference between them. In spite of the fact that the hon. member for Melfort read from both and pointed out that fact this afternoon, the Minister of Agriculture is so unreasonable that he still maintains that they are different, in spite of the evidence of the sense of sight, as it would certainly appear to the eyes of every other member who has taken the trouble to read it, if not of the minister. I mention that, Mr. Speaker, only to show how extremely unreasonable the minister is and how he will say that black is white and stick to it, no matter what. Here is a case in which there is absolutely no doubt whatever, and the minister still stands up and says, "That is not so; they are different." That was his last word on it. The thing is ridiculous; and it leads us into the situation in this house that it is extremely difficult for us to accept any statement the minister makes.

Mr. Gardiner: On a question of privilege, Mr. Speaker, I should just like to say that what my hon. friend is stating is not what I said. I said that I had not seen the bound edition of *Hansard* and I asked the hon. member to read it. He read it the second time without the "and" in it and the "and" is in it in the daily edition. I was told a comma was there instead of "and". I do not know whether it is there. But if it is, it is different.

An hon. Member: Get a copy of *Hansard*.

Mr. Harkness: The fact still remains that the last word he said on it, when this dispute was going on this afternoon, was that they were different.

Mr. Gardiner: If you say they are the same, they are both wrong.

Mr. Harkness: If he is now admitting that they are both correct, that is the first time I have ever heard him admit anything in this house; the very first time.

Mr. Gardiner: On a matter of privilege, I have just got through saying that they are both wrong. I do not want my hon. friend to make me say they are both correct.

Mr. Harkness: I think it is rather bootless and fruitless for us to be arguing in the house as to whether there is a period or whether there is not, or whether there is a comma or whether there is not; and no matter which one is there, whether it should be there or whether it should not. As a matter of fact, as far as the sense of the statement made is concerned, the minister is at perfect liberty to take out the period and put in a comma, or to take out the comma and put in a period; or to take out "and" or to leave it in; the sense is still the same.

An hon. Member: No.

Mr. Harkness: It is quite definite. I have it here. The important part of the statement actually is an admission on the part of the Minister of Trade and Commerce that this wheat deal was closed and finished with so far as he and the government were concerned.

Mr. Gardiner: On the decision of the United Kingdom.

Mr. Harkness: Here is the statement right here. I will read it again:

> The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned.

There is a period there, as it appears here. The statement continues:

> We agreed on behalf of Canada that considering all the circumstances that was the case.

What more do you want?

Mr. Ross (Souris): What date was that?

Mr. Harkness: June 5, 1950, of the daily edition of *Hansard*. The bound volume is exactly the same.

Mr. Knowles: Six o'clock.

Mr. Harkness: Any talk about periods, commas and so on and so forth is such nonsense, Mr. Speaker, that I am really confounded that the minister would get to his feet and make use of an argument of that kind and try to confuse the issue with it. It cannot do anything else but confuse the issue. It does not prove anything. The statement is there, and no matter how you punctuate it, it is an admission on the part of the Minister of Trade and Commerce that the deal was closed so far as they were concerned and nothing more was expected.

Mr. Knowles: Six o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

BUSINESS OF THE HOUSE

REQUEST FOR UNANIMOUS CONSENT TO PROCEED WITH BILL TO INCORPORATE TRANS MOUNTAIN OIL PIPE LINE COMPANY

Mr. Arthur Laing (Vancouver South): Mr. Speaker, I am going to make an extraordinary request this evening. When we last adjourned the debate on Bill 115 there seemed to be no singular objection to that bill, and tonight I am going to ask for the unanimous consent of the house that we proceed further with the discussion of it. To any accusation that we are in a hurry, it would seem to me that the best defence we could make is that we are in a hurry.

I think there is involved in the incorporation of this company the probability that we shall be creating something equally as important to the provinces of British Columbia and Alberta as is the great Labrador ore—

Mr. Speaker: Order. I do not think the hon. member can proceed to debate the bill. If he wishes to make a motion, he may do so, and make a brief statement in connection therewith.

Mr. Laing: Mr. Speaker, with all deference, I am trying to explain the urgency of the matter.

Mr. Cruickshank: Is it a point of order?

Mr. Laing: With all deference to every hon. member in the house, I would be prepared to stand aside if any hon. member were to object. I felt however that in the last debate there was unanimity.

Mr. Speaker: Order. Perhaps the hon. member would like to make a motion. If so, I would ask that he now make it; but I cannot allow a debate at this point. Has the hon. member a motion to make?

Mr. Laing: I am asking that we obtain—

Mr. Cruickshank: Move it.

Mr. Laing: I move that we proceed with the discussion of Bill 115.

Mr. Speaker: The hon. member for Vancouver South (Mr. Laing) moves, seconded by the hon. member for St. Paul's (Mr. Rooney), that, notwithstanding the standing orders respecting procedure, the house should at this time consider Bill No. 115. It will be understood that for this motion to carry there would have to be unanimous consent. Is it the unanimous opinion of the house that we proceed with the bill?

Some hon. Members: Agreed.

Mr. Cruickshank: No, no.

Mr. Speaker: If it is not the unanimous wish of the house that we should proceed with Bill 115, we cannot do so. I understand there is not unanimous consent.

Mr. Cruickshank: Am I allowed to speak on it as well?

Mr. Speaker: Not unless there is unanimous consent.

Mr. Laing: You can speak.

Mr. Speaker: I understand there is not unanimous consent, and we shall have to proceed with the business in the regular way.

Mr. Fournier (Hull): Private bills.

Mr. Speaker: There are a number of bills on the order paper to be considered by the house in committee of the whole. These bills are Nos. 22, 8, 81 to 102—

Mr. Knowles: We cannot hear what is going on.

Mr. Speaker: From 81 to 102 inclusive, all of which are divorce bills. Then in addition there is Bill No. 75.

Is it the pleasure of the house that a motion should be accepted at this time to include all these bills, and that the motion be that I do now leave the chair for the house to resolve itself into the committee of the whole to consider all these bills?

Some hon. Members: Agreed.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

The house in committee on Bills Nos. 81 to 102 inclusive, Mr. Dion in the chair.

Bill No. 81, for the relief of Jean Zelda Schacter Shmukler.—Mr. Winkler.

Bill No. 82, for the relief of Beatrice Sullivan Lees.—Mr. Winkler.

Bill No. 83, for the relief of Kathleen Louise Jones Robinson.—Mr. Winkler.

Bill No. 84, for the relief of Myrtle Dorcas Perry Rogers.—Mr. Winkler.

Bill No. 85, for the relief of Nell Gohenberg Lipson.—Mr. Winkler.

Bill No. 86, for the relief of Roslyn Beverly Gold Browman.—Mr. Winkler.

Bill No. 87, for the relief of Rolande Dumas Fritsch.—Mr. Winkler.

Bill No. 88, for the relief of Edith Frances Storrier Ritchie.—Mr. Winkler.

Bill No. 89, for the relief of Dorothy Isabel Pitcher Flipping.—Mr. Winkler.

Private Bills

Bill No. 90, for the relief of Sylvia Miller Ginsberg.—Mr. Winkler.

Bill No. 91, for the relief of Fernand Senecal.—Mr. Winkler.

Bill No. 92, for the relief of Vincent Tutino. —Mr. Winkler.

Bill No. 93, for the relief of Paulette Joly Foley.—Mr. Winkler.

Bill No. 94, for the relief of Jean Eurwen Jones Shaw.—Mr. Winkler.

Bill No. 95, for the relief of Edna Donnelly Boyle.—Mr. Winkler.

Bill No. 96, for the relief of Norma Phoebe Mary Buchanan Baker.—Mr. Winkler.

Bill No. 97, for the relief of Grace Gloria Ramsey Racine.—Mr. Winkler.

Bill No. 98, for the relief of Emily Ivy Rose Cook.—Mr. Winkler.

Bill No. 99, for the relief of Homer Leavitt Ayer.—Mr. Winkler.

Bill No. 100, for the relief of Elma Lillian Le Drew Wells.—Mr. Winkler.

Bill No. 101, for the relief of Bertha Ellen Bradley Grant.—Mr. Winkler.

Bill No. 102, for the relief of Brenda Mary Powell-Tuck Buhr.—Mr. Winkler.

The Chairman: Shall the bills carry?

Mr. Knowles: On division.

UNITED CHURCH OF CANADA

The house in committee on Bill No. 22, to amend the United Church of Canada Act—Mr. McIvor—Mr. Dion in the chair.

On section 1—*Loan and investment.*

Section agreed to.

Bill reported, read the third time and passed.

THE EVANGELICAL LUTHERAN CHURCH OF CANADA

The house in committee on Bill No. 8, to incorporate the Evangelical Lutheran Church of Canada—Mr. Hetland—Mr. Dion in the chair.

Sections 1 to 18 inclusive agreed to.

Bill reported, read the third time and passed.

TRANS-CANADA PIPE LINES LIMITED

The house in committee on Bill No. 75, to incorporate Trans-Canada Pipe Lines Limited—Mr. Decore—Mr. Dion in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—*Special powers.*

Mr. Green: Mr. Chairman, there was an amendment made to section 6 when the bill was in committee. Is that included in the section as you are now placing it before the committee?

The Chairman: Yes, it is section 6 as amended. Shall section 6 as amended carry?

Mr. Green: Would you read the amendment, please?

The Chairman: It reads:

Provided that the main pipe line or lines either for the transmission and transportation of gas or oil shall be located entirely within Canada.

Mr. Cruickshank: Mr. Chairman, I should like to say a word in that connection which, I believe, is of vital importance, owing to what would appear to be some rather sudden expressions of attitude that have been made. I should like to commend the committee, through you, on this excellent amendment. I am sure it will be found entirely in accordance with the request and desire of those of us who spoke last year in favour of an all-Canadian route. We commend the committee and the company for the action that has been taken in agreeing to this amendment without any equivocation. I was not a member of the committee, but I certainly commend them for the attitude they have taken.

This is what we recommended last year. We asked that the interests of Canada should have priority over the interests of any other country. Some of us from British Columbia were accused, we think unfairly, of having carried on a filibuster against other bills last year. We are rather proud of that because I know how pleased the people in the Fraser valley are about this and I have good reason to know how pleased the people of British Columbia are. This result is mainly due to the efforts put forth last year by a few members from that province. We asked that at least the main oil or gas line should be within Canada.

This particular bill deals with a gas line. It is expected that other pipe line bills will be coming before the committee. Those of us who have been successful in promoting the development of our province are not going to be stampeded by anyone into not giving mature consideration to the best interests of our province. Incidentally, any gas or oil line that enters British Columbia must pass through my riding, so I do not care two hoots which company it is that is building the line.

We want these bills to go before the committee in the regular manner when the sponsor of the bill can give whatever information is asked for. The members for British Columbia already have an amendment prepared providing that the main line must go through Canada. If that is known it will take

less time for the sponsor to explain his bill and how the building of the line is going to be financed. The sponsor of a bill should be prepared to come before a committee and state that the company is ready to build up Canada first. Any surplus can then be exported to help build up the great country to the south.

There should always be foremost in our minds the realization that it is our duty to protect the interests of our province. Again I want to commend the sponsor of this particular bill and his backers. That may not be the correct word to use, but I mean the people who are promoting this company. I commend them for their good judgment in deciding that first consideration is to be given to the development of Canada.

Mr. Murray (Cariboo): Mr. Chairman, the source of most of the gas which will be carried through this line is in the Peace river country. Since this house last met more than a dozen new gas wells have been brought into production, one at Tangent having a capacity of fifty million cubic feet per day. We have been told by engineers that the natural gas reserve in the Peace river country alone amounts to over three trillion cubic feet. The development there will aid in the development of all Canada.

Incidentally I do not think this line will run through the Fraser valley. If it is to go east it will not run through the Rocky mountains, but over the prairies and then through the lovely countryside of Ontario.

Mr. McIvor: Mr. Chairman, as far as I can see there is little that can be said against the building of this pipe line, especially in view of the arguments raised last year against a pipe line going through the United States. I am all in favour of this bill which provides for an all-Canadian line to pass through Fort William and Port Arthur, and then come on to Ottawa, Toronto and Montreal. The sooner we pass this bill and give these people a chance to get going, the better it will be for Canada. I am prejudiced because this line is coming through the lakehead. This bill deserves complete support and I hope that there will be lots of gas in Alberta to satisfy the people of the east.

Mr. Cruickshank: The hon. member for Cariboo has said that this line will not go through the Fraser valley, but any line going west will go through the Fraser valley. The Fraser valley wants to develop the whole of Canada as well as the Fraser valley. As was pointed out in the committee, the gas that will go over this route will come from the Pincher Creek area, while the gas from Cariboo and northern Alberta will go to its natural market in British Columbia and Vancouver.

Mr. Herridge: Mr. Speaker, as a member of this committee I want to say a few words. Members of this group would prefer to have these pipe lines built as public carriers and operated as public utilities, but we have not a majority in the house at the present time so we must accept things as they are. I intend to develop that argument at length on another bill. I think other hon. members of the committee will agree with me when I say we were very pleased with the frank and straightforward way in which the witnesses answered the questions that were asked, and they were many. I think we were particularly pleased with the willingness of the representatives of the company concerned to have written into the bill a clause indicating that the main pipe line would be on Canadian territory. This is the first pipe line bill that has come before this parliament where such a clause has been included and we recognize that in passing this bill we will be establishing a precedent to have the routes of pipe lines written into the bills. I hope that, when future bills come before this house and the railways, canals and telegraph lines committee, other companies will be just as willing to have the routes written into the bill.

Mr. Murray (Cariboo): A statement which I just mentioned has been questioned by the hon. member over there. The company presented a map to the committee showing the sources from which they were to obtain natural gas, and those were indicated as being partly in northern British Columbia and northern Alberta. All members of the committee can testify to that.

Mr. Wylie: I was not a member of the committee, and there are a few points I should like to have straightened out. As you know, I spoke two years ago on some of the pipe line bills. At that time I was not opposed to them but I was opposed to the exportation of gas from Alberta. I am not sure whether this bill specifies that the pipe line will follow an all-Canadian route or a United States route. I believe it is all-Canadian. I have every confidence in the gas conservation board of Alberta. From reading press reports it seemed rather odd to me that the hon. member for Vegreville, who is a Liberal, should be sponsoring the bill and at the same time in the Alberta house the Alberta Liberal leader and another Liberal member—I believe there are only two Liberals in that legislature—are very much opposed to the exportation of gas from Alberta.

Trans-Canada Pipe Lines Limited

I am going to read what I read in the paper the other day. I think it is about time they got together and discussed things. This is what the Liberal leader in Alberta had to say in the legislature as reported in the Medicine Hat *News*, which is a very good paper, by the way.

Mr. Stick: What circulation?

Mr. Wylie: We have a good circulation. Don't worry about that.

Mr. Stick: Funny papers.

Mr. Wylie: Just keep quiet. The article reads in part:

> Export of natural gas would adversely affect Alberta's coal industry, Liberal leader J. Harper Prowse charged, with coal miners alone losing from $8 million to $10 million in wages annually and as many as 2,500 miners being laid off work permanently. He urged the Social Credit government to engage an expert to study the financial effect of exporting natural gas, and said there was a danger of Albertans becoming the "hirelings of corporations developed elsewhere." The government should take steps in conjunction with Ottawa to safeguard Alberta's interests in case a war forced export of natural gas. Four companies were seeking gas pipe line permits.

We have a Liberal member of this house sponsoring the bill. We have the Liberal leader in Alberta opposing it. Just what it all means I do not know.

Mr. Stick: A free country.

Mr. Wylie: I know it is a free country, and we have more gas in the Medicine Hat area—

Some hon. Members: Hear, hear.

An hon. Member: That is quite evident.

Mr. Wylie: Medicine Hat was the first area in the west to have natural gas. While I am not opposed to a company getting a bill through this house, it seems rather strange to me that a Liberal member of the house should sponsor a bill of this kind when his Liberal leader in Alberta is opposed to the exportation of any natural gas.

Mr. Decore: Did you want to sponsor it?

Section as amended agreed to.

Sections 7 to 11 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Decore moved the third reading of the bill.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, before the bill is read the third time I should like to say a few words. I want to make it quite clear that I am not objecting to the bill on technological grounds. However, there are two things that I have against it. The first is that the capital to sponsor the project is 100 per cent American. Second, in order to line up the project there appeared before the standing committee United States engineers who have done the surveying from one end of the country to the other. We had United States technicians and banking experts give evidence before that committee. It struck me during the discussion that there is some lack of interest or confidence on the part of Canadian capital. Practically ever since I came into the house we have been selling our resources for development by United States capital. In my opinion that is not a good thing. I think it shows a lack of initiative on the part of Canadian capital and a lack of interest on the part of the government. I feel, and always have felt, that if we are going to build Canada for Canadians and create a status of nationhood our basic resources should be developed and controlled within this country.

The second thing I am concerned about—and I expressed this fear in the committee—is that the pipe line will pipe natural gas from Alberta as far as Quebec city. I am not unmindful of the fact, and I reminded the committee, that the basic industry in Nova Scotia is coal. Natural gas is a competitor of coal. If the pipe line is going to tap Quebec city and Montreal, if it is going to be successful in entering that area, it is going to replace the market for maritime coal. That may not happen within the next year or two but in the foreseeable future if that pipe line is going to justify its existence in that area then so far as I am concerned it will have to replace the fuel being used there at the present time.

Natural gas is definitely adapted to domestic use. I am safe in saying there are a million and a half tons of maritime coal being used in the Quebec and greater Montreal areas at the present time for domestic purposes. Natural gas can be used in any industry with the exception of the steel industry, and in the areas I have just mentioned there is a large percentage of maritime coal being used for metallurgical and industrial purposes. The standing committee heard the chairman of the dominion coal board, Mr. Uren. He said that no representations had been made to him on the part of the Nova Scotia or New Brunswick coal industries. I can understand that. These bills come in through the back door from the other place. We get them and there is not much time to consider them. They are never publicized prior to coming before the house.

This bill went through the house rather quickly, and I am afraid of what may be the repercussions in the displacement of basic industry as far as Nova Scotia is concerned.

I think the Minister of Trade and Commerce (Mr. Howe) should be concerned also, because the federal government has a very heavy investment in the mining industry of my province. During the last few years this government has loaned Dominion Steel and Coal seven and a half million dollars with which to carry on a program of mechanization in the mining industry of Nova Scotia. Well, if these mines are to be modernized I rather question the advisability of passing a bill of this kind, despite the fact that it is going to bring cheaper fuel to Ontario for both domestic and industrial use. That will not be an advance if it destroys the very base of the economy of another province. So I suggest that before this matter is finally decided the government consider what may happen if this fuel is permitted to go into Montreal and down as far as Quebec, taking over an area which is very important to an industry in which the government has a considerable investment.

I have no desire to hold up the bill. As far as I can see it is one of the best pipe line bills to come before the house. I was a member of the committee, and the financial experts, engineers and other witnesses appearing before that committee were extremely competent. They had all the facts at their fingertips and there was no doubt as to their ability and experience in projects of this kind. And of course they did write in the proviso that the main trunk line was to be all-Canadian; and they satisfied every desire of the committee as to their honesty and integrity in that respect. At the same time I did raise this question, because it seemed to me I would be lax in my duty if I did not, seeing the development of competition to the fuels produced in the province from which I come. If this competing fuel is brought into the areas which are important to my province it can undersell United States anthracite by at least $1 a ton, and I think it will do the same at least to bituminous coal. So I want the Minister of Trade and Commerce to think this over. If the investment the government has made in the mining industry of Nova Scotia is to be threatened by developments of this kind, at least something should be planned for that part of the country which will suffer as a result of this technological advance.

Motion agreed to and bill read the third time.

BRITISH COLUMBIA TELEPHONE COMPANY

Mr. E. T. Applewhaite (Skeena) moved the second reading of Bill No. 116, respecting British Columbia Telephone Company.

British Columbia Telephone Company

He said: In moving second reading of the bill it should not be necessary to take up too much of the time of the house, particularly since we find the principles relating to the second reading of private bills set out in Beauchesne's third edition, citation 740, at page 280:

> The house, in reading a private bill for the second time, decides that the matter involved is one which may be looked into by the committee. It is only in case that an exceptional principle is enunciated that the second reading is refused.

Then citation 771 reads:

> Mr. J. W. Lowther, chairman of committees of ways and means, of the British house, speaking on the subject on February 25, 1926, said: "The rule which the house had generally followed, and, he thought, very wisely, had been to allow the second reading of private bills to go through unless any strikingly new principle happened to be enunciated therein, and in such cases the house must pause before it accepts the principle."

Citation 769 reads in part:

> The second reading of a private bill corresponds with the same stage in other bills, and in agreeing to it the house affirms the general principle, or expediency, of the measure. There is, however, a distinction between the second reading of a public and of a private bill, which should not be overlooked. A public bill being founded on reasons of state policy, the house, in agreeing to its second reading, accepts and affirms those reasons; but the expediency of a private bill, being mainly founded upon allegations of fact, which have not yet been proved, the house, in agreeing to its second reading, affirms the principle of the bill, conditionally, and subject to the proof of such allegations before the committee. Where, irrespective of such facts, the principle is objectionable, the house will not consent to the second reading; but otherwise, the expediency of the measure is usually left for the consideration of the committee.

I might also read citation 770:

> The house does not profess to decide upon the second reading as to the truth or otherwise of the allegations of fact upon which a proposed bill is based, and in conceding a second reading to a private bill, the house is regarded as merely giving its sanction to its general principle on the hypothesis that the committee to which it is afterward referred finds those allegations proved. It is usual, therefore, to allow a second reading except where the bill enunciates some principle which the house is not prepared to affirm.

Certainly it will appear that there is nothing either objectionable or new in the principle of this bill. Its main provision is to increase the authorized capital stock of the British Columbia Telephone Company from $25 million to $75 million. There has been such a tremendous increase in the population of the area served by this company, and in fact of the whole province, that a major program of expansion involving heavy capital expenditures is essential if the area is to be served adequately. That program is estimated to require capital expenditures in the neighbourhood of $10 million per annum during the next ten years.

British Columbia Telephone Company

This company inaugurated its post-war expansion program in 1946. To date it has issued $20 million of capital stock, and there remains authorized only $5 million. I am informed by the company that most likely this will all be issued within the next few weeks. The British Columbia Telephone Company operates 90 per cent of the telephones and most of the long distance lines in the province of British Columbia. According to the dominion bureau of statistics the population of British Columbia at June 1, 1950, was 1,138,000. Seventy-nine per cent of that population lived in the area served by this company. From 1940 to 1950 the population of British Columbia increased from 805,000 to 1,138,000 an increase of 41·4 per cent in ten years. Yet in Canada as a whole during the same period the increase was only 21·7 per cent. It can be easily seen, therefore, what a quickly expanding economy we in British Columbia have to deal with.

From the end of 1945 to the end of 1950, five years, the number of telephones operated by the B. C. Telephone Company went up from 163,135 to 246,486, a gain of over 50 per cent. Yet on December 31, 1950, the company had on its files unfilled applications for telephones amounting to 22,967. Surveys indicate that a heavy increased demand for new services will maintain and continue for some time to come. It is regrettable that these applications for service could not have been filled. The reason is partly due to the difficulty in obtaining equipment, and partly due to the extraordinary increase in population.

In 1940 this company completed 1,688,197 originating long distance telephone calls. Ten years later, in 1950, it completed 5,469,408 such calls, a gain in that period of 224 per cent. It is estimated that in 1951 it will complete well over 6 million such calls. The company serves the city of Victoria, which is the capital of the province, and nearly all of Vancouver island. It serves the city of Vancouver, the third largest city in the dominion, and it serves greater Vancouver, New Westminster, and the adjacent municipalities; the Fraser valley; the Kamloops area and the Kootenays as far east as the Crowsnest.

The bill also makes other provisions. It provides that the company may have the power to change its preferred or preference stock now issued from a par value of $100 to a par value of $25, provided that 75 per cent of the holders thereof agree. It asks that the company be given authority to issue its new preferred or preference stock at either $25 or $100, and it provides that all new and existing ordinary stock shall be changed from a par value of $100 to a par value of $25.

The reason for this request, which is in line with action taken by practically all public utilities on the continent these days, is to make the capital stock of the public utility company of as small a denomination as possible in order to enable as large a number of people as possible to be shareholders and part owners in the enterprise.

One other provision is made in the bill. It asks for the right to pay a commission on the sale of the company's shares, a right which does not exist in its present charter. In passing I should mention that that right would be, and it is so stated in the bill, subject as to conditions and as to amount to the decision of the board of transport commissioners. I believe, Mr. Speaker, that the whole house realizes that in the past few years, not more than fifteen or twenty, the attitude of the general public towards a telephone has changed. I am not so very old but I can remember when a telephone was regarded more or less as a luxury in one's home, and as a sign of success in one's business. Today a telephone is regarded by all sections of the community as an essential in both home and business.

With reference to the proposed increase in stock, I would point out that the bill would provide that such sales of stock will all be subject to the board of transport commissioners as to amount, as to terms, as to time and as to the other conditions of sale. I mention that for fear some might think that this was an effort to set up a company structure under which profits or dividends could be gained from what is commonly known as watered stock. I believe it is well known that the board of transport commissioners will only permit the issuance of further capital stock provided the company can show it is needed for the operations of the company. Not only that, but the board of transport commissioners controls the rates which the company can charge its customers, and by doing so it controls the earnings of the company and the profits which the company can pay. It operates, in practically all branches of the business, subject to the decisions of the board of transport commissioners.

In that connection may I mention one item of what I would call muddled thinking that we have heard on the streets and in other places in connection with a company such as this. On several occasions I have heard it said that the B.C. Telephone Company, for instance, must be doing rather well because it can pay an eight per cent dividend. It does not. It is paying $8 per $100 share, but its shares do not bring the company $100. They bring in $139. That was the figure at which the last issue was sold net to the company.

This means that the dividend which the company is paying to its common stockholders is approximately 5½ per cent. Another objection which perhaps might be raised to a company of this kind, with its head office in a large city and with a large proportion of its customers in a large city, is that it might be tempted to spend most of its efforts and its capital in developing its business within the city to the detriment of the smaller surrounding communities. I have had a breakdown of the 22,967 unfilled applications which this company is desirous of filling in zones, and they are as follows. In greater Victoria and the Saanich peninsula, 2,522; on the rest of Vancouver island and gulf islands, 1,423; greater Vancouver and New Westminster, 15,029; in the lower Fraser valley, 2,329; in the Kamloops and Okanagan valley, 468; in the Kootenay area, 643; and for proposed new offices, 553; making a grand total of 22,967.

Mr. Speaker, this company is a large and successful company. It is a company of which the people of British Columbia may well be proud. It is a company which has made strenuous efforts to keep pace with the tremendous expansion that has taken place in British Columbia, but it would be the first to admit that it is today behind in keeping up with that expansion. It is because it is behind that expansion that it is coming now and asking for these amendments to its charter. If the service is to be improved, as we admit it must be, and if the service is to be expanded, as we claim it must be, then capital to make these improvements and expansions must be made available. Surely that is self-evident. There are plenty of precedents in this house for the principle of this bill. Similar powers have been granted to many companies, both in so far as increased capital is concerned and the other things requested. The principle of the bill is not subject to question. Whether it is advisable to give these powers at this time, in other words whether it is as claimed in the preamble expedient, is a matter based purely on the existence of the facts. The facts will be proved by competent witnesses before the committee, and that body will decide whether or not the statements I have made are borne out.

Mr. Jean Francois Pouliot (Temiscouata): Mr. Speaker, this is another time when this company comes before the house for permission to increase its capital. The first time was in 1941, when it was increased to $11 million; the second time was in 1947 when it was increased to $25 million. Now it is to be increased to $75 million, three times that amount. This is a company with a big appetite but with good manners. It eats smaller morsels. The intention of the company is to reduce the amount of the shares. I want to draw to the attention of the members of the house, and particularly to the attention of the members of the standing committee on railways, canals and telegraph lines, who will have to study the bill, the illuminating speech of the great Tommy Church on May 2, 1947.

Mr. Fulton: The great and late Tommy Church.

Mr. Pouliot: The illuminating and enlightening speech. The bill passed the committee stage and third reading on that night. It was such a good bill that on that very same night one gentleman from British Columbia left, with a bodyguard or two, in a special car to go to Toronto.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to say a word on this telephone bill. First of all, I should like to congratulate the hon. member who sponsors it on the capable way in which he has introduced his bill. I was particularly interested in the authority he cited; I did not quite catch the name but I understand it was the Beauchesne of England.

An hon. Member: Bourinot.

Mr. Cruickshank: I have considerable difficulty in following the Beauchesne of Canada.

Some hon. Members: Louder.

Mr. Speaker: Order.

Mr. Cruickshank: It is extremely difficult for me to follow the Beauchesne of England as well as the Beauchesne of Canada. I am from a farming district and I am sorry to say that we are not up in Philadelphia law, Ottawa law or even the northern law.

Mr. Pouliot: Or Connecticut law.

Mr. Cruickshank: Or Connecticut law. I will include that too. I will even go so far as to bring in Temiscouata. In Fraser Valley we go quite a bit on the law of common sense, and we get by rather well on it. It is a fine riding. For that reason I should like to say a few words in connection with this bill. With a couple of other British Columbia members, I had quite a bit to do with the matter in 1941. First of all, Mr. Speaker, through you I should like to say that I believe this is one of the finest and best-managed companies in the province of British Columbia. So far as I know, the actual management in British Columbia is carried on by British Columbians; and naturally it is good management.

An hon. Member: But the service is not very good.

British Columbia Telephone Company

Mr. Cruickshank: It has been pointed out to me, in case I should overlook that point, that the service is not very good. I want to point out to you, sir, that the service could be worse. The main town in my riding is Chilliwack. One of my good friends out there had an experience which I should like to recount. As a matter of fact, until he saw the light after the 1940 election, he was not a supporter of mine, but now he is a strong one. I am glad to say that he is one of those gentlemen who saw the light; and directly he did so, he became a supporter of mine. He puts all his cars out to see that I get an excellent majority at election time. This man is a large businessman in the fair city of Chilliwack. He put in a call to a company doing business within one block of the head office of the British Columbia telephone company in the city of Vancouver. He waited twenty minutes to get that call through, and it was an important call. In the province of British Columbia, we have important business aside from pipe lines. After waiting for twenty minutes, he decided to drive in. He drives an excellent car; it is of the same make as the one I drive, a Pontiac. He drove to Vancouver. You may think that I am stretching my imagination, as do some of the other members from British Columbia, but I am not. I could give you his name and I could even give you the name of the firm he called. He drove from Chilliwack to Vancouver and got there three minutes before the long distance call got through; and it is seventy-two miles from Chilliwack to Vancouver. That is the reason why through you, Mr. Speaker, I am impressing upon this house, or am going to endeavour to do so, the necessity that the capital be increased. That possibly surprises my good colleague who is sponsoring this bill. I am entirely in favour of having the capital of this company increased, even if it did, like some others, come in by the back door. But the people of Fraser valley are not in accord with the amount of the increase.

An hon. Member: Carried.

Mr. Cruickshank: There will be another advantage, if we get a better telephone service.

Mr. Wylie: Nine o'clock.

Mr. Cruickshank: Up to date the only advantage we have had from the province of Alberta in the line of gas has been domestic gas. Now we are to get it from the good mother earth. Previously it has been delivered to us verbally, and that is the only way we have got it.

Mr. Wylie: You have enough gas.

[Mr. Cruickshank.]

Some hon. Members: Carried.

Mr. Wylie: Nine o'clock.

Mr. Cruickshank: It being nine o'clock, may I move the adjournment of the debate.

Motion agreed to and debate adjourned.

Mr. Speaker: The hour for private and public bills having expired, the house will resume consideration of the matter under discussion at six o'clock.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, when the house rose at six o'clock I had just been making a short analysis of the speech delivered last night by the Minister of Agriculture (Mr. Gardiner), pointing out particularly that the first half of his speech was flatly contradicted by the last half of it. Just when the house rose I had been saying something about the row, so to speak, which developed here over the statement made in the house on June 5, 1950, by the Minister of Trade and Commerce (Mr. Howe) and which had to do with the placing of commas, periods and things of that sort, and whether bound *Hansard* and the daily edition were the same or not. All of these things amount to nothing. They are trifling and piffling. However, there is one thing which appears evident from all of the discussion on that point, and that is that the statement made by the Minister of Trade and Commerce on June 5, 1950—and which I shall not quote again—made it abundantly clear to the members of this house and to the people of Canada that, as far as he was concerned, the four year agreement with Great Britain was closed and the thing was over. The point which is so clear is that, of course, it is at direct variance with the contention of the Minister of Agriculture (Mr. Gardiner) in the first part of his speech last night, which was more or less to the effect that Canada never had agreed that the deal was closed, that his trip to England a short time ago was quite in order, and so on.

I would make one final comment in that connection, and it is this: If all that the Minister of Agriculture said last night is correct, then why did the Minister of Trade and Commerce (Mr. Howe) make the statement he did make on June 5 last? The two things do not jibe; they are definitely and directly opposed to one another.

There was another matter brought into the discussion last night by the Minister of Agriculture, and that was the international wheat agreement price, and a comparison of the price received in the last two years of the British wheat agreement with the price set under the international wheat agreement.

The minister contended that the have regard to clause in the British wheat agreement had been met by the fact that the Canadian farmers had received $35 million more under the British agreement than they would have under the international agreement. Of course he was careful to qualify that immediately, by saying that the change in the exchange rates had brought that down to a net amount to the farmer of $16 million. The farmers are not particularly interested in the exchange rate; the thing that does appeal to them, and that they know something about, and that will add force, is that they have not got that $35 million in their pockets, and they are not going to get it.

In other words, any talk about $35 million secured in that way does not mean anything, from a practical point of view. The farmers have not got it. And further to that point, the price received by the farmers under the British wheat agreement should be related to what might be called the general world price rather than to the international wheat agreement price. Under the world market price the farmers not only do not gain anything, but they lost further on that deal.

There is one other thing I should like to mention briefly. As reported at page 1069 of *Hansard*, the minister was speaking in connection with a statement made by numerous people in regard to the losses the farmers had suffered from the sale of their wheat. This is what he said:

> The argument is a ridiculous attempt to mislead farmers, and it is used only for that purpose.

That is a statement the minister should not have made. It was brought into question by the hon. member for Souris (Mr. Ross). However, the minister did make that statement, and I should like to take this opportunity of throwing it right back in his face. That statement of the minister applies to a much greater extent to the statements he made last night in connection with wheat, and the wheat deal, generally, than it does to the statements made by farmers throughout the country as to the losses they have suffered under the deal.

The more one listens to the Minister of Agriculture discussing wheat, the more confused one becomes, unless he sets against the minister's statement a little commonsense knowledge of what the situation has actually been. As a matter of fact, once one leaves what might be described as the narrow, tortuous and dark alleys of the minister's reasoning, and emerges out on the broad highway of plain common-sense thinking, the facts of the wheat agreement become quite simple, and there is no need for any confusion about them.

At the risk of some repetition, I shall recapitulate briefly. First, the wheat deal was made with Great Britain for the first two years at a price of $1.55 a bushel. No one disputes that; and the have regard to clause was written in, so far as the price to be paid for the last two years was concerned.

The minister himself put on record what was said by the then prime minister, Mr. Mackenzie King, in connection with the subsequent agreement which was made for the second two years. The agreement was that the wheat would be paid for at the rate of $2 a bushel. Since that time the British have claimed that this new contract price of $2 a bushel settled the have regard to clause along with, as a matter of fact, their agreement to take more than they were really required to take under the new international wheat agreement.

I have already spoken about the statement of the Minister of Trade and Commerce in the house, that to all intents and purposes the four year wheat contract was closed. The British were not going to pay any more on it, and the Canadian government—while he did not say they were satisfied—had accepted it. Those are the basic facts, to begin with. Subsequent to that the Minister of Agriculture has done everything he possibly could to build up in western Canada the idea that the low price received by farmers was due entirely to what has been represented as the niggardly, if not dishonest, attitude of the British government.

The project to build up this idea, the attempt to sell it to the western farmers, has been done for very obvious political reasons. It is done entirely in an attempt to draw away from the Minister of Agriculture and the government the responsibility for entering into an extremely poor deal, and to direct the anger of the farmers to the British government and the British people instead of to themselves. In other words, they are trying to get out from under, by means of that argument.

The actual fact of the situation is this: the dominion government—the government we have before us—made this wheat deal, and is thus responsible for the loss the farmers have suffered under it. Nobody else is responsible for it. What happened was that they made a colossal error in judgment. They thought the price was going to go up; instead

of that it went down. As a result of that every farmer who grows wheat in the west is dissatisfied with the price he has received.

An hon. Member: You have things in reverse.

Mr. Harkness: I should have said—

Mr. Howe: Let it go.

Mr. Harkness: Instead of going down the price went up, and as a result we have the present situation.

The farmers in the west have complained for many years about the way the operators on the Winnipeg grain exchange have gambled with their wheat. That has been one of their favourite complaints. I shall not go into the justice or otherwise of those complaints. However one thing is certain: the Minister of Agriculture gambled with their wheat to a degree that no operator in the grain trade ever even dreamed of. It was the biggest gamble ever made in history, so far as wheat is concerned. The Minister of Agriculture made a very bad bet, and the losses about which the farmers are now complaining have resulted.

These losses have ranged, according to the estimates of various people, up to $700 million.

An hon. Member: What is your estimate?

Mr. Harkness: I am not going to go into the process of estimating what the losses are, because I do not feel competent to do so. But I think everybody in western Canada agrees they are very extensive. One estimate, which has already been mentioned, was made by the Winnipeg *Free Press,* which I believe most hon. members supporting the Liberal Party will look upon with kindly eyes—and with good reason.

The Winnipeg *Free Press* stated flatly and definitely that the losses for the first two years of the agreement only were $330 million. That does not take into consideration what losses there may have been in the last two years. As I said, I do not want to go into the estimating business, but there is no question that extensive losses have been incurred. I do not think anybody has disputed that. I have yet to hear anybody dispute that considerable losses have been incurred, although the Minister of Agriculture tried last night to get around that point by saying an extremely good price had been received.

For some years the government defended its wheat agreement in this house and throughout the country on the basis that it gave an assured long-term market, not only for wheat but also for other farm products, in Great Britain. Even as late as 1947 the Minister of Agriculture stood up in the house and talked about the long-term market there would be in Great Britain for Canadian beef, a statement which was completely contrary to the facts and completely ridiculous. As I say, as late as 1947 he stood up here and talked about a long-term market in Great Britain for beef as a result of making this favourable wheat contract, and the same for hogs, cheese and all sorts of other products.

What is the situation? Have we that long-term contract or that long-term market for our farm products? Everybody knows that we have not. It disappeared long ago and people no longer even talk about it. If the hon. member for Mackenzie (Mr. Ferrie) is going to keep interrupting I would remind him that my stock of quotations from Shakespeare which might apply to him has not been exhausted by any means.

Mr. Ferrie: They should be. If you do not, you can take it the other way. The hon. member had better withdraw that. Mr. Speaker, I want the hon. member to withdraw it. If the hon. member is looking for trouble he will surely get it if he does not withdraw that statement.

Mr. Harkness: Mr. Speaker, who has the floor?

Mr. Ferrie: You withdraw that statement or you will have to eat those words.

Mr. Harkness: After this little fuss I think I had better get back to what I was saying.

Mr. Ferrie: Shakespeare's uncle.

Mr. Harkness: One of the things Shakespeare said was "Hold thy peace", and I think that is very applicable.

Mr. Ferrie: You had better hold yours.

Mr. Harkness: The point I am making is that no long-term markets were secured as a result of this long-term contract. In other words, the argument that was used so long by the Minister of Agriculture and his supporters has disappeared completely. We did not get any advantage from that point of view.

Another argument that was used with considerable effect was that this was to help Great Britain in her post-war difficulties. I think everybody in this country agreed that we should give some aid to Great Britain during the post-war period. But the question came up almost immediately as to why the wheat growers should be asked to bear the entire cost of this aid to Great Britain in her difficulties. That question has been in the minds of the western wheat growers ever since and apparently it is not going to be answered satisfactorily.

There is no question that the Canadian wheat grower did have to bear the entire cost of this cheap food which was supplied to Great Britain, because the $65 million which the government is now throwing into the pot, as it were, to bring up the final payment to some extent, is not nearly enough to cover the subsidy which the western wheat grower made to the domestic Canadian consumer of wheat products. The loss on that was $120 million odd.

Mr. Howe: Where did my hon. friend get that figure? That figure is easily calculated, so many bushels at so much. Where does my hon. friend get his 120 million bushels?

Mr. Harkness: I did not say 120 million bushels.

Mr. Howe: What did you say?

Mr. Harkness: I said about $120 million.

Mr. Howe: That is exaggerated just about six times.

Mr. Harkness: I think lots of figures can be produced to show that the figure is correct. I do not think the minister will dispute the statement that the $65 million will not cover the losses which the Canadian wheat grower has had to take because of selling his product on the local Canadian market for less than the world market price.

Mr. Howe: A ridiculous statement. The largest claim the pool ever made was for $48 million, which shows the extent to which my hon. friend's statement is out of kilter.

Mr. Harkness: That is not supported by the mass of figures on this which have been put out.

Mr. Ross (Souris): That is only for two years.

Mr. Harkness: That was for two years only.

Mr. Howe: That is all that they maintained. The price differential ended in February, 1947. My hon. friend does not understand anything about this, but I suppose that is no reason why he should not keep on talking.

Mr. Fulton: How long has the minister been farming?

Mr. Howe: I have been in the wheat business longer than the hon. member has been alive.

Mr. Fulton: Building grain elevators and getting paid for them.

Mr. Speaker: I think we should permit the hon. member for Calgary East to continue.

Mr. Harkness: I know enough about it to know that the Minister of Trade and Commerce and the Minister of Agriculture are in a position right now where the grain growers of western Canada are extremely dissatisfied with them and with the way in which they have been handling wheat.

Mr. Gardiner: You would like to keep it like that.

Mr. Harkness: There is no doubt that the wheat producers have subsidized the British consumers and the Canadian consumers to the tune of several million dollars. I do not think that that is disputed by anyone. That being the fact I maintain that the government should admit that it is a fact and say that it has been their policy to force the Canadian wheat grower to give this subsidy to the consumers in this country and in Great Britain, and then take the responsibility for having followed that policy. If they are not willing to admit that that was their responsibility then the only other reasonable alternative is to pay the wheat growers a reasonable amount on the losses which they have sustained as a result of the policy followed by the government.

It is a remarkable fact that the Liberal party, which at the moment is at the apex of its power, as far as the number of representatives in this house is concerned, seems to be afraid to adopt a direct line that anyone can understand as far as a wheat policy is concerned, and then announce it to the people. They keep fiddling around trying to evade the issue, trying to say two things at once as the minister did last night. Even with this terrific preponderance of representatives in the House of Commons they have not the intestinal fortitude to take a straight line course in regard to this wheat policy.

The wheat producers of western Canada have expected a final payment of at least twenty-five cents per bushel and they have been quite vocal in stating that. Just the other day the legislature of the province of Alberta was unanimous, including the Liberal members—

Mr. Ross (Souris): And the Liberal leader.

Mr. Harkness: And the Liberal leader in the province of Alberta. The resolution passed forty-six to nothing. It urged that the government should—it did not mention a specific figure but there is no doubt what figure they had in mind—make up these losses which have been suffered. I shall not take time to read the dispatch. I am quite sure you will find that the same thing will happen in the other two prairie provinces. The wheat pools have already gone on record in connection with the matter. A payment of 25 cents a bushel would not make up the loss that the farmers have suffered but it would settle the whole sorry mess on some basis of equity and

satisfaction to the people principally concerned. It is certainly an action which this government should take.

This payment of $65 million which has now been announced is a mere sop. It is not going to satisfy anybody. That figure was of course picked on for a particular purpose, in a palpable effort to try to get the farmers' anger and dissatisfaction directed against Great Britain instead of where it rightly belongs, on the shoulders of the government. As a matter of fact a number of people in this country have the impression right now that the $65 million is coming from Great Britain. Everyone in this house knows, and I hope everybody in the country will know eventually, that it comes right out of the pockets of the Canadian taxpayers, and before it can be paid it has got to be voted by the members of this house. Great Britain has absolutely nothing to do with it, and any attempt to confuse the $65 million with the British or anything that they have paid or have not paid is just an effort to dodge responsibility on the part of the government.

Mr. Rowe: Hear, hear, by the Minister of Finance (Mr. Abbott).

Mr. Abbott: Here he is right here.

Mr. Harkness: I was asked what my general position was on this matter, and I think I have made it fairly clear. I should like to make one other thing clear: what my position has been from the time I came into this house in 1945 in connection with the marketing of wheat.

Mr. Speaker: I must inform the hon. member that his time has expired.

Mr. Abbott: Too bad.

Mr. Howe: Next.

Mr. Abbott: Continued in our next.

Mr. Harkness: Mr. Speaker, I should like another minute or two.

Mr. Speaker: Only with unanimous consent.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent.

Mr. Victor Quelch (Acadia): Mr. Speaker, on Friday, March 2, the Prime Minister (Mr. St. Laurent) announced that the final payment on the British wheat agreement would be 8·3 cents a bushel. Since that time a great deal of bitterness has been generated in western Canada, and I think only naturally, because the farmers of western Canada feel that there has been a very definite breach of contract in so far as the have regard to clause is concerned, either a breach of contract or a breach of faith, whichever you like to call it. Various farm organizations and wheat pools have asked that a payment of 25 cents a bushel should be made. I think that request is a very moderate one and fully justified in the face of all the circumstances because the total loss to the farmers was, as a matter of fact, considerably in excess of 25 cents a bushel over the last five years.

Many persons today are endeavouring to discredit the wheat board as the 100 per cent marketing agent for wheat on the ground that the board is responsible for these losses. I would say that the vast majority of the farmers are solidly behind the wheat board as the marketing agency because they realize that it is not responsible for these losses but that the responsibility rests fairly and squarely upon the shoulders of the Canadian government.

I say that for two main reasons. First, it was the Canadian government that signed the British wheat agreement. Moreover—and this is an important point—it was the Canadian government that agreed to ignore the contract under the have regard to clause. Second, the government compelled the wheat board to sell wheat to the Canadian millers at considerably less than the price of class II wheat. In that way they of course have subsidized Canadian consumers. I would say it was largely as a result of these policies that the western agricultural conference at Saskatoon, January 20 to 22, 1949, passed the following resolution which I will quote in part:

> . . . that the Canadian wheat board should be an agency operating in the interests of grain producers, with a duty at all times to sell grain for the best available price whether in export or domestic markets, and should not be used as an instrument of government policy to limit domestic prices.

In other words, they feel the wheat board should be allowed to sell wheat for the highest price they can get, and if it becomes the policy of the government to subsidize the Canadian consumer then the government should pay that cost and not pass it on to the Canadian farmer.

Mr. Howe: Has the resolution my hon. friend read anything to do with wheat?

Mr. Quelch: At the time they were discussing coarse grains.

Mr. Howe: Why not say so?

Mr. Quelch: But they had in mind the losses suffered as a result of having to subsidize the price of wheat to the Canadian consumer, and they did not want that type of policy followed in so far as coarse grains were concerned.

Mr. Howe: Will my hon. friend explain how he knew what they had on their minds?

Mr. Quelch: Because we have discussed it time and again. I have been to various conventions just the same as the minister, and I know very well what they had in mind. A committee came down here to meet us on the very question, and that was the point they made. They did not want a repetition of what had happened under the wheat policy whereby the government forced the farmers to accept the cost of subsidizing the Canadian consumers. They did not want similar action in the handling of coarse grains. They made it very clear when they met us.

First of all I want to take the question of the losses under the British wheat agreement. On the basis of class II wheat the loss, as shown by the hon. member for Battle River (Mr. Fair), totalled $431 million in round figures. The Minister of Trade and Commerce (Mr. Howe) has argued that we supported the agreement because we thought that prices would fall in the later years. Of course the present Minister of Trade and Commerce was not in charge of the department at the time the agreement was signed. His predecessor took a very different stand. He took the stand that we should not ask our former allies to pay the maximum price for wheat. He took the stand that there was a moral obligation on our part to allow our allies to have wheat at less than the world price. At that time we stated that if there was a moral obligation on Canada to allow our former allies to have wheat at less than the world market price then that was the responsibility of the Canadian people, and the Canadian people should pay the cost and not try to pass it on to the Canadian farmers as the government is apparently trying to do today. A year later when the British wheat agreement was introduced we discussed it in this house on the 27th of February, 1947. That was the first time we had an opportunity to discuss it, and at that time I had this to say.

> In the early part of this agreement the farmer is making a considerable sacrifice. He is losing anywhere from 50 cents to 75 cents a bushel.

I was very conservative at that time. I went on:

> If in the next two or three years there is a wheat shortage, if crops are poor, the price of wheat will be maintained at probably a high level and will remain there. Then the guarantee becomes absolutely useless. If that should be the situation over the next two or three years the farmers of this country, as a result of this agreement, are going to lose several hundred million dollars. I believe that the wheat agreement with Britain was fully justified, but it does entail in its early stages a considerable sacrifice on the part of our farmers. We feel that the sacrifice should be borne by the people of Canada as a whole.

Exactly what I pointed out at that time has come about; and as we felt then, we still feel that any loss suffered as a result of allowing our allies in Great Britain to have cheap wheat should be borne by the Canadian people as a whole, not only by the Canadian farmer. However, the real safeguard in the British wheat agreement was the have regard clause; or we thought it was, and it should have been and I believe could have been. We have heard statements to that effect made by members of the British house when on this side, and evidently the full portent of the agreement was fully understood. I want to quote statements made by John Strachey and Sir Stafford Cripps in regard to this clause. In a speech to the Canadian club at Winnipeg on February 26, 1947, Right Hon. John Strachey, the British food minister, after quoting the latter part of clause 2(b), which is the have regard clause, stated:

> Now these words mean neither more nor less than they say. They mean that the fact that we have bought our wheat from you this year below world prices—and that we may do so again next year—will be one of the factors in negotiating the actual prices to be paid in the third and fourth years. I and my government, and I am quite sure that this applies also to the Canadian government, would resist any attempt to add to or to subtract from this clear and definite statement as written into paragraph two subsection (b) of the wheat agreement.

Then in 1949, in an interview given the Canadian Press in London on February 23, Sir Stafford Cripps said:

> As regards wheat we shall continue to depend on Canada for the greater part of our supplies. The four year contract negotiated in 1946 will expire in 1950 and we have recently agreed upon a price of $2 a bushel for the 1949-50 season. We think there is every possibility of the world price falling below the $2 level before the end of the contract either because of the general improvement in the supply position or as a condition of any international wheat agreement which may be concluded in the near future. If this should be the case, the Canadian farmer will enjoy a favoured position by virtue of the fixed price on which we have agreed. This might prove to be a fair compensation for the earlier years when he was selling us wheat at below the world price; it depends, of course, upon how far prices actually fall. But in any case we have agreed to discuss this matter further with the Canadian government some time toward the middle of 1950.

What happened when the representatives of the two countries met to deal with this question referred to by Sir Stafford Cripps? I apologize to the house for repeating what has been read so many times, but in view of the fact that I want to tie another statement to it I feel obliged to quote once more what was said in this house by the Minister of Trade and Commerce (Mr. Howe) on June 5, 1950, in regard to the agreement reached last year. I want to be very careful about my

punctuation and I am quoting from page 3221 of *Hansard* for last year:

> We went over the agreement while in London. We asked the United Kingdom government what further settlement it is to make on account of the have regard to clause. The United Kingdom took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

The strange point is that the Minister of Trade and Commerce and especially the Minister of Agriculture do not appear to think that was a fair statement. I have always regarded the Minister of Trade and Commerce as a very responsible individual and I do not think that he would get up in this house and make irresponsible statements. Certainly if he made a mistake in unrevised *Hansard* he could have changed it in revised *Hansard;* and if he still found that he had made a mistake he could have done as the Minister of Fisheries (Mr. Mayhew) did and made a very long correction a few days later. But he did not attempt to do so. Therefore I think we are justified in saying that statement represents what the minister really meant at the time.

I say that for another reason. I think that is actually what happened. I have a press report I am going to read, but before doing so I want to mention the fact that the Minister of Agriculture said he had discussed that statement with some of the British officials and pointed out that it was made during the committee stage, and that they had never referred to it after that. Let me remind him that they are referring to it now. They are making a statement very similar to that made by the Minister of Trade and Commerce. I am quoting now from the Edmonton *Journal* of Wednesday, February 28. The clipping refers to a question asked the chancellor of the exchequer, Mr. Gaitskell, by Colonel Crosthwaite-Eyre, regarding the amount of the payment to be made to Canada in the final settlement of the wheat agreement. The reply by Mr. Gaitskell was as follows:

> The matter was fully discussed in May, 1950, with Mr. Howe, and the result is that no further payment is to be made.

So apparently as far as they are concerned an agreement was definitely reached in May, 1950, and as a result of that meeting no further payment was to be made. Of course that is directly in line with the statement made in this house by the Minister of Trade and Commerce in June.

Many people are asking how such an understanding could have been reached in view of all the circumstances. What was Britain's argument as to why no further payments should be made? This was the situation. In the third year of the agreement the price of class 2 wheat was $2.23, as recorded in the report of the wheat board. The price paid by Britain was $2, so in the third year we actually lost 23 cents a bushel. In the fourth year, as a result of the international wheat agreement, we may say, the price was $1.80 in U.S.A. funds. Britain paid us $2, so actually we gained 20 cents per bushel in the fourth year. But we had lost 23 cents per bushel in the third year, so we may say that in the third and fourth years the losses and gains balanced, though actually the losses were greater. That is all right as far as the third and fourth years are concerned; but what about the have regard clause under which in settling the final price consideration would be given to the losses suffered in the first two years? In those two years the losses amounted to $375,618,000 according to figures in the wheat board report; a full statement has been put on *Hansard* by the hon. member for Battle River (Mr. Fair). That is based upon class 2 wheat. What was Britain's argument at that time in refusing to make any payment in regard to that $375 million? That is a question I think should be explained in this house at some time.

Mr. Gardiner: If I may ask a question, does my hon. friend say that in the wheat board report the figure of $375 million appears, or does he mean that the hon. member has figured it out from the figures that are there?

Mr. Quelch: Yes; in the annual report of the wheat board they give the amount of class 2 wheat and the price at which it was sold, and based upon those figures this is the loss. I quite agree that the wheat board report does not call this the amount of the loss. It just shows the price of class 2 wheat and the amount of wheat sold at that price. In addition there are the losses incurred in subsidizing the Canadian consumer. That information was obtained from sessional papers tabled in return to questions that were asked.

Many of us feel that there must be more to this than appears on the surface. What we would like to know is, did the Minister of Trade and Commerce (Mr. Howe)—I am not saying this in a critical way necessarily—have some other important deals to be put over at that time? Did he say to the British, "Now, if you will put these deals through I will be willing to accept the final settlement of the British wheat agreement as it is"? That is in the minds of lots of people today. I am not saying it is correct, but that is what a lot of people believe must have been the situation, otherwise they cannot understand how Britain would refuse to make any further payments under this contract.

I believe it probably would have been better to send the Minister of Agriculture (Mr. Gardiner) over there last year, because after all the Minister of Agriculture was present when this agreement was signed originally, and has been present during all the discussions. He is thoroughly familiar with the whole situation, and further he is thoroughly familiar with the whole operation of agriculture. He realizes the trials that agriculture has suffered in the past. I am not for one minute questioning the ability of the Minister of Trade and Commerce. We all know that he has a great deal of ability, but I do not think he was the right man for this job. There is another reason why I think it was a mistake to send the Minister of Trade and Commerce over there, and that is because he has a very peculiar idea of what is the world price. He does not agree that class II wheat was the world price. I should like to know what he would call a world price. The other day he stated that in view of the fact most of the wheat was sold under the British wheat agreement, that should be considered as the world price. But that would make the have regard to clause meaningless.

Then, the Minister of Trade and Commerce has made it quite clear that he does not agree with long-term agreements. He is sceptical about any agreement under which you contract in advance to deliver wheat.

Mr. Howe: I am sure my hon. friend does not want to misrepresent my position.

Mr. Quelch: Not at all.

Mr. Howe: I went to England to work out an arrangement for the sale of the 1950 wheat crop. Those arrangements were made, and made without any discussion of any other subject.

Mr. Quelch: Will the minister—

Mr. Howe: Now, just keep quiet. You asked for this, so let me give it to you. After the arrangements were made for the sale of the 1950 wheat crop, I was asked to discuss the settlement of the four year wheat agreement. I said I had no authority to discuss it, and certainly no authority to settle it. If they wanted to tell me their views I would report them to my government. They told me their views, and I gave the views of the Canadian government as I understood them. I brought back a message to the Canadian government. That is my position, and I wish my hon. friend would not distort it. I have stated it three times already.

Mr. Quelch: It is very peculiar that the Minister of Trade and Commerce and Mr. Gaitskell should be suffering from hallucinations. Here we have a statement by Mr. Gaitskell which says that an agreement was reached. Then the Minister of Trade and Commerce says no agreement was reached. Then there is the statement I read a moment ago which is based on the statement made by the chancellor of the exchequer.

Mr. Howe: The chancellor of the exchequer says that the agreement was discussed with Mr. Howe. He does not say "settled".

Mr. Quelch: It says "the matter was thoroughly discussed with Mr. Howe, and the result is that no further payment is to be made". The result of that discussion with Mr. Howe, not with the Canadian cabinet, but the result of that discussion with Mr. Howe is that no further payment will be made. You could not have anything much more definite than that. If the minister wants to say that Mr. Gaitskell is having hallucinations—

Mr. Howe: Is my hon. friend willing to take my statement or not, that I did not discuss the settlement? I am saying that I listened to a discussion, that discussion was reduced to a memorandum and I brought it back to my government. Does my hon. friend want to go behind that statement?

Mr. Quelch: The minister has asked me a question, so I will ask him one. Are you saying that Mr. Strachey is a liar?

Mr. Howe: Yes, what did Mr. Strachey say?

Mr. Quelch: It is Mr. Gaitskell, I am sorry.

Mr. Howe: Mr. Gaitskell has stated the situation correctly. He stated the matter was discussed with me.

Mr. Quelch: He did not say that. He said that as a result of the discussions with Mr. Howe no further payment will be made. Do you want me to read it again?

The matter was fully discussed in May, 1950, with Mr. Howe and the result is that no further payment is to be made.

I shall drop the matter at that point. I believe the record pretty well speaks for itself. If people cannot find that statement made by the Minister of Trade and Commerce in June, 1950, they will not be looking through *Hansard* very thoroughly because I am afraid it has been referred to a number of times.

Mr. Howe: The Minister of Trade and Commerce has never at any time intimated that he wished to change the statement he made in June, 1950.

Mr. Quelch: You do not want to change the statement you made in June, 1950? Then it stands?

Mr. Howe: Of course it stands.

Mr. Quelch: Then I have nothing to take back at all. If you accept that statement, you accept the statement by Mr. Gaitskell; then fine, an agreement was reached in May, 1950, that no other payment should be made. Well, that is fine; now we all agree.

Mr. Gardiner: Perhaps I had better explain this matter.

Mr. Knowles: Don't spoil the unanimity.

Mr. Gardiner: If I may be permitted to explain it, but if it is preferred I could speak after my friend has finished.

Mr. Quelch: I am afraid my time is going to be cut very short.

Mr. Warren: It cannot be too short.

Mr. Quelch: As I say, the sixty-four dollar question today is why did Britain refuse to make further payments in regard to the losses of the first two years? The British have a good name for standing by their agreements. There must be some reason for their refusal to make any payment on the losses in the first two years, losses which amounted to $375 million on the basis of past deliveries.

Mr. Warren: That is your guess.

Mr. Quelch: It is not a guess at all, it is based upon figures.

Mr. Warren: Oh, no, it is only a guess.

Mr. Quelch: It is absolutely based on figures. If the hon. member will read *Hansard* tomorrow he will see the table. Mr. Speaker, I am afraid the member for Renfrew North (Mr. Warren) is not so bright tonight; he must have blown a fuse.

There is also the question of losses suffered as a result of the wheat board being compelled to sell the miller in the first instance at less than prices under the British wheat agreement, and then later on at less than the price of class II wheat. Those losses amount to around $130 million, if you ignore the fourth year of the British wheat agreement. I know the minister interrupted the member for Calgary East (Mr. Harkness) to say that according to the wheat pool those losses are only $48 million. This loss of $48 million only refers to the loss suffered as a result of selling wheat to the millers at less than the price in the British wheat agreement, but if you take the price for class II wheat and the losses suffered on wheat delivered at that price, it amounts to $130 million for the first three years.

Mr. Warren: Another guess.

Mr. Quelch: Now, what possible decision can there be for asking that the farmers stand the full amount of these losses, unless it is to be part of a general stabilization plan? I am satisfied that the farmers would be quite willing to forget about any further payment, in so far as subsidizing the Canadian consumer is concerned, if in return prices are to be stabilized at a fair level in the future. After all, the farmers were asked to take a price below the world price during the war as part of the government's general stabilization program in return for which they were guaranteed that there would be stabilization in the future. We do not have that guarantee in any legislation, because it is not so stated in the Agricultural Prices Support Act. I am very glad that we have that act, and I think it is a good act. I still think, and I believe the Minister of Agriculture will agree that there needs to be further clarification of that point as to just what the basis of the support prices will be. He knows that the federation of agriculture has asked that it should be based upon parity. The federation of agriculture has agreed to meet with the minister or with the government and help to formulate a basis for a parity year, but to date that has not been done; and until it is done, agricultural price support is an uncertain quantity.

Mr. Warren: What is parity?

Mr. Quelch: As I say, not only have we not had a stabilization program put into operation, but we found that when the price of wheat was set in 1950—that is, when the initial payment was made in 1950—at $1.40, the minister refused to set it any higher because he said that it represented the floor price and he did not want to take the chance of having a loss. Surely if this was to be part of a stabilization program, then in view of the tremendous losses that had been suffered by the farmers in the past, they would have been justified in expecting a higher initial payment than $1.40.

But the minister stated that he was not prepared at that time to put it higher because it might mean a loss if the price of wheat fell; and he was not prepared to adopt any policy that might result in a loss to the government. I know that the Minister of Trade and Commerce (Mr. Howe) thinks that the farmers during the last five years have had a better price for wheat than they have ever had before. But that is only half the story. It is no good talking about the farmers having had a better price during this past five years than they ever had before unless at the same time you also stress the fact that their costs of production were also higher than they had even been before. The two are definitely tied together, and you cannot separate them. If you go back twenty years, you can readily see why many farmers felt that they should

nave been allowed the highest price they could get during the war; because during the depression years, during those ten years when prices went so low—for instance, in 1932 the price of wheat fell to 19½ cents a bushel—the farmers were told time and again that they could not expect to get a higher price than the world price. But what happened when the war came along? Prices rose slightly during the first three years of the war; then in 1942 the government heavily increased taxation. Then the farmers found themselves in the peculiar position of having to pay an income tax on the repayment of losses incurred as a result of having to sell their produce at prices far below the cost of production. Then a few years later prices rose higher. At just about the time that prices got really good—when the farmers thought, now, here is the real chance to recover the losses we suffered during the depression years—the government put a ceiling on farm prices. I think the farmers are justified in saying: All right, you cannot have it both ways. If we have got to accept the world price in the depression years, we are entitled to the world price when prices are high. The government decided not to allow the farmers to have world prices during the war. But in return they guaranteed them that in the future they would have stabilized prices. The farmers expected the government to live up to that promise. But so far there is not much assurance that the government intends to do so. First of all, they tried to get rid of the agricultural price support. They had a resolution on the order paper to end it this parliament. But I am glad to say they reinstated it; but it is still of a nebulous character.

I want to say a few words with regard to the international wheat agreement. Personally I am much in favour of a long-term international wheat agreement and I believe that the farm organizations support it; but they expect that when an international agreement is signed, the payment should be on a sound basis. I am sure the Minister of Trade and Commerce would be the first to admit that the method of payment under the international wheat agreement is not on a sound basis. I heard him speak in Calgary. He said he did not like selling wheat a year ahead of delivery.

What is the payment under the international wheat agreement? It provides for a ceiling of $1.80 a bushel for four years. Then it provides that the floor will be dropped ten cents in each year; $1.40 the first year, $1.30 the second year, $1.20 the third year and $1.10 the fourth year. Why should the floor under wheat drop if everything else is going up? Why should the ceiling be held down at any given level if everything else is going up? Why should the price of wheat be frozen in a case of that kind?

We are not just being wise at the present moment on this point. Back in 1948, when the international agreement was then being discussed in this house, we argued that the price under the international wheat agreement should be tied to the price level; that is, in the first year you agree upon the payment or price that is to be paid; then in subsequent years, those payments should be tied to your price level so that if the price level goes up 10 per cent, the price of wheat goes up 10 per cent; or if the price level goes down 10 per cent, then the price of wheat goes down 10 per cent. In that way you would have the price of wheat tied to the general price level. In other words, you could very well have a parity price. I should like to quote what I said in this house on February 27, 1948, when we were discussing wheat policy. As reported as page 1694 of *Hansard* I said:

> The grain trade have used the British wheat agreement as the basis upon which to attack the principle of long term international agreements. They forget that the British wheat agreement was not a straight business deal, but was in part to help our allies, as was indicated at the time the minister brought down his early wheat legislation; therefore all the Canadian people should have stood the cost of the sacrifice and the farmers should not be expected to bear the burden. The grain trade criticized the long term agreements between countries on the grounds that whilst a certain price might be fair today it might be out of line tomorrow due to a rise or fall in the price level. That is true, and that is why we have argued that when prices are agreed upon they should be tied to the price level of the country with which the agreement is made. Then, if the price level rises the price of wheat will rise and vice versa if the price level falls. The result of that would be of course that our wheat would always bring back the same amount of imports. It would help to insulate the Canadian economy against fluctuation in world prices.

We still feel the same way. We feel that any long-term agreements that are signed should be signed on that basis. First of all agree to a price which both parties are satisfied with and then tie that price to the general price level so that it will fluctuate with the price level. Otherwise you are bound to have happen what happened under the British wheat agreement where the government guessed wrong or to have a situation similar to that we are having under the present international wheat agreement where everything else is going up and yet the price of wheat is tied down.

Mr. Howe: There are forty-six countries in the wheat agreement. Where would my hon. friend find the index that would govern?

Mr. Quelch: I think if you consult the international monetary fund, you will find that they could give you the price index of any member of that fund. They have that information at all times. There would be no difficulty in obtaining that information.

Mr. Howe: Do they have a composite price that would govern each of the forty-six countries?

An hon. Member: Explain it to him with a period.

Mr. Quelch: If you are on a bilateral basis, there would be no difficulty. You would have the price level of the country you are dealing with and you would be trading goods for goods. If their price level went up, then of course they would be paying you more and you would be paying a higher price for their goods in turn but your imports and exports would balance in that regard. If the minister would prefer not to relate it to the price level of the importing nation, it could be tied up to the general price level. But I think it should be tied to the price level of the importing country so that you can balance your trade on a bilateral basis. I know that the minister has a different view from mine on the question of multilateral trade. I believe there is a responsibility on the part of the exporting nation to see to it that the credit it establishes in any country is cleared either by importing goods from that country or by trading that credit to some other country in return for goods.

There has been a good deal of comparison between the agricultural policies of this country and the agricultural policies in the United States. I was quite interested in a statement that appeared in the *Alberta Wheat Pool Budget* of February 23, 1951, which reads as follows:

> The United States government policy provides for farm price supports not only for wheat but for a whole range of key farm products. The investment in farm price support was over $4 billion last summer in that country and the limit has been raised to $6½ billion. If Canada wants to make a comparative investment in farm price supports on a population basis, the total would be nearly $600 million. The actual Canadian government investment for such a purpose has been less than $10 million.

Now, in conclusion I should like to make one brief reference to a statement made by the Minister of Agriculture (Mr. Gardiner) when he spoke in the house yesterday. I agree with much that the minister said. In fact, the first part of his speech built up a very strong argument for the carrying out of the have regard to clause. Then, strangely enough, toward the end he reversed his stand completely and took the stand that there should not be any further payments from Great Britain, because he tried to show that the price of wheat in the world pool was $1.82 and that the price under the British wheat agreement was $1.82, and that they balanced, after the $65 million had been added to the British wheat agreement. So according to the argument of the Minister of Agriculture that $65 million balances the price of wheat in the world pool and in the British wheat agreement pool.

The minister's statement as it is reported at page 1068 of *Hansard* is:

> The British contract, as it has been settled with the payment of $65 million, brings $1.82 into the pool. The sale of wheat to Canadians, and all other people outside the British contract, brought $1.82 a bushel into the pool.

Then the hon. member for Melfort (Mr. Wright) asked this question:

> Does that $1.82 include the 160 million bushels sold on the domestic market?

To that the minister replied:

> Oh yes, it does.

Mr. Speaker, it seems to me perfectly fantastic that you would include wheat sold for domestic consumption in the world price of wheat. The stand taken by the Minister of Trade and Commerce (Mr. Howe) is very different; he took the opposite stand. I should like to quote what he said on June 5, 1950, as it is reported at page 3184 of unrevised *Hansard*. He was discussing the world price for wheat, and said:

> It seems to me the price at which the bulk of the wheat is bought and paid for might well be regarded as the world price, and I therefore suggest that it would be much more reasonable to call the price under the United Kingdom-Canada agreement the world price than the price quoted on the Chicago exchange. The latter was merely a domestic price—

He said it would not be fair to call the Chicago market price the world price, because it is just a domestic price. Yet here the Minister of Agriculture includes the price of wheat sold for domestic consumption in Canada, and calls it the world price. Those two ministers had better get together.

Mr. Howe: May I ask a question?

An hon. Member: Sit down.

Mr. Quelch: I realize that the Minister of Agriculture had a real tough proposition when he tried to make that speech last night. He was very unhappy about the whole situation. Nobody believes more than the Minister of Agriculture that further payments should be made under the British wheat agreement. His whole argument was built up to show that further payments should be made under the have regard to clause.

Then at the end he tried to save the government.

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

Mr. Quelch: Sit down, sit down.

Mr. Warren: I would like to ask a question.

Mr. Quelch: Sit down; I am not interested. I cannot hear you, anyway. I think the Minister of Agriculture was in the same position as a minister of the church. The story goes that he had notes, and that in the margin there was the notation "when the argument is weak, yell like hell." Well, the minister spoke like hell—and, not only that, his whole argument sounded like hell.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I am not going to make another speech; but I wish in the first place, after having read *Hansard* of last night—

An hon. Member: Unrevised or revised?

Mr. Gardiner: —and after having tried to review my own *Hansard* of today, I wish to apologize to the house for having attempted to discuss any part of the question while there was so much noise going on that I am sure that those who were trying to take down what was being said were not able to take it down. We should know better, particularly one who has been in the house as long as I have, than to try to discuss a matter as important as the one being discussed, under those conditions. I wish to apologize both to the house and to the hon. member for Melfort (Mr. Wright) for having carried on a discussion of that kind at that time, and to clarify what I was attempting to say at the time, and which I find I did not say very well—and I am sure left an entirely wrong impression upon *Hansard*.

The question that was under discussion and which had been—

Mr. Coldwell: Is this a speech or privilege?

Mr. Gardiner: It could be a speech, because an amendment has been moved. But it is not going to be.

Mr. Coldwell: Is it privilege?

Mr. Gardiner: It will be the only speech I will make on this amendment.

Mr. Coldwell: All right.

Mr. Gardiner: But it will not be long. As a matter of fact I wished to take advantage of my opportunity to speak on the amendment—I had not spoken on it before—in order to place on *Hansard* what I was attempting to say to the house last night, and again today on two different occasions, while the hon. member for Melfort (Mr. Wright) was speaking, and later while the hon. member for Calgary East (Mr. Harkness) was speaking.

I attempted last night to indicate to the house in reply to a question asked me by the hon. member for Rosetown-Biggar (Mr. Coldwell) what discussion had taken place between myself and members of the British government with regard to what the Minister of Trade and Commerce (Mr. Howe) was presumed to have said in the house on June 5.

I stated at that time that I had unrevised *Hansard* with me, and that I had called attention of the British ministers to the nature of the *Hansard*, and that it was obvious that there was an uncompleted sentence in the report of *Hansard*.

Now, we who speak in the house from time to time, and who correct our *Hansard*, know that does occur quite often. Last night when we were in the middle of a discussion I was under the impression—and I find now, when I read *Hansard*, wrongly under the impression—that the hon. member for Melfort had said that the sentence as it appears in the revised *Hansard* is different from the one which appears in the unrevised *Hansard*. I find there is no difference between them whatsoever. And one of the remarks which caused me to think that all the more was the remark made by the hon. member for Rosetown-Biggar to the effect that either the minister or his secretary corrects *Hansard*, and revised *Hansard* is the one you should quote from. That gave me the further impression that there was a difference in the two. There is no difference.

Mr. Coldwell: I had not either before me.

Mr. Gardiner: I had this one, but not the other one. I find the sentence reads like this—the first sentence—and perhaps I should begin where most others have begun:

> We asked the United Kingdom government what further settlement it is to make on account of the "have regard to" clause. The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned.

The sentence stops there. It is obvious that is not the end of it.

Mr. Coldwell: Read the next sentence to it.

Mr. Gardiner: Wait until I say what I said to the British government. I said to the British government that the sentence in my opinion was stated this way—and I said I listened carefully at the time, and I was satisfied that this was what the minister said: The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far

as the United Kingdom was concerned they did not intend to pay more.

That was my impression of what was said—that the United Kingdom government had said they did not intend to pay more. The next sentence is one which is also read, and which was read last night as though it were all one sentence:

We agreed on behalf of Canada—

Mr. Wright: I did not read that.

Mr. Gardiner: Let us not get them confused again:

We agreed on behalf of Canada that considering all the circumstances that was the case.

The impression I gathered from that when it was said here and the impression I explained to the British government that I thought was intended, was that under all the circumstances the Canadian government had come to the conclusion—I said so last night—unanimously that since the British government had taken the position that they were not going to pay, there was nothing we could do about it. That was the impression I gave to them and I stated that last night. I am sorry the hon. member for Acadia has got a wrong impression of what I was attempting to say.

I did not say that no one had taken a different position later, but I did say that the British government during the discussions that were carried on for the next three or four days never did attempt again to indicate that they thought that the Canadian government had agreed with them in their decision. The impression that I was attempting to give to them was that we understood the British government had decided they were not going to pay more.

Mr. Quelch: Why did Mr. Gaitskell make the statement I am quoting?

Mr. Gardiner: The statement which Mr. Gaitskell made was made on the following Monday after our discussions were completed. Mr. Gaitskell said just exactly what the Minister of Trade and Commerce read to the house a moment ago. If Mr. Gaitskell had intended to say what my hon. friends are trying to put into his mouth after we had discussed the question during the preceding three or four days, if he had intended to say what is being said in this house now that he intended to say, he would have said it. He did not say any such thing.

Mr. Wright: He said what he said.

Mr. Gardiner: This is the newspaper report:

Gaitskell was asked in Commons what additional sum was payable to Canada in view of the contracted price and the world price of wheat during the last two years of the contract.

"None," Gaitskell replied. "The matter was fully discussed in 1950 with Mr. Howe and the result was that no further payment will be made."

That does not say that Mr. Howe agreed with it.

Mr. Coldwell: The words are, "was to be made". I have the British *Hansard* here.

Mr. Gardiner: I have not a copy of the British *Hansard*, but it is "will be made" in this report which has appeared all across Canada.

Mr. Coldwell: I have the British *Hansard*.

Mr. Gardiner: Read it.

Mr. Coldwell: This reads:

The matter was discussed in May, 1950, with Mr. Howe and the result was that no further payment was to be made.

Mr. Gardiner: He does not say that Mr. Howe agreed to that. That is what is being said in this house, that the Minister of Trade and Commerce agreed to it. Mr. Gaitskell does not say that at all.

Mr. Knowles: You should have left it alone.

Mr. Gardiner: He simply said that a decision was reached, and nothing more than that.

Mr. Coldwell: The Minister of Trade and Commerce said today that he brought back a memorandum in May 1950 which related to this matter. Did the government approve of that memorandum?

Mr. Gardiner: The government approved of just exactly what I am saying and of what I said last night. They approved of it unanimously. The memorandum did not say what my hon. friends are saying.

Mr. Coldwell: Did the memorandum consist of a minute of the meeting between the minister and the British government?

Mr. Gardiner: Yes, but the minute did not say what my hon. friends are trying to read into it.

Mr. Coldwell: Will the government produce the relevant part of the minute?

Mr. Gardiner: That is another thing. You would need to have the consent of two governments for that and I am not prepared to say whether they will give it. I am saying to my hon. friend that there is no ground in it for the interpretations that are being put on anything that took place, either in the discussions over there or in the government here. The fact is that the British government accepted the position that this government did not agree. That has been placed before them very clearly on two or three occasions since.

Mr. Coldwell: Why did not the Minister of Agriculture say that when the Minister of

Trade and Commerce made his statement in the house? We heard no denial of the statement for weeks, indeed for months.

Mr. Gardiner: It is not denying the statement. I am simply pointing out now that *Hansard* could not possibly be correct. One hon. member came across the floor tonight to show me a report that was made this afternoon and which was not in accordance with what was said in the house. That happens continuously. We are sometimes responsible when we make as much noise as we made last night, although I was not making all the noise on that occasion. I simply state there—

Mr. Coldwell: Will the minister permit one more question? I think the minister's quotation of what the minister said on June 5 indicates either an extraordinary memory or the minister must have a note of it. Did the minister make a note of what the Minister of Trade and Commerce said?

Mr. Gardiner: I certainly made a note in my mind because there was not anyone in this house who was more concerned with what was being said than I was. I had carried on the discussions in connection with it and I listened very carefully to what was being said. I was satisfied when the Minister of Trade and Commerce made his statement that he did say just what I have said to this house. The report in *Hansard* is obviously not a correct report. All I am saying is that hon. members should not insist on quoting as a statement of policy or as a decision of the government a report which is obviously incorrectly stated.

Mr. Coldwell: May I say this to the minister—

Mr. Gardiner: I am not speaking of the British *Hansard*, I am speaking of the Canadian *Hansard*.

Mr. Coldwell: I think it is of the greatest importance to our relations with the British government and people that the memorandum to which the minister has referred, that is the Minister of Trade and Commerce, which I believe is a minute, should be produced here so that the people of Canada may know what the truth of this is when there is such a difference in the statements between that of the Minister of Agriculture and the British government.

Mr. Gardiner: That is another matter. I do not agree that there is any difference between the minister and the British government; the difference is between members opposite and the members on this side of the house as to what was said. It is simply because there is an incorrect report of what was said in *Hansard*.

Mr. Knowles: Are you casting doubt on the *Hansard* reporters?

Mr. Gardiner: The report is incorrect and obviously incorrect. The hon. member's interpretation of it is not the correct interpretation.

Mr. Coldwell: I have had letters already from western Canada saying that some people will boycott British goods on account of the manner in which the British have treated the western farmers. This matter should be cleared up at once.

Mr. Ross (Souris): Some members have said that they do not blame them.

Mr. Coldwell: Some members of the house say they do not blame them. That being the situation, this government should produce the memorandum of May 1950 and show exactly what the situation is.

Mr. Gardiner: The only other point I am going to deal with at all is the one that was raised by the hon. member for Acadia (Mr. Quelch) and which was referred to by the hon. member for Calgary East (Mr. Harkness). I think it was stated by both of them, but the statement by the hon. member for Acadia is more easily referred to as it was more recently made. He has stated that I built up a good case in the early part of my speech last night for the contention that the British government owed us something or owed the farmers of western Canada something. That is exactly what I was attempting to do. I was attempting to build up a good case for the position that the four year contract did make it necessary for the British government to pay some attention to the difference which did exist as between the price paid and what might be called the world price, although not on the basis of just any interpretation that you like to put on the world price. Well, having built up that case to show that the western farmers had some reason for believing that they were entitled to some payment, I had stated on different occasions—as a matter of fact I stated it in Great Britain—that one of the reasons why they had the right to believe that was because I myself had so stated it, a member of the British government had so stated it, and it had been stated by a great many people that they were entitled to something. If they were not then we had misrepresented the case and I did not wish to be considered as one who had misrepresented the case in connection with the matter.

Having said that, and having proven to my own satisfaction, if not to the satisfaction of this house, that the farmers were entitled to some further payment, I then went on to try to show that, so far as I am concerned personally—and I could be wrong but after all I

was the minister responsible for making the contract and for making representations to the government of Canada and the British government with regard to it—I had taken the position, all through negotiations in 1947 and 1948 for further payments as a result of any losses that might have been taken in the first two years, that we did not agree with the contention that there had been a loss of $330 million on any basis that you like to take it. I had said that on other occasions out in the country in western Canada, in the discussions in Great Britain and everywhere.

We started off all our negotiations by saying: We are not going to ask the British government to consider paying $330 million because there is no sound basis upon which you can ask for a payment of that kind. Having said that—and I think probably I should give the house the exact figures that were used because this is a matter that is going to be discussed a great deal—I said to them that so far as we were concerned on the most favourable terms to Great Britain we figured the actual difference to be $166 million.

An hon. Member: How did you get that figure?

Mr. Gardiner: I got that by taking the actual figures that the United States farmers got for their wheat during the period and comparing them with the actual figures that the farmers of this country got for their wheat.

An hon. Member: Well—

Mr. Gardiner: Let me complete it. Do not get me confused on this or you will be confused. Then I said that the average difference between the price that Canadian farmers had received and the price that United States farmers had received for fifteen years prior to the agreement—and the greater part of that time we had the open market, if you like to call it that, or any other name that you like to apply to the exchange marketing system—had been 15 cents higher to United States farmers than to Canadian farmers. Therefore I said it was quite a reasonable thing to say that under any other system it would have been 15 cents lower in Canada during the four years of the contract.

If you take that figure then you find there is $48 million that should be deducted from losses in the first two years. That brings us down to $118 million. I went on to say: We are not going to attempt to prove that any figure short of a round figure is a reasonable figure to be asking under the terms of an agreement such as this, and therefore we are of opinion that $100 million would settle the bill. The British government was not inclined to accept that figure. The only figure that was ever used by them in discussing the matter which would indicate what they thought was a figure which could be proposed when we were discussing the 1949 settlement amounted to $70 million.

That figure resulted from a proposal that we accept $2 a bushel for our wheat for the year, but if the average price of wheat dropped down to $1.50 a bushel then the difference between the $2 and the $1.50 was to be considered a final settlement of the have regard to clause. That is $70 million. Fifty cents a bushel on 140 million bushels of wheat for 1949 was suggested as a possible full settlement. That sum was discussed and talked about. Finally we were in the position in connection with the matter where we had said: $100 million will settle it. Another proposal had been made that we might consider $70 million a settlement, and what I said at the end of my speech last night was that under the arrangement which was made for the final year there might have been a settlement of $35 million.

On the figures that were presented this afternoon by my friend across the way, the hon. member for Dufferin-Simcoe (Mr. Rowe), that amount would work down to $16 million, and I so used the figure last night. If you take into consideration the fact that we did get $1.98 a bushel for our wheat owing to the fact that there was devaluation of the pound, then the sum that we did obtain under that arrangement was $16 million and not $35 million. What I said last night was that we had indicated a willingness to accept the position that there had been an adjustment to the extent of $35 million resulting from the fact that the price under the international agreement was $1.80 and we got $2.05.

When you take all these facts into consideration, that we had asked $100 million, that they could claim, by having all the arguments on their side allowed, to have settled $35 million, there was still $65 million owing, and that $65 million has been paid. So far as the farmer is concerned it can be argued that the matter has been settled in the same manner as it would have been settled if Great Britain had made all the settlement that we asked them to make when we were in the midst of these discussions. I think that should be made clear to the house. I made it as clear as I thought I was going to be able to make it in forty minutes last night, and I left it in the position in which it was when I prepared the speech.

I think these facts should be placed before the house. I am not sure that these terms would have been accepted by the government because they did not get to the position where the British had accepted them. But it leaves me in the position where I must say to this house, to the country at large and to the farmers out west that the settlement we asked was $100 million, and there is an argument to the effect that $35 million of it was put up. That leaves $65 million to be paid by someone, and the government of Canada paid it. That is the exact position as it stands, and I do not think anyone needs to make any apologies for it. There can be an argument that it is not enough but there are arguments to the effect that it is enough. However, those can be put up at some other time.

Mr. J. A. Ross (Souris): Mr. Speaker, apparently there still exists a bit of misunderstanding between the two responsible ministers. When I spoke last night, and on other occasions, I quoted from *Hansard* where the Minister of Trade and Commerce (Mr. Howe) distinctly stated on the 5th of June that no further settlement was expected from the United Kingdom. Apparently we did not get that cleared up, and will not do so until we receive the documents that have been requested by the hon. member for Rosetown-Biggar (Mr. Coldwell). Until they are produced there will be this great difference.

Then in regard to the discourse by the right hon. Minister of Agriculture (Mr. Gardiner) as to the losses in the first two years of the agreement, I used the figure of $330 million, and I broke that down as between the two years. Those figures were based upon a statement to be found at page 5899 of *Hansard* for July 17, 1947, by the then minister of trade and commerce. Apparently now there is a difference between the Minister of Agriculture and that minister. When I was speaking last evening I said something about an amendment to the wheat board act which was passed in 1947, providing for the five year wheat pool, 1945 to 1950. It was retroactive legislation. Members of this party proposed an amendment to the legislation creating the five year pool, but we were voted down by supporters of this government. When the right hon. Minister of Agriculture was speaking last night he had this to say, at page 1059 of *Hansard*:

> The hon. member for Souris a few moments ago referred to some resolution that was passed the next year, 1946—

The minister said 1946, but I think that was what he referred to.

> —and made reference to some statement that this government took the 1945 crop into the five year pool. This government did nothing of the kind.
>
> Mr. Speaker, this government in 1945 on the 19th of September had the Minister of Trade and Commerce of that time get up in the house and announce a five year pool . . .

Then he went on to develop that to a considerable extent. I realize that they were operating then by order in council, but to prove that I was not as ridiculously wrong as the minister would have the house believe, and that I did have some idea of what I was talking about, I looked up *Hansard* for 1947. On February 18 of that year, at page 575, the minister was introducing the amendment to the wheat board act, and in his remarks he said:

> The general purposes of the proposed amendment to the Canadian Wheat Board Act, 1935, are as follows:
>
> 1. To authorize the regulation by the Canadian wheat board of the interprovincial and export trade in wheat for the purpose of meeting the requirements of the wheat contract with the United Kingdom;
>
> 2. To make a corresponding adjustment in the pool period in relation to the wheat contract with the United Kingdom;
>
> 3. To make necessary changes in the provisions fixing the price to be paid to producers of wheat by the Canadian wheat board;
>
> 4. To permit the board with the special approval of the governor in council to deal in grains other than wheat.
>
> With respect to wheat, the proposed amendments authorize the regulation of the interprovincial and export trade in wheat by the board and the conduct of all such trading through the board until July 31, 1950. In regard to other grains, the amendment enables the board, with the approval of the governor in council, to buy, sell, and deal in other grains.
>
> In addition to making provision for implementing the wheat contract with the United Kingdom, the proposed amendments provide for a five year pool period from August 1, 1945, until July 31, 1950, during which time producers of wheat are guaranteed a fixed initial price of $1.35 a bushel.

So I think it is clear enough that what I said was correct. Why the minister should ridicule that statement and say what he did, I do not know, but there is the proof.

Then there was the matter of these figures and how they were arrived at. When the minister was speaking he said that anyone making speeches in this house with the idea of encouraging some change by saying the farmers have lost $300 million or $600 million, as the notion takes him, is wasting his time. He went on to say that if we spoke with some of the farmers of western Canada before making such speeches we would know better because no one in the west believes it. Well, apparently a great many farmers and some farm organizations do believe it. Then at the

end of his argument the minister said that any such arguments were a ridiculous attempt to mislead the farmers. I resented that statement, and said that I usually gathered my own information and figured these amounts myself. Then he went on to say on page 1069:

I want to congratulate the hon. member upon getting them so close to those that the *Free Press* and the grain exchange worked out.

I think that statement was rather uncalled for. I presume these ministers realize that on March 6, not many days ago, the parliamentary assistant to the Minister of Trade and Commerce tabled the report of the Canadian wheat board for the crop year 1949-50. In spite of the differences we find in this wheat discussion as between the two principal ministers concerned, I hope they will both believe figures taken from that report. It has not been released for distribution yet, but at page 19 there is a set of figures giving the high price, the low price and the average selling price for several crop years, as follows:

Crop Year	High	Low	Average Selling Price
1945-46	$1 55	$1 55	$1 55
1946-47	3 10	2 05	2 43
1947-48	3 45	2 37	2 88
1948-49	2 48	1 91	2 23
1949-50	2 41	2 04	2 16

If you add the average selling prices for those five years and divide them by five you get an average price for the five year pool of $2.17. I want to admit right away that prior to this we did not have any authentic information, and in previous arguments I had estimated that the average loss might be 50 cents a bushel. In all fairness I must say that this report, giving the average selling price for that period of $2.17, as compared with the figure given by the minister of $1.82 as the average paid the producers, shows a difference of 35 cents per bushel. On a total of 1,435 million bushels, in round figures, that gives a loss of over $502 million. That compares with the estimate of $500 million we have made as to the losses suffered. Those figures will be found in the wheat board report which will be printed and distributed to all members in this house in due course. I presume the minister will accept those figures. That gives you some idea of the difference in the loss between what the Minister of Agriculture states the farmer will receive when this $65 million is distributed along with what they have left in the kitty.

Then, as to the statement that these western farmers are probably satisfied, this afternoon the member for Calgary East (Mr. Harkness) mentioned that the members of the Alberta legislature had voted unanimously 46 to nothing, Liberals and everyone else with no party line drawn, to urge the federal government to make a further substantial final payment to western farmers to pay for wheat delivered under the British agreement. The Saskatchewan federation of agriculture—and the Saskatchewan people will know more about their importance and membership than I do—decided yesterday that a delegation would come to Ottawa to claim a more equitable settlement of the five year wheat pool. Some mention has been made about $48 million to cover the losses on the sale of domestic wheat. I believe this covers a two-year period from March 1, 1945, to February 17, 1947. The three prairie wheat pools—I do not think the Minister of Agriculture will say they are not important—met in Regina one day this week, and after some discussion decided to ask for an additional $48 million to cover the loss.

Mr. Gardiner: Not on this deal.

Mr. Ross (Souris): Not on this deal, but on the payment to the farmers for domestic losses.

Mr. Gardiner: This is what we are talking about, not the other thing at all.

Mr. Ross (Souris): I admit that up until now I have been discussing the other deal, but I think this is all part of the loss to these people because based on the pool about which we have been talking was created the policy for the price of domestic wheat sold to the people of this country. I think that is correct. The farmers were tied to it when other controls were taken off. If there is any doubt about it, I shall just read the report which appears in one of the daily newspapers. It reads as follows:

The three prairie wheat pools said the federal government should assume full responsibility for the obligation contained in the adjustment clause of the Anglo-Canadian wheat agreement.

In addition, the pools called for payment of $48 million to cover losses which it said wheat growers suffered because of the government's wartime domestic wheat subsidy policy.

Boards of the wheat pools of Saskatchewan, Alberta, and Manitoba met to consider the federal government's announcement last week that a final payment of 8·3 cents a bushel will be made under the five-year wheat pool. A statement said:

"The Canadian wheat pools are of the opinion that the final payment announced of 8·3 cents per bushel on 1,428,000 bushels of wheat, delivered by farmers to the 1945-49 pool, cannot be considered a satisfactory one.

"The proposed payment only partially meets what we believe to be the United Kingdom commitment under the 'have regard to' clause of the contract, and it should not be forgotten that during the period March 1, 1945, to February 17, 1947, approximately 160,000,000 bushels of wheat were used for domestic consumption and western farmers subsidized the consumer to the extent of 30 cents on every bushel of wheat used during the period.

"Producers subsidized the price from $1.55 down to $1.25 and the federal government subsidized it further from $1.25 to 77⅞ cents. This policy provided a direct subsidy of $48 million to the Canadian consumer by the western farmer.

"In other words, the federal government adopted a subsidy policy for wheat and assessed $48 million of the cost to the wheat producers of western Canada.

"It is fully appreciated that the Canadian government has exercised strong pressure to obtain further funds from the British government in accordance with the terms of the wheat agreement between the two nations.

"It is regrettable that these efforts were unsuccessful, particularly in view of the high prices Great Britain was willing to pay to other countries and that Canada received from other countries during the same period.

"The wheat farmers of western Canada should not be made to suffer through the failure of the British government to fulfil the terms of the Canada-United Kingdom wheat agreement as it was interpreted to them by cabinet ministers of both the United Kingdom and Canada.

Mr. Howe: May I ask from what my hon. friend is reading?

Mr. Ross (Souris): There was a little discussion about whether or not the farmers wanted this, so I said I would read this report from the meeting of the three pools in Regina. The report appears in the Ottawa *Journal* of Thursday, March 8.

Mr. Studer: What are you reading it for?

Mr. Ross (Souris): What am I reading it for? I am trying to impress upon your Minister of Agriculture that there is some dissatisfaction amongst the farmers of western Canada. Last night he said he knew more about this than we who were speaking about it. I am trying to prove that the three western pools in the prairie provinces are important organizations.

Mr. Studer: We have all read it.

Mr. Ross (Souris): That is all right, but there are other people here besides you. After reading it, I would hope that the member for Maple Creek (Mr. Studer), and these other hon. members from Saskatchewan, and from Manitoba, would get up here and represent the feelings of their constituents on this very important issue. I would not be surprised if some of those members, Mr. Speaker, have received a number of wires—

An hon. Member: How many have you received?

Mr. Ross (Souris): I said I would not be surprised if they have received some or some letters. It is their own business what they should do, but I would think probably they should get up here and express themselves as to whether they are entirely satisfied with this announcement of the final settlement, and advocate what they think it should be on behalf of those people who sent them here.

Mr. Rowe: They may have been ordered not to speak.

Mr. Ross (Souris): They may have been ordered not to speak; I cannot say anything about that.

Mr. Gardiner: The hon. member knows western people better than that.

Mr. Ross (Souris): If it had not been for the statement made by the Minister of Agriculture, I would not have read this press dispatch. I do think it should convince him that there is that dissatisfaction on the prairies. I do not think he will get up and say that these pool organizations are not important or that they do not represent a large group of wheat farmers.

Mr. Gardiner: They did not ask for $330 million, and that is what I was talking about. They asked for $48 million.

Mr. Ross (Souris): I should like to finish quoting this article.

While we appreciate the action of the government of Canada in undertaking to provide the sum of $65 million as part payment of the obligation to the growers under the contract, in justice to the western wheat growers the Canadian government should accept the full responsibility denied by the United Kingdom and in addition should repay the growers the $48 million subsidy to the Canadian consumer imposed by government policy.

I wonder if any hon. member from Saskatchewan will get up and deny that claim by the officials of the three prairie pools that they expect this added payment of 48 million over and above the 65 million.

Mr. Stewart (Yorkton): I think my hon. friend will not object to my asking a question?

Mr. Ross (Souris): No, the hon. member is an old pal of mine.

Mr. Stewart (Yorkton): I will ask my hon. friend, since he is the spokesman for the Conservative party, whether he is advocating that the government of Canada—this is a direct question—should pay more than it is paying in connection with this proposition? Is the hon. member, on behalf of the Conservative party, or any other group in this house, suggesting that the government of Canada, taking the whole matter of the taxpayers of this country into consideration and also the war issue, should pay more than it is paying? I think my hon. friend, who was one of the reinforcements for my battalion, will be frank enough to say whether he advocates that?

Mr. Ross (Souris): The hon. member for Yorkton (Mr. Stewart) will not have any doubt about what I have been advocating or where I stand before we are through with

this motion and resolution. I think my stand since I have been in this House of Commons has been very clear—

Mr. Winters: What is it?

Mr. Ross (Souris): —with respect to my views in support not only of the prairie farmers but of the farmers and agriculturalists of Canada from coast to coast.

Mr. Winters: What is it?

Mr. Ross (Souris): If you read *Hansard* as carefully as one hon. member has suggested, I do not think you will have any difficulty at all in deciding what my views have been and what they are, and how I shall record my vote when the vote is taken here. I have expressed my views on almost every occasion in various sessions of parliament here and I shall be extremely disappointed if those members from Manitoba, Saskatchewan and Alberta, who are supporters of the government, do not take advantage of the opportunity to get up and either approve or disapprove of the measure now before us.

Mr. Stewart (Yorkton): Is that an answer to my question?

Mr. Ross (Souris): Mr. Speaker, there are some other organizations in the three prairie provinces, and I am not as well acquainted with them and their membership as I am with the organizations and officials of the three prairie pools. But we have the united farmers of Alberta, of Saskatchewan, and now a considerable membership well organized in the province of Manitoba. I was rather amazed to read the press article here from the president—

An hon. Member: Read it.

Mr. Ross (Souris): I do not have to read it. You have read it. I will not read it into the record. These hon. members are great readers. One of them can be extremely vocal. We have a real orator here in the hon. member for Maple Creek (Mr. Studer). How they can keep him quiet in his seat is beyond me.

An hon. Member: He is an orator.

Mr. Ross (Souris): He surely is. I am sure that the people back home, knowing what an orator he is at community gatherings and dinner gatherings, will be extremely disappointed in reading *Hansard* not to find his name here, either advocating something on their behalf or ridiculing the proposals that are now before parliament. I am sure they will be greatly disappointed. However, to come back to this article they have all read, as they say in the press, the president of the three prairie unions—Mr. Phelps of Saskatchewan, I think —has advised their members at least not to cash the cheques on the basis of the final announcement so far by this government. I do not know whether they are satisfied or not. I do not know how serious those people are; because quite frankly, if there are any of them who really do not want to cash their cheques, if they will endorse them and mail them to the hon. member for Souris, I can assure them that they will be put to splendid use.

Mr. Stewart (Yorkton): Will you cash them?

Mr. Ross (Souris): I think I will have to. My banker will see that I do. I will not have much choice about it.

Mr. Stewart (Yorkton): Will you take the usual Winnipeg grain exchange deduction?

Mr. Ross (Souris): I have not dealt with the Winnipeg grain exchange for quite a while. I do not know how well the hon. member for Yorkton knows those of the Winnipeg grain exchange. But if he feels at all sorry for those fellows, I can assure him that there is no danger of their starving while this government is in power; not a bit of it.

Mr. Gardiner: They would have got most of the $330 million that you are talking about.

Mr. Ross (Souris): At least as long as this government is in power; from any information that we who were members of the standing committee on agriculture and colonization have been able to obtain, they will be fairly well taken care of by this government as long as they are in power. So my hon. friend need not worry about hardship on the part of these poor chaps, the brokers of the grain exchange, or what they will be asked to give up about this business. True enough, you read statements here in Ottawa leading you to believe that they are having a pretty hungry time of it, and that as far as this government is concerned there is no dealing with the grain exchange or anything of that kind.

An hon. Member: Is there not?

Mr. Ross (Souris): I am not saying that. I am saying that you would be led to believe that. However, that does not happen to be the situation. Since the hon. member has raised that issue, may I say that at another time when we had the officials of the Canadian wheat board appear before the standing committee on agriculture and colonization, we were endeavouring to run this thing down and to find out if they were really having a difficult time as these ministers would have the country believe, and this is what we discovered. I am not sure now of the exact number, but there were ninety or a hundred brokers who were actually being paid fees, out of the farmers' money, through the Canadian wheat board,

where no service whatever was rendered according to the chairman of the Canadian wheat board.

Mr. Howe: Mr. Speaker, what year was that meeting?

Mr. Ross (Souris): If my memory serves me correctly, it would be in the year 1942.

Mr. Howe: Oh, that is a long time ago.

Mr. Ross (Souris): Is that satisfactory?

Mr. Gardiner: You know what they were doing. It was produced here in a committee.

Mr. Ross (Souris): Certainly I know; at least I know. But when we asked—my colleague here for Dufferin-Simcoe—and an hon. member from Saskatchewan moved a motion asking for a return giving the names of these brokers and the amounts of moneys paid to them, and the terms of the reference provided for all of this information and very much more—believe it or not, the Minister of Agriculture (Mr. Gardiner), the hon. member who is his parliamentary assistant at the present time, and every supporter of this government voted against giving us that information at that time. Is that not rather odd?

Mr. Gardiner: You got it eventually.

Mr. Ross (Souris): We never got it through that committee.

Mr. Gardiner: Certainly you got it.

Mr. Ross (Souris): Where and when? Can the minister tell me where there is any record of our getting it? Will he tell me that?

Mr. Gardiner: My memory of it is that it was fully discussed before the committee. I took part in the discussion myself.

Mr. Ross (Souris): You say that there was a list of the names and the sums paid them placed before that committee?

Mr. Gardiner: Maybe not a list of the names, but the whole situation was discussed.

Mr. Ross (Souris): In generalities, it was discussed. But we were refused a list of the names of the brokers and the amounts paid to them by the Canadian wheat board, out of the funds of the farmers themselves. You were having your government supporters say: No, no grain exchange, nothing of that sort. So the hon. member for Yorkton need not worry much about the members of the Winnipeg grain exchange.

An hon. Member: Eleven o'clock.

Mr. Ross (Souris): And when he wants to talk about the Winnipeg grain exchange, and some people are extremely vocal about it, I would remind him that I think of all the living members of this House of Commons, I am perhaps the only one who moved a resolution to close up the Winnipeg grain exchange. I was out of order. I was young and green in this house, and I was out of order. But nevertheless, I am recorded in *Hansard* with the late then hon. member for Qu'Appelle, as having moved such a resolution. You have lots of members talking throughout the country saying they are in favour of doing away with the Winnipeg grain exchange. But the hon. member for Souris actually went that far at that time.

Mr. Dewar: May I ask the hon. member a question?

Mr. Ross (Souris): Eleven o'clock, Mr. Speaker. May I adjourn the debate?

On motion of Mr. Ross (Souris) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Howe: Mr. Speaker, on Monday the Minister of Finance (Mr. Abbott) expects to table the estimates and refer them to the committee of supply.

After considering the resolution of the Minister of Finance concerning the Foreign Exchange Control Act, we will make the formal motion to go into committee of supply to call four departments, and have them ready for consideration on Thursdays and Fridays. After that we will continue with Bill No. 5, to amend the Canadian Wheat Board Act, 1935. Following that, we shall take Bill No. 130, to amend the Export and Import Permits Act; and after that, Bill No. 79, respecting Indians. After that we will adjourn.

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

HOUSE OF COMMONS

Monday, March 12, 1951

The house met at three o'clock.

CURLING

WINNING OF CANADIAN CHAMPIONSHIP BY NOVA SCOTIA RINK

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, I am sure all hon. members from Nova Scotia will tender their sympathy to my deskmate, the hon. member for Moose Jaw (Mr. Thatcher), to the hon. member for Souris (Mr. Ross) and to the Minister of Agriculture (Mr. Gardiner), as well as to all other ardent curlers in the house, on the fact that teams representing those various places in the Canadian championship bowed to the Nova Scotia team in Halifax on Saturday last.

I am sure, sir, that all of them will join with us from Nova Scotia in tendering our congratulations to the Kentville rink consisting of Wallace Knock, Fred Dyke, George Hansen and Donald Oyler, a very youthful and, from the national standpoint, inexperienced team. They not only won the dominion championship, but won it in such a way that their record can never be broken, and probably will never be equalled.

Mr. J. H. Dickey (Halifax): Mr. Speaker, may I say how pleased and happy the city of Halifax and the province of Nova Scotia were to entertain those who participated in the Dominion curling championship. The bonspiel was a model of good feeling and good sportsmanship; and while it was not the role of the perfect host to win the championship we could not help taking a great deal of pleasure from that fact as well.

Mr. Cruickshank: British Columbia was second.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 132, for the relief of Abraham Tarontchick, otherwise known as Abraham Turner.—Mr. Winkler.

Bill No. 133, for the relief of Mabel Caroline Lay Redburn McCormick.—Mr. Winkler.

Bill No. 134, for the relief of Jack Harold Frederick Grater.—Mr. Winkler.

Bill No. 135, for the relief of Kathleen Merle McCullough McCallum.—Mr. Winkler.

Bill No. 136, for the relief of Mary Margaret Urquhart Cuthbert Gilman.—Mr. Winkler.

Bill No. 137, for the relief of Margaret Isabel Ward Green.—Mr. Winkler.

Bill No. 138, for the relief of Rejeanne Laliberte Tinker.—Mr. Winkler.

Bill No. 139, for the relief of Frederick John Pratt.—Mr. Winkler.

Bill No. 140, for the relief of Arthur Frederick Albin Turner.—Mr. Winkler.

Bill No. 141, for the relief of Maria Silvaggio Mazzalongo.—Mr. Winkler.

Bill No. 142, for the relief of Jacqueline Yvonne Suzanne Stucker Grant.—Mr. Winkler.

Bill No. 143, for the relief of Ethelbert Deniston Joseph Bartholomew.—Mr. Winkler.

Bill No. 144, for the relief of Ivy Elizabeth Whitehead Simpson.—Mr. Winkler.

Bill No. 145, for the relief of Evelyn Elizabeth Hulbig Wilks.—Mr. Winkler.

Bill No. 146, for the relief of Margaret Cameron Williams.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN NATIONAL RAILWAYS—PENSIONS

Mr. Knowles:

1. How many retired employees of the Canadian National Railways are in receipt of pensions of less than $25 per month?

2. How many are in receipt of only the basic pension of $25 per month?

3. How many are in receipt of non-contributory service pensions (a) $25.01 to $29.99 per month; (b) $30 to $39.99 per month; (c) $40 to $49.99 per month; (d) $50 to $59.99 per month; (e) $60 to $69.99 per month; (f) $70 to $79.99 per month; (g) $80 to 89.99 per month; (h) $90 to $99.99 per month; (i) $100 to $125 per month; (j) over $125 per month?

4. How many retired employees of the Canadian National Railways are in receipt of pensions in part basic and in part contributory (a) $25 to $29.99 per month; (b) $30 to $39.99 per month; (c) $40 to $49.99 per month; (d) $50 to $59.99 per month; (e) $60 to $69.99 per month; (f) $70 to $79.99 per month; (g) $80 to $89.99 per month; (h) $90 to $99.99 per month; (i) $100 to $125 per month; (j) over $125 per month?

Mr. Benidickson:

The Canadian National Railways advise as follows:

1. 24 under C.N.R. prior plan.

2. 3,256.

3. (a) $25.01 to $29.99 per month, 745; (b) $30.00 to $39.99 per month, 670; (c) $40.00 to $49.99 per month, 330; (d) $50.00 to $59.99 per month, 228; (e) $60.00 to $69.99 per month,

138; (f) $70.00 to $79.99 per month, 100; (g) $80.00 to $89.99 per month, 55; (h) $90.00 to $99.99 per month, 40; (i) $100.00 to $125.00 per month, 24; (j) over $125.00 per month, 80; total, 2,410.

4. (a) $25.01 to $29.99 per month, 459; (b) $30.00 to $39.99 per month, 2,115; (c) $40.00 to $49.99 per month, 1,689; (d) $50.00 to $59.99 per month, 1,220; (e) $60.00 to $69.99 per month, 1,003; (f) $70.00 to $79.99 per month, 856; (g) $80.00 to $89.99 per month, 723; (h) $90.00 to $99.99 per month, 607; (i) $100.00 to $125.00 per month, 884; (j) over $125.00 per month, 1,177; total, 10,733.

CANADIAN NATIONAL RAILWAYS—PENSIONS

Mr. Knowles:

1. How many retired employees of the Canadian National Railways are in receipt of non-contributory service pensions; (a) $125.01 to $199.99 per month; (b) $200 to $299.99 per month; (c) $300 to $399.99 per month; (d) $400 to $499.99 per month; (e) $500 or over per month?

2. How many retired employees of the Canadian National Railways are in receipt of pensions in part basic and in part contributory; (a) $125.01 to $199.99 per month; (b) $200 to $299.99 per month; (c) $300 to $399.99 per month; (d) $400 to $499.99 per month; (e) $500 or over per month?

3. How many retired employees of the Canadian National Railways are in receipt of retirement allowances, including pensions arising from any pension plan plus supplementary allowances, totalling (a) $125.01 to $199.99 per month; (b) $200 to $299.99 per month; (c) $300 to $399.99 per month; (d) $400 to $499.99 per month; (e) $500 or over per month?

Mr. Benidickson:

The Canadian National Railways advise as follows:

1. (a) $125.01 to $199.99 per month—74; (b) $200 to $299.99 per month—4; (c) $300 to $399.99 per month—1; (d) $400 to $499.99 per month—nil; (e) $500 or over per month—1; total—80.

2. (a) $125.01 to $199.99 per month—1,008; (b) $200 to $299.99 per month—122; (c) $300 to $399.99 per month—22; (d) $400 to $499.99 per month—9; (e) $500 or over per month—16; total—1,177.

3. Apart from pension payments under pension fund regulations (but not additional or supplemental thereto), four retirement annuities are being paid to retired employees as under: (a) $125.01 to $199.99 per month—nil; (b) $200 to $299.99 per month—3; (c) $300 to $399.99 per month—nil; (d) $400 to $499.99 per month—1; (e) $500 or over per month—nil; total—4.

CANADIAN NATIONAL RAILWAYS—RETIREMENT ALLOWANCES

Mr. Knowles:

1. How many former employees or officials of the Canadian National Railways who, upon retirement, did not qualify for any pension under any established plan, are in receipt of retirement allowances?

2. How many of these retirement allowances are $100 a month or over, how many are less than $100 a month, and what is the lowest amount of any such allowance?

Mr. Benidickson:

1. 15.

2. $100 a month or over—4; less than $100 a month—11; lowest amount of any such allowance—$25.

CANADIAN NATIONAL RAILWAYS—PENSIONS

Mr. Knowles:

1. What is the total number of persons employed by the Canadian National Railways?

2. Of these, how many are eligible to contribute toward a supplemental pension in addition to the basic pension of $25 per month to which they will be entitled on retirement at age sixty-five?

3. How many are now contributing toward such a supplemental pension?

4. How many Canadian National Railways employees, upon retirement, will qualify, according to their present status, for non-contributory service pensions?

5. How many employees now working for the Canadian National Railways will be entitled on retirement, according to their present status, to only the basic pension of $25 per month?

6. Is the basic pension of $25 per month available to all employees, and if so, on what conditions?

Mr. Benidickson:

1. On Canadian lines at December 31, 1950, 104,096.

2. All except temporary employees and those who commenced after age fifty-five and those who are now contributing to other railway pension funds, viz.: 4,848 contributors to Intercolonial provident fund and 12 contributors to Grand Trunk Railway superannuation fund.

3. Contributors to C.N.R. pension plan, 40,637; contributors to I.C.R. and P.E.I. provident fund, 4,848; contributors to G.T.R. superannuation, and provident fund association, 12.

4. Service pensions are payable to employees who entered the service before attaining age fifty who at December 31, 1934, had at least ten years allowable service and at age sixty-five have at least fifteen years allowable service. It is not possible to say how many employees will meet these requirements.

5. There is no record of the number of employees who on retirement will be entitled to only the basic pension of $25 per month. Approximately only 40 per cent of eligible employees are contributing to a supplementary pension.

6. Basic pensions are payable to:

(a) employees who entered the service before December 31, 1934, who had less than ten years allowable service at that date and who have at least fifteen years allowable service at age sixty-five.

(b) employees who entered the service after December 31, 1934, at not over age forty-five and who at age sixty-five have at least twenty years allowable service.

NATIONAL DEFENCE—CONTRACTS BY PROVINCES

Mr. Thatcher:

What was the dollar value of defence contracts placed in (a) British Columbia; (b) Alberta; (c) Saskatchewan; (d) Manitoba; (e) Ontario; (f) Quebec; (g) New Brunswick; (h) Nova Scotia; (i) Prince Edward Island; (j) Newfoundland, during the tenth and eleventh months of the current fiscal year?

Mr. McIlraith: Mr. Speaker, a question very similar in form to this one was asked earlier this session, and the answer is to be found at page 452 of *Hansard*. It is not possible to get an accurate answer, by reason of the fact that in many cases orders for defence contracts are placed in one province and the address used by the firm contracting is in another. There are many examples of that sort of thing; I can give examples if the house wants them.

Another reason why it is not possible to get the information in accurate form is that it does not take any account of subcontracts. However full information is available about every contract over $5,000, and each two weeks a press release is issued giving a full list of such contracts. I suggest that that information is more useful and more accurate; it is readily available. Any answer that would be made to the question in its present form would be comparatively meaningless. I have arranged with the hon. member asking the question to have the copies of the public press releases sent to him. For that reason I ask that the question be dropped.

Mr. Speaker: Dropped.

NEW BUILDING FOR PRINTING BUREAU

Mr. Hodgson:

1. What has been the total cost to date of the government printing bureau, Hull, Quebec?
2. What is the estimated total cost?
3. When will it be completed?

Mr. Fournier (Hull):

1. $857,212.16.
2. Estimates are being prepared.
3. During the year 1953.

STRAIT OF CANSO BRIDGE

Mr. Carroll:

1. Have negotiations been carried on between the federal government and the Nova Scotia provincial government for the construction of a bridge or causeway across Canso strait?
2. If so, what is the present status of the project?

Mr. Benidickson:

1. Yes.
2. Board of engineers has been reconvened.

NAVAL SERVICE—USE OF NOVA SCOTIA SHIPYARDS

Mr. Smith (Queens-Shelburne):

1. Since 1949, how many of each class of naval ships have been referred to the Canadian maritime commission for yard allocation in connection with (a) refits; (b) recommissioning; (c) new construction?
2. In connection with such allocations, what yards in Nova Scotia have been considered, and for what class of ships?
3. What yards are now engaged in such work?

Mr. Benidickson:

1. (a) 6 destroyers, 3 frigates, 1 aircraft carrier, 1 Algerine minesweeper, 1 auxiliary vessel, 1 auxiliary tanker, 1 cruiser.

(b) None.

	1949	1950	Total
(c) Anti-submarine escort vessels	3	4	7
Influence type minesweepers	4	10	14
Gate vessels	1	4	5
Arctic patrol vessel...	1	–	1
			27

2. Halifax Shipyards Ltd., Halifax, N.S.; Halifax Shipyards Ltd., Dartmouth, N.S.; Pictou Foundry and Machine Co., Ltd., Pictou, N.S.; Thompson Bros. Machinery Co., Ltd., Liverpool, N.S. All classes listed above.

3. Refits—Yarrows Ltd., Esquimalt, B.C.; Halifax Shipyards Ltd., Halifax, N.S.; Halifax Shipyards Ltd., Dartmouth, N.S.; Saint John Drydock Co. Ltd., Saint John, N.B.

New Construction—Yarrows Ltd., Esquimalt, B.C.; Victoria Machinery Depot Co., Ltd., Victoria, B.C.; Burrard Drydock Co., Ltd., North Vancouver, B.C.; Port Arthur Shipbuilding Co., Ltd., Port Arthur, Ont.; Canadian Shipbuilding & Engineering Ltd., Kingston, Ont.; Canadian Vickers Ltd., Montreal, Que.; Marine Industries Ltd., Sorel, Que.; Davie Shipbuilding & Repairing Co., Ltd., Lauzon, Que.; Geo. T. Davie & Son Ltd., Lauzon, Que.; Halifax Shipyards Ltd., Halifax, N.S.; Pictou Foundry and Machine Co., Ltd., Pictou, N.S.; Saint John Drydock Co., Ltd., Saint John, N.B.

Questions

SHIPBUILDING—HALIFAX SHIPYARDS LIMITED

Mr. Balcom:

1. Have any ships been ordered for construction by Halifax Shipyards Limited?
2. If so (a) what type of ships; (b) on what dates were orders placed; (c) what period of time will be required for construction?
3. Will steel be available?
4. Has work been started on these ships?
5. If not, when will construction begin?

Mr. McIlraith:

1. Yes.

2. (a) Anti-submarine escort vessels; (b) May, 1950, and November, 1950; (c) not known.

3. Yes.

4. Yes.

5. Answered by No. 4.

DEPARTMENTS OF FINANCE AND NATIONAL DEFENCE—MINISTERS AND ACTING MINISTERS

Mr. Pouliot:

Who were, in chronological order (a) the acting (b) the joint (c) the associate ministers of justice for each separate period of office from October, 1935, until December 9, 1941, and what was the length of time of each such period of office?

Mr. Pouliot:

Who were, in chronological order (a) the joint (b) the associate (c) the acting ministers of finance for each separate period of office since January 1, 1930, and what was the length of time of each such period of office?

Mr. Pouliot:

Who were, in chronological order (a) the joint (b) the associate (c) the acting ministers of finance for each separate period of office since October 23, 1935, and what was the length of time of each such period of office?

Mr. Pouliot:

What was the difference between the functions of (a) the joint (b) the acting (c) the associate ministers of national defence, during world war II?

Mr. St. Laurent: Mr. Speaker, I should like to deal with these four questions orally and then file more complete details.

There have never been any joint ministers in the departments in the periods referred to in the questions. The only department which had an associate minister was the Department of National Defence, and his functions are a matter of public record, as they appear in the Department of National Defence Act of 1940.

Acting ministers are appointed from time to time to act in the absence of the ministers. The names and duration of periods of office of the acting ministers of justice and finance for the dates referred to are as follows:

Department of Justice—April 3, 1936, Hon. P. J. A. Cardin; November 11, 1941, Hon. A. L. Macdonald; November 26, 1941, Hon. J. E. Michaud.

Department of Finance—September 23, 1930, Hon. E. B. Ryckman; November 12, 1931, Hon. E. N. Rhodes; June 6, 1933, Right Hon. Sir George H. Perley; June 30, 1936, Hon. T. A. Crerar; April 19, 1937, Hon. J. L. Ilsley; August 8, 1940, Hon. J. L. Ralston; April 1, 1942, Hon. Colin Gibson in the absence of Hon. J. L. Ralston; September 10, 1942, Hon. Colin Gibson in the absence of Hon. J. L. Ralston; August 4, 1943, Hon. Colin Gibson in the absence of Hon. J. L. Ralston; December 27, 1944, Hon. L. S. St. Laurent; May 10, 1945, Hon. D. C. Abbott in the absence of Hon. L. S. St. Laurent; July 12, 1946, Hon D. C. Abbott; September 4, 1946, Hon. Colin Gibson in the absence of Hon. D. C. Abbott; December 13, 1946, Right Hon. L. S. St. Laurent; July 6, 1949, Right Hon. C. D. Howe; August 31, 1949, Hon. Stuart S. Garson; July 19, 1950, Hon. J. J. McCann in the absence of Hon. Stuart S. Garson.

Generally speaking, an acting minister holds that appointment until it is terminated by the government, usually through the naming of another minister to so act, or by his leaving the government.

However, the acting minister's term may be temporarily interrupted from time to time where, during his absences from Ottawa, the government deem it advisable to appoint another minister to so act in his place on a pro tem basis.

DEFENCE PURCHASING BOARD

Mr. Pouliot:

1. What was the date of the royal assent to the national defence purchasing board act?
2. When was the personnel of that board appointed, and who were they?

Mr. St. Laurent:

1. The date of the royal assent to the Defence Purchases, Profits Control, and Financing Act, 1939, was June 3, 1939.

2. Robert C. Vaughan, Esq., Montreal, chairman—appointed July 14, 1939; Clifton W. Sherman, Esq., Hamilton—appointed July 14, 1939; Charles E. Gravel, Esq., Montreal—appointed July 14, 1939; Howard B. Chase, Esq., Montreal—appointed July 14, 1939.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CUSTOMS AND IMMIGRATION—INTERVIEWING OFFICERS AT PORTS OF ENTRY

Mr. Murphy:

1. Are there any entry ports in Canada where it is the practice to have only one officer interview entrants as to customs and immigration details?
2. If so, at what ports, and when was this practice adopted in each case?

CANADIAN BROADCASTING CORPORATION—RADIO RECEIVING LICENCES—REVENUE AND DEFICIT

Mr. MacKenzie:

1. How many radio sets were in operation in Canada during the year 1949-50?
2. How many radio licences were issued during this period?
3. What was the total income from radio licences for 1949-50?
4. How many convictions were made for failure to secure licences in this period?
5. What was the total cost of collecting radio licence fees for the year 1949-50?

6. What was the total revenue collected from all operations of the Canadian Broadcasting Corporation for the year 1949-50?

7. Was there a deficit in the operations of the Canadian Broadcasting Corporation for the year 1949-50? If so, in what amount?

OVERSEAS TELECOMMUNICATION—HALIFAX-HARBOUR GRACE-CORNWALL SUBMARINE CABLE

Mr. Balcom:

1. Has the Department of Transport been advised as to action by the commonwealth telecommunications board to restore the submarine cable between Halifax, Nova Scotia, Harbour Grace, Newfoundland and Cornwall, England?

2. If so (a) when will work commence; (b) what is the estimated cost; (c) who will share the cost; (d) what proportion will be borne by Canada?

3. Will the restoration of cable mean the reestablishment of cable offices and staffs in Halifax, Nova Scotia?

ATOMIC ENERGY—CONSTRUCTION OF NEW REACTOR AT CHALK RIVER

Mr. Courtemanche:

1. Has any engineering firm been retained to prepare plans for a new reactor at Chalk River?

2. If so, what firm?

3. Upon what basis are fees payable to this firm?

4. Will this firm also supervise construction?

5. If so, on what basis?

PAYMENT OF $65 MILLION UNDER U.K. WHEAT AGREEMENT—COST TO TAXPAYERS

Mr. Goode:

1. What was the total income earned by the farmers of (a) Alberta; (b) Saskatchewan; (c) Manitoba, in each of the years 1946, 1947, 1948, 1949, 1950?

2. How many motor cars and trucks were purchased in each of these provinces during each of the above-mentioned years?

3. What was the dollar value of farm implements sold in (a) Alberta; (b) Saskatchewan; (c) Manitoba, in each of the years 1946, 1947, 1948, 1949, 1950?

4. What is the estimated number of farmers actually owning or renting farm property in (a) Alberta; (b) Saskatchewan; (c) Manitoba, in 1950?

5. What is the estimated share of cost to the individual taxpayer in Canada in the payment of $65 million to the farmers of the three western provinces?

DOMINION BUREAU OF STATISTICS—STAFF AND EXPENDITURES

Mr. Fulton:

1. How many persons were employed directly or indirectly by the dominion bureau of statistics in each of the years 1929, 1939, 1949, and 1951 to date?

2. What was the total cost for (a) wages and salaries; (b) rent and capital cost, if any, for office space; (c) all other expenses during each of these same years?

CONSTRUCTION AND REPAIRS OF WHARVES IN NEWFOUNDLAND

Mr. Higgins:

1. What construction and repair work on wharves, slipways and breakwaters, in the province of Newfoundland, has been done during the period from April 1, 1949, to date?

2. At what locations was such work done, and what was the cost of each operation?

3. At what points will such construction and repair work be done during the present year?

AIRPORTS IN MARITIME PROVINCES

Mr. Kirk (Digby-Yarmouth):

1. What airports in (a) Nova Scotia; (b) Prince Edward Island; (c) New Brunswick; (d) Newfoundland, were used by Department of National Defence for training purposes and for operations during world war II?

2. Which of the above airports are now in active use (a) by the Department of National Defence; (b) by the Department of Transport, for commercial purposes?

MOTIONS FOR PAPERS

WHEAT—AGREEMENT WITH UNITED KINGDOM

Mr. Coldwell:

For a copy of all letters, telegrams, memoranda, or other documents between any minister, department, official, or the government of Canada and any minister, department, official or His Majesty's government of the United Kingdom, relating to the final settlement of the four-year agreement, 1946, for the sale and purchase of Canadian wheat, including correspondence, and other documents relating to the price agreed to be paid during the last two years of the agreement.

Mr. St. Laurent: The hon. member for Rosetown-Biggar (Mr. Coldwell) knows that the government of the United Kingdom has been approached to see whether they have any objection to the publication of documents related to the discussions referred to in this motion. Of course hon. members realize that it is not usual to publish documents connected with negotiations between governments, but only to publish the agreed conclusions. Nevertheless we have asked the views of the United Kingdom government about this motion.

As a controversy has arisen in debate respecting the position taken by the Minister of Trade and Commerce (Mr. Howe) at London in May of 1950, and by the government since that time, I feel I should make the position clear at once.

The United Kingdom authorities took the position in May of 1950 "that all obligations under the 'have regard to' clause might be considered to have been taken care of." The Minister of Trade and Commerce said that this was a matter which could only be settled by the Canadian cabinet on his return to Ottawa. After discussion with his colleagues, the Minister of Trade and Commerce advised the chancellor of the exchequer of the United Kingdom that the Canadian government was in accord with the conclusions in the agreed record of the meeting held with the United Kingdom authorities while he was in London. That is one of

the documents for which their consent to table has been requested. In other words, the Canadian government accepted as the position of the United Kingdom that they had discharged their obligations under the agreement.

Subsequent representations to the United Kingdom government were as I stated in the House of Commons on March 8 in reply to a question by the hon. member for Assiniboia (Mr. Argue), and that reply is at page 1023 of *Hansard* of 8th of March.

Mr. Speaker: Is the motion dropped?

Mr. St. Laurent: No; it stands. We have not yet received the reply from the United Kingdom.

Mr. Coldwell: The reply has not been received, so the motion stands?

Mr. St. Laurent: Yes.

Mr. Speaker: Motion stands.

FEDERAL AID TO EDUCATION

Mr. Knight:

For a copy of all correspondence exchanged between the government of Manitoba or any minister or department thereof and the federal government or any minister or department thereof, in reference to the question of federal aid to education, dated at any time since January 1, 1947.

Mr. St. Laurent: This is subject to the usual reservation in connection with getting the consent of the government of Manitoba.

Mr. Speaker: Carried, subject to the usual reservation regarding provincial consent.

POSTAL SERVICE—POSTAL RATES—PROFIT OR LOSS ON SECOND-CLASS MAIL

Mrs. Fairclough:

For a copy of all schedules of postal rates issued from year to year from 1914, to date, also for a statement showing profit or loss yearly on the handling of second-class mail since and including the year 1939.

AGRICULTURAL PRODUCTS

QUESTION OF SUBSIDIES OR OTHER ASSISTANCE TO PRODUCERS

Right Hon. L. S. St. Laurent (Prime Minister): May I give an answer to a question submitted on March 6 by the hon. member for Yale (Mr. Jones)? The question was:

Did the government of British Columbia make representations in regard to the fruit growers, and if so, did they receive that answer?

That was in reference to the answer that had been given just before the hon. member had put his question. I told him I would have to look at the correspondence; that I knew members of the British Columbia legislature were concerned but I did not want to make a positive statement about the government of British Columbia without looking at the correspondence. I am now given the following answer.

The government of British Columbia did make representations in regard to the fruit growers who suffered losses in the winter of 1949-50. We considered the matter and came to the conclusion that as the loss was not beyond the capacity of the provincial government to handle, and as there was no precedent for the provision of federal assistance in similar cases, assistance could not be provided by the federal government for the rehabilitation of damaged orchards; and the government of British Columbia was so informed.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR ELECTED REPRESENTATION IN TERRITORIAL GOVERNMENT AND APPOINTMENT OF JUDICIAL OFFICERS

Hon. Robert H. Winters (Minister of Resources and Development) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to provide elected representation in the territorial government for the population of the northwest territories, and to give the governor in council power to appoint judicial officers for the said territories.

He said: Mr. Speaker, His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

CHINA

DETENTION OF CANADIAN CITIZENS—INQUIRY AS TO TREATMENT AND FREEDOM OF MOVEMENT

On the orders of the day:

Mr. Gordon Graydon (Peel): May I direct a question to the Secretary of State for External Affairs, based upon press reports appearing today with respect to the arrest of Canadian citizens and other repressive treatment which seems to have been accorded citizens of this country in Red China? Can the minister tell us whether he has any late reports dealing with the subject of Canadian citizens still in Red China, and whether it is possible for Canadian citizens to leave that country freely for Canada if they so desire?

Hon. L. B. Pearson (Secretary of State for External Affairs): We have had information in my department through the United Kingdom authorities in Peking, which information has been transmitted to us through London,

and also information from other sources, that certain Canadians have been detained by the government in Peking. We have asked the United Kingdom authorities in China to look into the cases that have been brought to our attention and to do everything they can to afford those Canadians protection. Since we ourselves have no diplomatic representation in China, on this occasion we are dependent upon the good offices of the United Kingdom diplomatic service; and, as always, they are only too anxious to help, as I hope we would help if the circumstances were reversed.

On the general question of the position of Canadians in China, I would not like to say anything at this moment without more consideration; but I can tell the hon. member for Peel that Canadians are leaving China at the present time. Delays have been put in their way but of those who wish to return to Canada some are getting out of China. I may be able to give him more particulars on that aspect of the matter shortly.

BUTTER

QUESTION AS TO RECENT IMPORTATIONS AND BASIS OF DISTRIBUTION

On the orders of the day:

Mr. J. A. Ross (Souris): Since butter has increased in price by 17 cents a pound in the last two weeks and is now selling for 80 cents a pound in western Canada, will the Minister of Agriculture say how much butter has been imported into Canada recently, and by whom; what is the basis of the distribution of government stocks of butter, and what is the present situation with respect to butter?

Mr. Speaker: Order. I think this question is one that should be placed on the order paper. The latter part of the question might be permitted now, but the portion having to do with statistical information should be on the order paper.

Right Hon. J. G. Gardiner (Minister of Agriculture): I would prefer to have the whole question stand as notice, and the question can be answered tomorrow.

Mr. Ross (Souris): I have given the minister notice, and his suggestion is quite satisfactory.

INQUIRY FOR RETURN

STRAIT OF CANSO BRIDGE

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I ask the Minister of Transport if he can do anything to expedite the production of the papers covered by a motion adopted on February 26, which appears at page 667 of Hansard? Can he do anything to hurry these papers along before the recess?

Hon. Lionel Chevrier (Minister of Transport): I shall be glad to look into the resolution to which my hon. friend refers. What was the motion about? I do not have it in mind at the moment.

Mr. Gillis: I asked for the production of any correspondence there might be between the federal government and the government of Nova Scotia in the matter of the Canso bridge.

Mr. Chevrier: I remember it now. I do not think the correspondence can be tabled until the permission of the provincial government has been obtained. That permission has been requested, and as soon as it is forthcoming the papers will be tabled.

FISHERIES

NEWFOUNDLAND—INQUIRY AS TO ORGANIZATION OF CO-OPERATIVES

On the orders of the day:

Mr. W. J. Browne (St. John's West): In view of the urgent necessity of co-operative organization among the fishermen of Newfoundland, I should like to ask the Minister of Fisheries whether any steps have been taken recently to bring about this result.

Hon. R. W. Mayhew (Minister of Fisheries): At the moment I cannot recall any instance in which we have given different treatment to the co-operatives from that accorded to other agencies, but I shall make a further examination and see what has been done.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. D. S. Harkness (Calgary East): Is the Minister of Finance yet in a position to tell us whether he will be able to bring down the budget before the Easter recess?

Hon. Douglas Abbott (Minister of Finance): Yes, I am. I shall not be able to bring it down before Easter.

POSTAL SERVICE

REDUCTION IN URBAN MAIL DELIVERIES—ADJUSTMENTS IN TORONTO—OVERTIME PAY FOR EXTRA WORK

On the orders of the day:

Mr. J. W. Noseworthy (York South): I should like to direct two questions to the Postmaster General. Can the minister tell us what adjustments, if any, are being made in the mail delivery service in Toronto as a result of the work of his investigators there last week? Second, is the department considering paying the postmen overtime rates

for the extra hours of work rendered necessary by the change from two deliveries to one delivery a day?

Hon. Edouard Rinfret (Postmaster General): I wish to thank the hon. member for giving me notice of these two questions. As to the first, a check is being made of all these walks, but it has not been completed. We expect the first week's check to be back tomorrow or the day after, and any necessary adjustments will be made. As to the second question, no consideration is being given at the present time to the matter the hon. gentleman has mentioned.

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1953

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to provide for the continuance in force of the Foreign Exchange Control Act until sixty days after the commencement of the first session of parliament commencing in the year 1953.

He said: Mr. Speaker, this resolution seeks leave to introduce a bill providing for the extension of the Foreign Exchange Control Act for a further two-year period. The original measure, enacted by parliament in 1947, provided that the act should lapse sixty days after the commencement of the first session of parliament in 1949. On March 17, 1949, I introduced a resolution, which was subsequently embodied in legislation approved by parliament, providing for the continuance in force of the act until sixty days after the commencement of the first session of parliament in 1951. The effect of the present bill, when it is enacted, will be to postpone the termination date for a period expiring sixty days after the commencement of the first session of parliament in 1953.

When I introduced a similar resolution two years ago, I described the Foreign Exchange Control Act as a measure of national defence. The developments of the past two years, and particularly of the past six months, have, I think, illustrated the correctness of this description, as well, of course, as the continued need for the measure itself. It is because the government believes that this measure of national defence continues to be necessary that we are asking the house to agree to retain it for another two years. We all wish that the state of the world were such that there were no longer any need to retain the powers provided in this act. It is no affection for controls as such which moves us to seek a prolongation. On the contrary, as I shall show the house in some detail, we have progressively reduced the extent of the control which is in fact exercised under the act, and we hope to continue in this direction as long as we are able. When, however, we are confronted with the question, as we are at this time, whether we are prepared to abandon the machinery itself by allowing the act to expire, then we feel that only one answer is possible.

There is no need for me, after the discussion which has already taken place in the house since the commencement of this session, to elaborate on the unsettled state of the world. Nor is there, I believe, any need to introduce any elaborate arguments to establish that one aspect, and a very important one, of our economic preparedness must be the control over our foreign exchange resources. I am not able to relate in detail to the house, because I do not know, what foreign exchange pressures we may be under as we and our allies step up the pace of our military preparedness. But I feel that members on all sides of the house will agree that we shall be better able to cope with the pressures that do arise if we retain this instrument of control than if we abandon it.

Even without the pressures of war and near war, the foreign exchange situation of Canada tends to be an extremely variable one. This is illustrated in the wide swings to which our foreign exchange reserves have been subjected since the end of the war. In this connection may I express my personal regret that the 1950 report of the foreign exchange control board, which will include the detailed relevant statistics for the last calendar year, is not yet available. I had hoped that it would be ready in time for this debate, but I am now advised that it will be another three or four weeks before some of the figures can be finalized and the report printed and tabled. Some of the figures which I shall use in this statement therefore will necessarily be very preliminary and tentative. However, hon. members are already aware from published reports that our official reserves in gold and U.S. dollars, which amounted to approximately $1,500 million at the end of 1945, fell during 1946 by approximately $250 million and in 1947 by nearly $750 million. In 1948, on the other hand, they rose by nearly $500 million, in 1949 by $120 million and in 1950 by $625 million. These are very formidable changes from year to year and they illustrate better than words the size of the external pressures to which our economy is subject. These

pressures arise partly as a result of the importance of external transactions in our economy—

Mr. Macdonnell (Greenwood): Will the minister permit a question?

Mr. Abbott: Yes.

Mr. Macdonnell (Greenwood): Could the minister indicate, up to whatever date it is possible, what change has taken place since the tenth of September last?

Mr. Abbott: Yes. I believe the last quarterly figures have been published. Our reserves at the end of September—I am speaking from memory now—were approximately $1,800 million U.S. dollars, and they were about the same at the end of the year. Those figures were available early in January.

As I was saying, these pressures arise partly as a result of the importance of external transactions in our economy, partly as a result of the nature of our trading relationships with the two economic areas of major importance to us, the United States and the sterling area; partly as a result of our proximity to the United States and the large volume of U.S. capital investment in Canada. Whatever the causes may be, it is the case that throughout the post-war period our foreign exchange situation has shown itself to be capable of very rapid change from year to year. The existence of exchange control has been helpful in coping with these changes and in moderating their effects, though it cannot, of course, be claimed that this control by itself provides any guarantee of stability. It is essentially a defensive instrument.

It may be of value to the house if I review now the highlights of our foreign exchange experience during the past two years,—that is, since the act was last extended.

I must begin by recalling the foreign exchange difficulties which arose in 1947 and which resulted in the loss, by the end of that year, of nearly two-thirds of the reserves with which we emerged from the war. In tackling these difficulties we were obliged temporarily to do a number of unpleasant and unpopular things, such as restrict imports and ration pleasure travel involving U.S. dollar outlays. We substantially reduced the rate of our own foreign lending and we borrowed some capital in the United States. However, we placed the greatest emphasis on a positive approach. We sought to achieve a closer approach to equilibrium in our bilateral balance of payments with the United States and the sterling area by developing our exports to the United States and by encouraging imports into Canada from the United Kingdom and other parts of the sterling area.

This program, which was supported by the general fiscal and economic policies of the government, was successful in improving our balance of payments and stemming the loss of reserves. In the course of 1948, as I have noted, we added nearly $500 million to our official holdings, of which $150 million was borrowed. Our over-all balance of payments in that year showed a current account surplus of over $450 million; our current account deficit with the United States alone was reduced from over $1,100 million to less than $400 million.

In 1949 we continued to add to our reserves, though at the more moderate rate of $120 million. Our over-all current account surplus was reduced to $180 million, the change as compared with the previous year occurring mainly in our transactions with the United States, and reflecting mainly increased imports into Canada and increased travel expenditures and dividend payments involving U.S. dollar outlays.

The most significant development in the foreign exchange field in 1949 was of course the change in the international exchange rate structure which was inaugurated by the thirty per cent devaluation of sterling in September of that year. This action by the United Kingdom was followed by similar action by all other sterling area countries with the exception of Pakistan; and most western European countries immediately depreciated their exchange rate to the same or a lesser degree. As a result of these changes a new and very drastic exchange rate structure emerged and a completely new situation was created for the Canadian dollar. In appraising the new situation the government came to the conclusion that the Canadian interest would best be served by reducing the value of the Canadian dollar in terms of U.S. dollars by approximately nine per cent. We felt, in the face of the very large depreciation in the value of sterling and most other currencies, that some change must be made in the value of the Canadian dollar. Our competitive position at home and abroad was strong, but we did not feel that Canadian producers should be subjected to the full strain of a thirty per cent reduction in the exchange value of the currencies of some of our principal competitors in the home and foreign markets. On the other hand, the devaluation of sterling and other currencies represented, in part, an effort on the part of the countries concerned to use the price system to redress the great unbalance that still persisted in their trade with the dollar countries. This effort would have been nullified, so far as Canada was concerned, had we not allowed some appreciation of the Canadian dollar in relation to these currencies. Out of

these conflicting considerations we reached the decision of September 1949 to reduce the exchange value of the Canadian dollar by about nine per cent, which involved an appreciation of our currency in relation to sterling of approximately twenty-five per cent.

In the latter part of 1949, and in the course of 1950, important new factors emerged affecting in an important way our foreign exchange position. One of these was a very sharp drop in our exports to the United Kingdom and other sterling area countries. Members of the house will recall that at the commonwealth ministers of finance meeting which took place in London in July, 1949, to consider the problem raised by the very sharp decline in the sterling area's gold and dollar reserves, the sterling area countries agreed to reduce their dollar drawings on the sterling area dollar pool in respect of dollar imports by an amount equivalent to twenty-five per cent of 1948 imports. It is, of course, impossible to say to what extent the decline in sterling area purchases in Canada which occurred in 1950 was due to the tightening of import restrictions consequent upon this decision, to what extent it was due to normal economic forces set in train by the exchange devaluations of September 1949, and to what extent it was due to the continued recovery of production in the non-dollar world and consequent availability of supplies on economic terms for payment other than in dollars. Whatever may have been the factors operating, our exports to the United Kingdom fell from $710 million in 1949 to $470 million in 1950, and our exports to the rest of the sterling area from $300 million in 1949 to $200 million in 1950—an aggregate decline of over $300 million, or thirty per cent, in our exports to the sterling area in one year. Before the war, nearly half our exports went to the sterling area; by 1949 this had been reduced to a third; and in 1950 the proportion going there was substantially less than one quarter.

On the other hand, in recent years, the total value of our imports from these countries has increased very considerably, percentage-wise, though even now the sterling area supplies us with only slightly more than twenty per cent of our total imports compared with nearly thirty per cent before the war. The United Kingdom, which had already succeeded in increasing its exports to Canada from less than $150 million in 1946 to $300 million in 1949, increased them still further to just over $400 million in 1950. Other sterling area countries increased their exports to us from $190 million in 1949 to $240 million in 1950. This increase in imports from the sterling area, helping as it has done to redress the balance of payments between this part of the world and Canada, has been a most welcome development, and I should like to express the satisfaction of the government at the success which has attended British efforts in this direction. The development of exports to Canada is the course of action which I strongly urged on my colleagues, the ministers of finance of the sterling area countries, at the commonwealth gathering of ministers of finance in July 1949, to which I referred a moment ago. We in Canada believe—and I am sure that all members of the house will agree—that it is in the interests of all concerned that any necessary correction of the unbalance in accounts between Canada and the sterling area should be achieved through an expansion in our imports rather than through a contraction in our exports.

Primarily as a result of the developments I have mentioned affecting our import and export trade with the sterling area, our current account surplus with this part of the world, which was $578 million in 1949, virtually disappeared in 1950 according to the preliminary estimates. After taking all capital items—including our extensions of credit—into consideration, the sterling area made net payments, mainly in U.S. dollars, of nearly $500 million to Canada in 1949. In 1950, on the other hand, the balance has so far been redressed that there was in the year apparently only a very small net transfer of gold and U.S. dollars between Canada and the countries of the sterling area.

The improvement in the sterling area's balance of payments with Canada is, of course, only one aspect of the very remarkable and welcomed improvement which has occurred in the over-all dollar position of that area since the devaluation of sterling. This improvement is reflected in the gold and dollar reserves of the United Kingdom which have risen from $1,425 million at the end of September 1949—and an even lower figure immediately before devaluation—to $3,300 million at the end of 1950. Some part of this increase is of course attributable to ECA and other external assistance, but during the past year the sterling area as a whole has been earning a substantial surplus in its dollar transactions.

In the light of this improved position, it is the earnest hope of the Canadian government that the governments of the United Kingdom and other sterling area countries will give earnest consideration to the possibility of relaxing the present severe import restrictions, particularly those of a discriminatory character, on imports from Canada. We recognize of course that there are a number of uncertainties and unfavourable elements in

the British situation which justify a certain degree of caution. The dollar surplus, particularly that which has occurred since Korea, has been achieved in part by a very sharp increase in the prices of the primary products exported from sterling area countries other than the United Kingdom. The United Kingdom has had to give up a much larger volume of exports to obtain the same volume of imports from other sterling area countries, and this has absorbed a large part of the increase in output of the United Kingdom during the past year. Even so, the balances held in London by other sterling area countries—the counterpart, in some measure, of their surplus dollar earnings transferred to the United Kingdom—have risen very substantially, and they constitute a claim on British productive capacity. Moreover, the rearmament effort of the United Kingdom will absorb an increasing share of British resources, and particularly perhaps in those fields in which the dollar export drive has been most successful.

For these reasons we can appreciate why the British chancellor of the exchequer has pointed to the necessity of some degree of caution in appraising the outlook for the dollar position of the United Kingdom. At the same time we feel justified, for our part, in expressing the strong hope that the caution will not be excessive. Some of the sterling area countries have already taken steps to reduce their restrictions on dollar imports, and it is to be hoped that others, including the United Kingdom, will take advantage of their present opportunities to do likewise. In the present circumstances we urge this course not so much because of any desire to widen the markets for Canadian products—which, with very few exceptions, are finding a ready enough sale at the present time—but rather on account of our desire to see competitive conditions re-established over as wide an area of trade as possible and concrete evidence given of the determination of all our trading partners to move as rapidly as they can towards the achievement of those principles of non-discrimination and liberalism which are the declared policy of the government in international trade.

I revert now to the main developments in our foreign exchange position during the past two years. The first, as I have pointed out, has been the virtual elimination of the surplus in our balance of payments with the sterling area. Our exports to western European countries have also been substantially reduced—by about one-third—while our imports have increased somewhat, though they remain disappointingly small. In consequence our current account surplus with that part of the world is substantially less than it was a few years ago.

In some ways the most striking development in our exchange position during the past few years has been the great expansion in our exports to the United States. Those rose from $1,000 million in 1947 to $1,500 million in 1949 and to over $2,000 million in 1950. The high level of economic activity prevailing in the United States, combined with the enterprise of Canadians in producing the right goods at the right prices and taking advantage of their opportunities and seeking out new markets, plus the more favourable conditions of entry for certain important products arranged in tariff negotiations with the United States—these were among the factors responsible for this remarkable increase in our exports to the United States. It had been our hope, when we got into exchange difficulties in 1947, that once the emergency, which required us to impose restrictive measures on imports and travel, had been overcome, we would be able to achieve the necessary correction in our position through an expansion of exports. These hopes have, as the house is aware, been realized, and, in line with the policy announced at the time the restrictions were first imposed, they have been progressively reduced as our exchange position has improved. At the beginning of this year the last of the import restrictions imposed under the Emergency Exchange Conservation Act was eliminated, and that act itself has in consequence lapsed. So far as travel is concerned, we are again in the happy position where Canadians can obtain U.S. funds to cover all travel requirements without being subject to any ration.

The current account deficit in our transactions with the United States was reduced from the very large figure of $1,100 million in 1947 to an amount of the order of $400 million in 1950. It will be apparent from what I have said that this improvement is mainly due to the increase in our exports; the value of our imports was not substantially different, though rising rather rapidly in the latter months of 1950. Increased gold production also played its part in reducing our current deficit with the United States. On the other hand, interest and dividend payments have risen very markedly in recent years.

The reduction in the current account deficit with the United States in recent years, though very substantial, has fallen short of the reduction in our surplus with the sterling area and other countries. In consequence, our over-all current account surplus, which reached the very high figure of $450 million in 1948, was reduced to $180 million in 1949 and gave way to a deficit of the order of $300 million in 1950.

The developments in our current account position in 1950, though important, were overshadowed by those relating to capital transactions. In each year since the end of the war, quite substantial sums of capital have come to this country from abroad, particularly from the United States, for direct investment in Canadian industry and to participate in the development of our natural resources. The consequence and the counterpart of this capital inflow has, of course, been a deepening of our economic structure and a growth in our output and our economic capacity which enables us to assume the additional foreign exchange charges resulting from the capital inflow. In the course of 1950, and particularly after the outbreak of hostilities in Korea, a massive inflow of capital of quite a different type developed. This consisted in the purchase by United States investors of marketable Canadian securities, particularly government of Canada obligations. The scale of the capital inflow is reflected in the increase of nearly $600 million in our reserves of gold and U.S. dollars which occurred between June 30 and September 30.

The ardent desire on the part of United States investors to increase their holdings of Canadian securities, and particularly government of Canada securities, was of course flattering to Canada. However, like most flattery, it had its serious drawbacks. In the first place, the bulk of the capital inflow was not for the purpose of helping directly in the development of our economic resources. It was based rather on a favourable general attitude towards our economic future, and in particular on an anticipation that the Canadian exchange rate would be resorted to parity with the United States dollar. In consequence this capital had elements of volatility and speculativeness which is not associated with the direct investment of capital. Moreover, it was an expensive proceeding involving the incurring of additional foreign indebtedness which was not balanced by a corresponding increase in our economic capacity but merely by an increase in our liquid balances of gold and U.S. dollars. Furthermore the very large inflows of exchange inevitably increased the liquid resources available for investment in Canada, and the direct and indirect demand for securities resulting from the capital inflow tended to create very easy money conditions at a time when the growing pressures on our material resources made it desirable that our monetary and credit, as well as our fiscal policies, should be of an anti-inflationary character.

In the statement which I made on September 30, I outlined in some detail the reasons why the government found it impossible to go on buying all the funds being offered by United States investors at a premium of ten per cent, and the reasons why we felt it unwise, in the circumstances prevailing, to fix a new exchange rate for the Canadian dollar at parity with the United States dollar or any other definite level. I do not think it necessary to go over that ground again. After consulting with the international monetary fund, the government announced its decision to suspend official quotations for the Canadian dollar and allow the exchange rate to be determined by the forces of supply and demand in the market.

The general structure of exchange control has, of course, been retained under the new conditions, although the process of relaxation which has been in progress during the past couple of years has been accelerated since last October. In the public announcement I made on September 30 last I explained the main changes we were making consequential on the decision to free the exchange rate—the abolition of the so-called unofficial market for Canadian dollars, the withdrawal of restrictions on the types of forward exchange contracts residents may enter into with Canadian banks, and the replacement of the previous requirement that residents coming into possession of foreign exchange must sell it forthwith by one authorizing them to merely declare it forthwith and choose their own time for selling it within a three months' period.

Another change recently made makes it possible for Canadians selling services in the U.S. dollar area to accept Canadian as well as U.S. funds in payment. A further change eases the conditions under which currently earned profits may be remitted to the United States without awaiting the completion of a fiscal year. Canadians going to take up residence in the U.S. dollar area have had their annual allotment of transferable funds increased from a maximum of $12,500 to one of $25,000, and after a three-year period are now permitted to deal with any remainder of their Canadian assets in the same way as other non-residents.

I have already referred to the withdrawal in October of the previous restrictions on pleasure travel in the United States dollar area. The exemption from any form H permit requirement, previously $25 of which $10 could be in United States funds, was increased in October to $100 of which $50 could be in United States funds. We have this month further amended this provision so that the entire $100 can be in United States dollars. At the same time the amount of United

States currency which residents are authorized to hold has been progressively raised to the present level of $100, and the general exemption from the use of permit has also been increased to $100. As a consequence of these changes a great many Canadians having occasion to make relatively small remittances in United States funds or to take relatively short trips to the United States are able to do so without any formalities resulting from the existence of foreign exchange control.

Last week the regulations governing securities transactions were broadened and simplified by removing the distinction between Canadian government domestic securities and corporation securities in connection with exchanges of securities in Canada by non-residents and in the United States by residents.

In fact, when one considers the very substantial relaxations in foreign exchange policies and procedures regarding United States dollar transactions effected during the past couple of years, and when one bears in mind the fact that virtually no restrictions have at any time been placed on exchange transactions with the sterling area, one feels entitled to regard the exchange control as substantially a stand-by instrument. At the present time we have no restrictions on current account transactions, and the board approves the great majority of the applications it receives involving capital payment. It is the hope and expectation of the government that it will be possible to continue these liberal arrangements; and our purpose is to continue along this path of relaxation and simplification. But, as I have already intimated to the house, we believe that there are too many uncertainties in the present world situation to warrant the abandonment of this defensive instrument. We have had too much experience of the rapidity with which our situation, and, what may be equally important, attitudes towards our situation can change to warrant us in projecting the present favourable position into the difficult years that lie immediately ahead.

We cannot take the risk of leaving ourselves without an instrument of control which we can again bring into use if external factors threaten to add seriously to the difficulties which we shall have in any case to face.

It is for these reasons that the government asks the house to approve this measure extending the Foreign Exchange Control Act for a further two-year period. At the end of that time parliament will again have an opportunity of deciding whether in the circumstances then prevailing, the public interest still requires the continuance of exchange control.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to make a few observations on the interesting statement we have heard; it contained a great many figures of trade and other matters, but these of course I will not attempt to go into in detail at this time.

I was struck by one or two remarks the minister made, particularly toward the end of his statement. He spoke of the board in the future as being substantially something in the nature of a stand-by organization. On the other hand, as I understand it, he asks that it be continued with all the powers, far-reaching as they are, which at present exist.

I was sorry the minister had not made clearer—although one might hardly have expected him to do so—the reason for the great change of heart that took place last year. That is very important, when one considers the conclusion to which the minister finally came, one which had been pressed upon him for many months previously. I shall read from his statement of last September, when he said:

> It has been decided not to establish any new fixed parity for the Canadian dollar at this time, nor to prescribe any new official fixed rates on exchange.

Then he added this, which I greatly welcomed, and which I think everyone welcomed:

> Instead rates of exchange will be determined by conditions of supply and demand for foreign currencies in Canada.

Some of us had been trying to persuade the minister for many months that the time had come to take that action, and of course we were glad when it finally came. I should like just to encourage the minister—and I am sure even ministers like to have encouragement—by quoting to him words which I am sure will be familiar to him:

> Joy shall be in heaven over one sinner that repenteth, more than over ninety and nine just persons, which need no repentance.

I hope the minister will take that quotation in the spirit in which it is given.

An hon. Member: But he is not a sinner.

Mr. Macdonnell (Greenwood): I wish to review briefly the course of the measure we are now asked to renew, as I understand it, without change. We remember this, that in 1946—the minister said 1947, but I think it was a slip on his part—we in this party, while we agreed that some measure of control was then necessary, asked for less rigidity. We

asked that there should be some measure of flexibility introduced into the act. However, that was not considered possible.

I wish to say a word or two about the results which have ensued. As we look back —and this has never been admitted by the government; the minister was far from admitting it today—I think it is perfectly clear that, for a very long time past—I am not saying as far back as the end of the war, because there were peculiar circumstances at that time—there just has not been enough wisdom in the wisest and best experts in finance in the world to determine what is a proper rate of exchange. I do not blame them for not being able to determine what is a proper rate. What I do blame them for is trying to determine a rate at all.

Let me recall to the minds of hon. members what happened in 1947, when it was perfectly clear that the 1946 restoration of the dollar to parity had been an overvaluation. At that time we will all remember—and the minister told us—that we lost altogether about a billion in American exchange, so that in 1947 we had to have these measures. I have referred to them as legislation by radio, but the minister has always disagreed with that, so we will just leave it as a disagreement. That was the time when he became associated with the word "austerity," because a great many measures had to be introduced then, by way of control, which perhaps at that time did not make the minister's name popular at every fireside.

Then we come on to 1949—and I go quickly —when, under the influence of the British devaluation, we ourselves had to devalue. I wish to emphasize what happened from that time on, because I think it is both important and interesting. I should like to quote briefly what I said in the house in 1950. These were my words:

> We have not advocated any sudden or violent step. We have not advocated a disregard of the fact that we have obligations under the Bretton Woods agreement. But what we have advocated is an approach to realism. Incidentally we believe—as I am sure the minister does also—that the course of events has put us in a strong position; our dollar is in a strong position.

The steps which preceded the action taken by the minister were rather interesting; because we find that in June the Minister of Trade and Commerce (Mr. Howe), who is always very helpful, said, as reported at page 3185 of *Hansard* for June 5, 1950:

> It is true at the moment Canadian funds are at a ten per cent discount from United States funds, but that may well be a temporary situation. The historic position of the Canadian dollar is at par with the United States dollar. How long the discount situation will continue, I do not know.

[Mr. Macdonnell (Greenwood).]

Later in the debate the Minister of Finance was asked if the Minister of Trade and Commerce was speaking for him, and his reply was that he was speaking for himself.

Then we come to September 2, 1950, when the hon. member for York West (Mr. Adamson) asked the Prime Minister (Mr. St. Laurent) this question:

> In view of the statements in the press of Canada today, and questions being raised in both London and New York, and in order to clarify the exchange position and prevent the utmost confusion, can the Prime Minister indicate whether or not the government has any intention of altering the official exchange rate of the Canadian dollar in terms of United States dollars?

To that question the Prime Minister answered:

> No consideration has been given to the matter referred to in the hon. member's question.

Then we remember the situation the Minister of Finance has already described—how there was an influx of American investment in September last. It is customary to refer to that as hot money, as if in some way that explained what happened. Actually it was an influx caused partly, of course, by speculation, in the belief that our dollar was too low, and partly by ordinary investment. At any rate the pressure became too great, and we know that on September 30 the minister changed the view which had been expressed so long by the government, and told us the dollar would be allowed to find its own level. It was difficult for the minister to do that, because it had been only a little more than a year before that the Prime Minister was reported to have said at Timmins, on May 26—and this appears in the Ottawa *Citizen* of May 27:

> Mr. Drew's argument—

That is, his argument with regard to our position on the dollar.

> —is a typical Tory proposal to benefit the few at the expense of the many.

Of course that was during an election campaign, and in such times we must not hold people too closely to everything they say. But just how it could be argued that the suggestion we made for realism in exchange—that is the word we used—was to benefit the few at the expense of the many, I do not know, and I doubt whether anyone else knows.

As I said, and as the minister has indicated, events became too strong, and the dollar was allowed to find its own level—which should have been done a long time before. What happened immediately was that it appreciated by nearly five cents, which of course meant that those people who had been buying goods in the United States,

such as coal, oil and the like, for a considerable time were injured by the fact that they had been using a dollar which, by the edict of the Department of Finance, was stated to be worth only ninety cents when actually the market showed on September 30, that it was worth about ninety-five cents.

Of course there was another very unfortunate incident. When you persist in wrong actions you sometimes have unexpected conclusions and evils resulting therefrom that you have not looked forward to. Of course the finance department did not expect that as a result of their action long before there would be some $200 million of new money, which the minister has referred to, injected into the Canadian currency, which still further debased our currency, diluted it, and of course just added more fuel to the fire and provided that much more money to send prices up just that much higher. If the dollar had been freed long before, as it should have been, that difficulty would not have arisen.

As I have said already, the minister has finally come to the point where he agrees with us, and he said in September last that the dollar would be allowed to find its own level. Now where do we stand? The minister has said very frankly that he regards the organization as a stand-by organization, but when we get into committee we shall have some questions to ask about the number of people still working for the foreign exchange control board, and about the amount of money which it costs. I think we may find questions in our minds as to whether this is not a fairly expensive stand-by organization.

What is it that remains for this organization to do now that the dollar, as the minister has said, has been set free on what we call current account, that is to say, in ordinary transactions of buying and selling? There is still a measure of control exercised over the movement of capital from Canada to the United States and vice versa. I would agree with the minister to this extent, that in this strange and troubled world it would be taking a good deal of responsibility to say that there must be no organization available in the event of some disaster or unexpected cataclysm which might disturb things.

As a matter of fact, since the dollar was allowed to find its own level the violent oscillations, the jumpings up and down of our holdings of United States exchange, which the minister referred to, have stopped. That is unless in the last month or two there has been a substantial change because, as the minister indicated, from the 30th of September when the change was made until the end of December the amount of United States exchange remained level. That indicates that the dollar had found its proper level, that there was no unnatural movement of money. As a matter of fact, some have even suggested that there might again be a danger not of our having too little United States money but, with all the inducement there is to invest in our country now, of our even having too much United States money. It has even been suggested that we might need some kind of control available to stop an experience similar to what we had last September.

Of course there is one very obvious answer. Now that the dollar is free to find its own level, just as soon as you have United States money coming in here in any unusual amount it will raise the price of our dollar and it will tend to check itself in the natural, time-honoured and sensible way. Of course the same will be true about Canadian money going into the United States. Nevertheless, if the minister is coming and asking for some skeleton organization, some really stand-by organization, then it seems to me that we ought to be ready at any rate to take a good look at what he asks, but we are still hopeful that before the bill becomes law we shall be able to persuade the minister that no elaborate machinery is necessary.

I would carry the minister's mind back to the autumn of 1939. I think the minister would agree that, so far as permits covering ordinary travelling expenses for people going to the United States are concerned, there is no more need for the machinery we now have. I quite realize that the minister is relaxing it but there is no more need for that machinery than there is for machinery when you travel from Toronto to Montreal. As a matter of fact it almost looks as if, perhaps almost without intending it, the authorities were trying to keep people in the employ of the foreign exchange control board so as to have a full-fledged instrument if the need should arise again.

What I should like to point out to the minister, however, is that if capital controls are needed—and I think he will agree that is the only thing that is needed—those were made effective in September, 1939, with virtually no machinery except that of the Bank of Canada and the chartered banks. It will take a lot of persuasion even on the part of that persuasive man, the minister, to convince me that anything like what I imagine to be the number of staff in the foreign exchange control board is necessary. We will know more about that after we reach the committee stage.

Therefore what I would say is that, subject to what may come out in this debate and to

further investigation of the facts, I think it would be reasonable to have some stand-by organization to deal with unforeseen and perhaps even unimaginable difficulties that might arise. However, it would be very hard for me to believe that we need anything approaching the organization that we have had, and which is being kept busy now to some extent doing things which I think are utterly unnecessary.

There is one further point I should like to make. The question may be raised about our relationship to the international monetary fund. Many in this house will recall that when the Foreign Exchange Control Act became law five years ago in 1946 one of the arguments made by the minister—and I think quite properly—was that it flowed from our membership in the international monetary fund. Attention has been drawn in this house by myself and others to the fact that as the years have gone by the authorities of the international monetary fund have been very emphatic in pointing out that they felt a growing measure of freedom—the very thing we advocated—should be brought into play. Of course it is clear that when that was done last September the international monetary fund accepted it, so far as I know, with good grace. That is another question which may arise but, Mr. Speaker, I say again that I still hope that we may have something much more simple without all the punitive powers that the foreign exchange control board has, because it seems to me there is nothing on the horizon to suggest that the ordinary mechanism which the minister in effect put into operation last September cannot serve for current account. There is also nothing to suggest why the Bank of Canada organization coupled with the mechanism of the chartered banks cannot be sufficient to deal with whatever measure of control of capital movement may be necessary.

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I should like to say a few words before the motion carries. I have listened with great interest today to the hon. member for Greenwood (Mr. Macdonnell). I realize he is a former banker and is very familiar with foreign exchange and all the details connected therewith. I wish to take a few minutes to make a few remarks based on personal experiences I have had myself, and to say that I am strongly in support of the resolution. Since the Canadian dollar was allowed to seek its own level a few months ago it has been very noticeable that the margin between the rate of premium paid in the banks and the price charged Canadians requiring United States dollars has been very small. Previously, under arrangements not of the same character, I have seen very wide margins between the buying and selling prices of United States dollars. As I have stated in this house on many occasions, I remember two periods—and incidentally they were both when we had Conservative governments here in Ottawa—when the difference between the buying and selling prices would be as high as six, eight and ten per cent. I may be wrong, but I have an idea the foreign exchange control board may be responsible for keeping these buying and selling prices very close, and I fear that if we discarded this board and had no way of controlling foreign exchange we might have the same condition we had during the first great war and in the early thirties.

I believe every Canadian should have the privilege of buying United States exchange at any time at a fair rate. In smaller towns we may have difficulties that are not found in larger cities. In a small town you may have only one bank; there is no competition, and conditions may be vastly different to those in larger cities. However, I do want to go on record as being very much in favour of this resolution. I believe the foreign exchange control board should be ready to function at any time circumstances demand it, and I believe many of the people in the section of the country from which I come are of the same opinion.

Mr. Hatfield: Will this do away with all the forms, the export and import forms, the H forms; and can you accept Canadian money in payment of goods exported to the United States?

Mr. Speaker: Order. I think this question should be reserved until the house is in committee on the resolution.

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

Mr. Hatfield: Does this do away with all the B forms, C forms, H forms, export forms and import forms; and can an exporter to United States now accept Canadian money in payment for his goods?

Mr. Abbott: This extension of the Foreign Exchange Control Act if enacted, as I anticipate it will be, does not do away with all forms. As I indicated in my statement, as a result of recent relaxations a person making a short trip to the United States can take up to $100 without an H form, as often as he wishes. With respect to selling merchandise in the United States the same practice will be followed that has prevailed in the past; the exporter must receive payment in United States dollars. I am not personally familiar with the details of the forms used. I know my hon. friend is,

because he has quite a large export business. As far as I am aware there is no change in the general practice with respect to merchandise exports. They must be invoiced and paid for in United States dollars.

Mr. Hatfield: Then we still have to make out B forms for exports to bring back United States dollars in payment for those goods?

Mr. Abbott: I believe that is correct.

Mr. Quelch: What is the maximum amount a person can get if he wishes to go to the United States for a holiday, without making special application?

Mr. Abbott: $100.

Mr. Quelch: For the whole year?

Mr. Abbott: No; he can get it—

Mr. Macdonnell (Greenwood): Every day?

Mr. Abbott: If it were clear that it was being abused I presume some action would be taken. Of course a person has to sign a simple form saying he has received the money. If that privilege were abused, if it were found on checking through that one person was getting a great many of these allowances in rapid succession, I daresay appropriate action would be taken to check on it. But the general rule is as I indicated in my statement, that as a result of successive relaxations one may now take up to $100.

Mr. Macdonnell (Greenwood): Would the minister be able to say the amount involved in these travel moneys, if I may call them that? Is it substantial?

Mr. Abbott: The amount is very substantial. I have not the figures here, but I am informed that since we have relaxed travel restrictions the amounts released for this purpose have increased enormously. That is understandable. We all know that many of us and our friends have been going to the United States more frequently than we used to and I think some of our wives are able to do a little more shopping in New York than they used to do. That has resulted in a very substantial additional demand for United States exchange. We expected that it would. We realized that the relaxation would be relatively expensive from the point of view of the loss of United States dollars, but we felt that our reserve position had reached a point where it was fully justified.

Mr. Hatfield: I understood that from now on this was going to be just a stand-by board. If an exporter has to make out all the forms he made out in the past in order to bring back United States funds for all his exports it may require one or two or half a dozen men in an office just to do that work, and all those forms have to come to Ottawa. So it will be more than a stand-by board.

Mr. Abbott: I realize that the completion of these forms does involve work for the exporter, but it is not possible to maintain an effective control of capital exports unless you are in a position to survey current account transactions. There are no restrictions on those, but it is considered in the national interest that exporters who are now selling to those areas should make their sales in United States dollars because, with the deficit of some $400 million last year in our trading account with the United States, which I indicated in my statement, we still need to get all the United States dollars that are properly available through our trading transactions.

Mr. Fair: What is the value of the goods a person visiting the United States may bring back and how often may that be done?

Mr. Abbott: That relates to customs, of course; but my recollection is that an individual in Canada can bring in $100 worth of merchandise duty free once every six months. Of course there is no limit on the amount he may bring in if he is prepared to pay the duty.

Mr. Knowles: I think it is once every four months.

Mr. Abbott: That is not my department, so the time is subject to correction; but I know the limit is $100. That only relates to the amount one may bring in without paying duty. Since we have eliminated the Emergency Exchange Conservation Act anyone with the money can bring in anything he sees fit, providing he is prepared to pay the duty. I should add that I do not suppose the foreign exchange control board would give a man or woman unlimited funds to go to New York on a shopping spree. They would give any reasonable amount required for tourist travel in the United States which involved the making of reasonable purchases there.

Mr. Low: By the time the budget comes down we will not have any money left for tourist travel.

Mr. Abbott: That is a real limiting factor. I do not know how popular the relaxation of the travel restriction was with the husbands, but it was popular with the ladies.

Mr. Hatfield: Do I understand that you can carry $100 in United States funds back and forth across the border, without having it taken from you?

Mr. Abbott: That is what I understand.

Mr. Stuart (Charlotte): With the United States dollar on a free market, if it were brought to the attention of the foreign

exchange board that the margin between the buying and selling prices of United States funds was wide or unreasonable, would the board have authority to rectify that situation?

Mr. Abbott: Under the act the foreign exchange control board, which is the instrument of the Minister of Finance, has power to maintain orderly exchange conditions. If it saw that exchange quotations were gyrating pretty violently I daresay the minister would feel it might be appropriate to take some action to provide for orderly changes in exchange rates. It has not been necessary to intervene up to the present time.

Mr. Hatfield: Will the minister say whether the United States investor can take his capital gains out of the country? I understand he can take his dividends, but can he take capital gains?

Mr. Abbott: I do not think he can take out his capital gains, no. He can, of course, take current earnings out of the country. In the case of the removal of capital, whether it is capital which has been put in here or is an appreciation of capital assets, permission of the foreign exchange control board is required in order to take that capital out. I am not able to state offhand just what the attitude would be with respect to an individual transaction. The general rule is that in the case of capital which was in Canada prior to the inauguration of exchange control in 1939, that can only be taken out by special permission, and that permission would only be given in the light of general policy. On the other hand, permission is usually given for the withdrawal of capital which has come in since the beginning of exchange control.

Mr. Hatfield: The minister led the house to believe that the influx of United States capital into Canada was caused by economic conditions in Canada. I do not believe that at all. My understanding is that the United States investor was trying to get his money out of the country because he feared high taxation.

Mr. Abbott: That is a matter of opinion.

Mr. Hatfield: If there is higher taxation in Canada, he will soon take it back.

Mr. Macdonnell (Greenwood): Will the minister give us some description of the way in which track is kept of ordinary Canadian transactions in which goods are sold in the United States? The point of my question is this. Exporter A sells to the United States and he wishes to acquire United States dollars. If he is not able to get them, is he prevented from carrying out the transaction?

Mr. Abbott: Any export of goods to the United States must be invoiced and paid for in U.S. dollars; that is still the rule. As I indicated in my statement, by a recent relaxation services may be paid for in Canadian dollars. Now, as to the technical means by which that is traced, I shall get the information and give it to the hon. member, perhaps in committee on second reading. I understand that the exporter has to complete the proper form which is supplied by the customs officials. I daresay the member for Victoria-Carleton could explain this much better than I can, but I believe the exporter has to fill out a form in triplicate, whatever the form is, and one of those forms is available to the foreign exchange control board for checking to see that the exporter of that particular shipment has in fact invoiced it in U.S. dollars and, providing the purchaser is solvent, payment will be received in U.S. dollars. I believe that is substantially correct. I see the member for Victoria-Carleton is nodding his head, so I probably summarized it correctly.

Mr. Stuart (Charlotte): The minister has said that the payment for goods is in U.S. funds. Is that a ruling of the board, or is it on the statute books?

Mr. Abbott: It is by regulation.

Mr. Stuart (Charlotte): I can well recall that in one of the periods, I believe it was in the thirties, when I sold goods in the United States I was paid for it in Canadian dollars; that happened month after month. Perhaps the member for Victoria-Carleton received the same treatment. I recall that the member for Northumberland county in New Brunswick informed me he had been paid for pulpwood in the same way. If the foreign exchange control board has any such regulation, it would meet with the support of the whole house.

Mr. Abbott: In these answers I am giving as to the detailed administration, I am not personally familiar with all the details, and if I have misstated them I will see that corrections are made on the second reading of the bill. I believe what I have said is substantially correct.

Mr. Stick: Would the minister care to make a statement concerning the convertibility of sterling into Canadian dollars?

Mr. Abbott: That is rather a large question. We require that our exports to certain areas be paid for in U. S. dollars. As I indicated in my statement, we are getting fairly close to a balance with the United Kingdom. We require that our exports to the United Kingdom be paid for in sterling or Canadian dollars. Now, when the United Kingdom sells in Canada they have the option of deciding whether they will take payment in Canadian dollars or in sterling. What I presume they

do is to quote the price in sterling, and take Canadian dollars in payment to be used to pay for their own purchases from us.

Mr. Hatfield: The minister said that a person could take $100 of United States currency out of the country without signing any forms. Now, where does he get that?

Mr. Abbott: I thought I said without an H form.

Mr. Hatfield: A person needs no forms?

Mr. Abbott: I think when you go to the bank to buy U.S. dollars you have to sign a receipt form?

Mr. Hatfield: That is what I was coming to. Can a person buy those U.S. dollars from another person, or does he have to go to the bank to buy them?

Mr. Abbott: I shall have to check on that, but I think you have to purchase your dollars from an authorized source. I shall have to verify that. The essence of it is that you are entitled to take $100 without an H form.

Mr. Hatfield: Suppose the bank is closed and a person gets a hurried call, can he pick up the $100 from a storekeeper or would that be against the law?

Mr. Abbott: I am not sure about that. I shall have to check on that.

Mr. Macdonnell (Greenwood): Would the minister indicate the extent to which the regulations are administered by officials of the chartered banks, acting as agents for the foreign exchange control board and what staff there is on the board itself? What is the scope of the full-time employees of the board?

Mr. Abbott: Under the Foreign Exchange Control Act, as the house will recall, the Bank of Canada is required to provide the staff and pay for the administration of the foreign exchange control regulations. The staff of the Bank of Canada allocated to the foreign exchange control board at December 31 was male, 98; female, 305; totalling 403.

Mr. Macdonnell (Greenwood): How did that compare with what it was on September 30?

Mr. Abbott: I have not September 30, but I have the figure for the preceding December 31, when it was 466 or 63 more.

Mr. Macdonnell (Greenwood): Has the minister the figures for the cost?

Mr. Abbott: Yes, the expenditure by the Bank of Canada on staff, premises, office supplies and equipment, travelling expenses —these figures are subject to verification because the statement is not out yet—were $1,183,986; that is for the year ending December 31, 1950.

Mr. Hatfield: I should like to ask the minister why he feels a man taking $100 in U.S. currency needs to go to the bank and sign a form in order to obtain that $100? If you are going to let him take it out every week or every month, and if there is no restriction—

Mr. Abbott: We have to keep a record of how many times a person gets $50 or $100 in order to see he is not evading the regulations and effecting the export of capital.

Mr. Hatfield: Since the bank is your agent, could the banker not exercise that judgment?

Mr. Abbott: I shall bring my hon. friend's remark to the attention of those administering the regulation.

Mr. Blackmore: The minister recognizes, of course, that with all these restrictions and the necessity of employing officials, as the hon. member has pointed out, the government has a policy which is directly forcing the price of goods up and causing inflation. It is not inflation caused by too much money but because of direct government manipulations. Now, that is the plain fact of the matter. I am not objecting, and I am not saying it is not necessary to do that. But it is of the utmost importance that the people of Canada know just exactly what is happening to them, so they are not deluded by a lot of foolish, ill-informed and malicious propaganda leading them to think that the cause of our inflation is too much money in circulation, so as to justify the government in levying such taxation as would be injurious to us. That is the reason I raised the question.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 147, to amend the Foreign Exchange Control Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Abbott: Before we proceed with the next order of business, I wonder if I might ask the permission of the house to have proceedings suspended somewhere between half past five and a quarter to six in order that I may lay on the table the estimates and make the usual motion. I had hoped that the estimates would be ready a bit earlier. At that time also I should like to move to go into supply solely for the purpose of opening four departments.

Mr. Graydon: If we go by *Hansard* of Friday night, I think it will be found that the order of business set out there was for the debate on the resolution of the Minister of Finance (Mr. Abbott), which has just been concluded, and that the next order of business was to move to go into supply. I fancy that was the understanding of members generally, and I was wondering whether there was any special reason why a change should be made now.

Mr. Fournier (Hull): Mr. Speaker, the estimates are not available for tabling right at this moment, but they will be at five-thirty. We cannot move to go into supply before we table the estimates. At the time of the tabling of the estimates, we will move to go into supply.

Mr. Graydon: Do I understand the minister to indicate that we shall have the estimates by five-thirty?

Mr. Abbott: What I hope the house might be willing to do would be at about five-thirty to adjourn debate on whatever matter is taken up now in order that I might table the estimates, make the usual motion that they be referred to the committee of supply, and then move that we go into supply for the purpose of opening four departments. I thought we could perhaps do that. I am informed that the estimates will be available within another half hour.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed, from Friday, March 9, consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Mr. J. A. Ross (Souris): Mr. Speaker, the Minister of Agriculture (Mr. Gardiner), as reported at page 1069 of *Hansard* of March 8, said among other things:

> The fact is that the western farmers accepted the wheat board as the agency to sell their wheat.

May I say that I have repeatedly stated that I am myself a supporter of the wheat board and that the officials of the board are in no way responsible for this colossal blunder of our federal government.

During 1947, when debating amendments to the wheat board act which provided legislation for the five-year wheat pool and for its being retroactive to include the 1945 and 1946 crops, I then stated that under this scheme and under the United Kingdom-Canada wheat agreement I was going to quit growing wheat. I hope that hon. members will excuse this personal reference, but there have been some comments in some newspapers, and I should like to make my position clear. I said that I was going to quit growing wheat and I have ceased to grow commercial wheat. The minister said that I would be sorry when the final settlement was made. Practically all of the wheat participation certificates of mine are for wheat grown in the crop years of 1945 and 1946. I along with others voted against that amendment for the five-year pool and against making it retroactive to cover those two years. I am not sorry for that, but I am sorry for many of the wheat farmers whom I have the honour to represent in this parliament. I am exceedingly sorry for many of them.

With respect to the lengthy speech of confusion made by the Minister of Agriculture and certain remarks reported at page 1069 of *Hansard* with respect to certain estimates of losses for the purpose of misleading the farmer, may I suggest to anyone who is interested that he might study page 9 of the 1948-49 Canadian wheat board report and page 19 of the 1949-50 report which has been tabled just recently, and then figure out for himself by how many hundreds of millions of dollars the prairie farmers have been forced by this government to subsidize the consumers of Great Britain and Canada. While doing that, he might also figure out who has been attempting to lead the wheat farmers down the garden path, and for what reason. In my opinion, a royal commission on grain should be appointed by this government immediately to report upon marketing, grading, transportation, and storage of grain within Canada and abroad. I know there are many who will disapprove of a royal commission of any kind. I myself am not too fond of them. They will think that it is a costly business as well. May I say here to this house, and through this house to the country, that such a commission can be conducted and the cost will be considerably less than one bushel of wheat per farmer in the prairie provinces. Surely that is little as compared with the great trimming the farmers in those prairie provinces have taken under this five-year wheat pool. Speaking for myself, I am sincere in my belief that such a commission should be appointed for this purpose.

Those are all the remarks I wish to make at this stage on this particular measure.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I rise to take part in this debate in order to impress upon the government the need for reconsidering its decision that farmers will be paid only 8·3 cents as a final settlement in respect to the five-year pool. On March 2, following the announcement by the Prime Minister (Mr. St. Laurent) that the payment would be only 8·3 cents per bushel, I made the statement that such a payment was completely unsatisfactory. I am even more convinced at this time than I was then that a payment of 8·3 cents per bushel is nothing more or less than a double-cross of the western wheat producer. A payment so niggardly in no way takes into account the great sacrifices that the farmers made during that five-year period and it in no way compensates them for the have regard clause or for the fact that the Canadian consumer, during the whole five-year period, obtained cheap wheat at the expense of the wheat producer. I was glad to hear the statement of the Prime Minister this afternoon. I think it goes a long way towards clearing up the position in relation to the have regard clause which prevailed in May and early June of last year. After reading the statements of the Minister of Agriculture (Mr. Gardiner) and of the Minister of Trade and Commerce (Mr. Howe), it seems clear that the statement of the Minister of Trade and Commerce on May 30 still stands as a statement of fact, and that his statement of June 5 is also a statement of fact as of that date.

We have learned since then that while the Minister of Trade and Commerce did not agree as to the final statement on the have regard to clause, in his discussions with the British in May of last year, he did bring back a memorandum outlining the United Kingdom's position in relation to the have regard to clause, and the cabinet accepted that memorandum and thus made it possible for the Minister of Trade and Commerce to make his statement of June 5 which has already been read into the record a number of times, and which I shall read into the record again:

> We went over the agreement while in London. We asked the United Kingdom government what further settlement it is to make on account of the "have regard to" clause. The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

Then we have the further statement of the Prime Minister (Mr. St. Laurent) this afternoon which substantiates the statement of the Minister of Trade and Commerce on June 5. We have also the statement in *Hansard* of the Prime Minister on January 31, as recorded at page 7, and which reads as follows:

> I will not say that negotiations have been opened with the government of the United Kingdom in that regard, but representations were made as to what I thought was the view prevailing throughout the wheat-producing provinces of Canada in regard to the fulfilment of all obligations under the five-year contract.

The result of everything that has been said, and of all the statements that have been made by ministers of the crown down to the present time, demonstrates that on June 5 of last year, or sometime previously to that, this government did not carry out the wishes of the western wheat producer in respect to the have regard to clause; that this government took from the British at that time a settlement in respect to the have regard to clause that was completely inadequate.

Mr. Gibson: Could we go to war?

Mr. Argue: Don't interrupt me with such a nonsensical interjection. The government, since June 5 of last year, has done nothing, and there was nothing it could do to re-open a contract that had already been settled and finalized by both parties to that contract.

We have the Minister of Agriculture just a few weeks ago making a trip by air to the United Kingdom, supposedly to discuss a further settlement on the have regard to clause. In view of all the statements that have been made by the Minister of Trade and Commerce, and by the Prime Minister, and what I am sure will be borne out by the documents exchanged between the governments of Canada and the United Kingdom when they are made public, it is completely obvious that the trip by the Minister of Agriculture to Britain was nothing more or less than a grand publicity stunt. The Minister of Agriculture did not have a hope in the world of really getting anything further from the British on account of the have regard to clause.

The other day I placed a question on the order paper and received a very interesting answer. Part 3 of the question read as follows:

> Did the Minister of Agriculture take with him on this visit any official government documents or proposals relating to the purposes of his visit?

And the answer was: "No."

The Minister of Agriculture had no proposals from the federal government to offer to the British government as far as the have regard to clause was concerned, because the Canadian government realizes only too well, as also does the British government, that that contract was finalized on June 5, 1950, or a few days before.

But I come to this again, Mr. Speaker. The Canadian government has been acting as the agents of the wheat producers of western Canada, and the wheat producers felt that they had a substantial and additional claim in the way of a final return on the basis of the have regard to clause; and they expected our government, before a final settlement was made, to attempt to have that have regard to clause fulfilled both in spirit and in letter.

It is perfectly clear now that the Canadian government back in June of last year did not in any way obtain a fulfilment of the have regard to clause. Therefore I think the stand of the wheat producers of western Canada is fair and just when they now demand from this government a further substantial payment because of the have regard to clause; and of course also because the Canadian wheat producer has had to subsidize the Canadian consumer throughout the five-year pool period.

In his speech last Thursday the Minister of Agriculture said, and I shall quote from page 1068 of *Hansard*:

> In the second place, the class II wheat price which is used as the basis for figuring the loss up to $330 million (on the United Kingdom wheat agreement) is the price which the United States government paid American dealers for wheat—much of which they were trading to get their dollars back, and much of which they were giving away—plus the increased value of Canadian wheat because of greater protein content.

In other words, the price of our class 2 wheat was, according to the Minister of Agriculture, the United States price plus a substantial premium because of its greater protein content. As a matter of fact, Mr. Speaker, the evidence of the committee on agriculture last year shows that the price of class 2 wheat for the bulk of our wheat sold within that four-year period was at a figure much less than the United States price. In answering a question of mine, as reported at page 149 of the minutes of proceedings and evidence of the committee on agriculture and colonization, the chairman of the wheat board last year pointed out that at one time the Canadian wheat board offered three cargoes of Canadian class 2 wheat to a prominent buyer at 46 cents a bushel under the United States price, and the offer was turned down. Page 149 of the evidence in reply to a question of mine shows that from August 1948 to July 1949 our class 2 wheat sold for as much as 33 cents a bushel under the United States price; and that in the next year, 1949, our wheat was sold for a discount as much as 51 cents a bushel under the United States price for a wheat that is of inferior quality, and not comparable as to grade.

Mr. Howe: May I ask the hon. member a question?

Mr. Argue: Yes.

Mr. Howe: Is that 51 cents under the price at which the Americans sold wheat, or under the price at which they gave away wheat?

Mr. Argue: I am not dealing with that particular point.

Some hon. Members: Oh, oh.

Mr. Argue: All I am saying is this, that the price of our class 2 wheat throughout the four-year period was not the American price plus a 20-cent premium, but in the last two years of the four-year period fell to as low as 51 cents a bushel under the American price, for an inferior type of wheat. This means that our class 2 wheat at one point was selling for as much as 71 cents a bushel less than comparable American wheat.

Mr. Gardiner: May I ask the hon. member a question? Would he tell us what the position was in the first two years which we have been all talking about?

An hon. Member: You should know.

Mr. Gardiner: Put it on the record.

Mr. Argue: I will deal with that—and I take this information from the report of the wheat board. In the first two years we sold 94·7 million bushels at a 20-cent premium over the United States price. In the second two years we sold 102·5 million bushels at a substantial discount from the American price.

Mr. Gardiner: And it was the first two years I was talking about.

Mr. Argue: The statement I made earlier was that the greater portion of our class 2 wheat sold in the four-year period was under the American price. Our wheat producers are not asking the government to pay the full $2.36, the price for class 2 wheat which prevailed throughout the four-year period, they are not asking for the highest possible price. Even on class 2, the price, taking the four years together, was at a price lower than the American price. Our wheat producers have been asking for a final settlement of only $2 a bushel for the five-year period. Those wheat producers are not unreasonable; they are asking the government for a price which is 36 cents a bushel less than the price of class 2 wheat.

At page 17 of the report of the wheat board there are statistics for the quantities of Canadian wheat sold at various prices. I have done some calculations on the basis of those statistics. It is clear that during the four-year period we subsidized the Canadian consumer to the extent of $127·6 million.

One also could add to that the $48 million we subsidized the Canadian consumer prior to February 17, 1947. Then, by comparing the prices in the U.K. wheat agreement with the class 2 price for wheat, we subsidized the United Kingdom consumer in that four-year period to the extent of $380·2 million. This makes a total subsidy of both the Canadian and United Kingdom consumers of well over $500 million.

The wheat producers of western Canada are not asking the government to pay $500 million into the five-year pool; but they are determined that they will get more than the token payment of $65 million, which represents only 13 cents on the dollar. They feel they have good reason to ask a further substantial payment.

They have the statement of the Minister of Agriculture (Mr. Gardiner) on August 15, 1946, in reply to the hon. member for Rosetown-Biggar (Mr. Coldwell) to the effect that while the government had provided $200 million for price support of agricultural products other than wheat, similar arrangements could be made for wheat, should the farmers' costs of production continue to increase.

The farmer has always asked and continues to ask for stability. But it is not good enough to stabilize wheat prices and then let the cost of production shoot higher and higher. On the basis of the statement of the Minister of Agriculture and other members of the government that not only would stabilization be applied to the price of wheat, but that through an orderly decontrol program we would not have inflation, I say the western wheat producers now have a claim for an additional payment over and above the 8·3 cents.

The western wheat producers have never agreed, and do not agree today, that they should be called upon to subsidize the Canadian consumer. They are opposed to subsidizing the Canadian consumer. They take the stand that if the Canadian consumer should get cheaper flour and cheaper bread, that subsidy should be paid out of the national treasury of the country, and that it should not be saddled on the backs of one particular group, namely the western wheat producer.

The Minister of Agriculture himself seems to have taken that position before, because, as reported at page 4806 of *Hansard* for August 14, 1946, he said:

> Having said that, may I say that farm organizations generally, the farmers in particular, and most of us who represent wheat-growing constituencies in this house have always questioned the advisability of charging the farmer up with the difference between whatever the price was and the price at which wheat was being supplied to the millers . . . I agree with those who say that that whole cost should not be charged up to the farmer, and in discussions in the past I have maintained that too much of the cost has been charged up to the farmer. I still maintain that we should get away from that just as soon as we possibly can.

In agreeing to that five-year pool, the western wheat producer believed the statement of the Minister of Agriculture that the government was going to cease forcing the wheat producers to subsidize the Canadian consumer. Even today the wheat producer is forced to sell his wheat to the Canadian consumer for 25 cents a bushel less than the price of class 2 wheat.

On the same page the minister makes this further statement:

> Having said that may I revert to what I said a few moments ago. The argument is not all on one side. The treasury has paid the losses on our wheat before; it may have to pay losses again and those losses if paid will be paid to the same farmers against whom this cost was charged up. That is the position at the moment.

I say on the basis of that statement alone the western wheat producers have an iron-clad argument for the government making a further payment over and above the 8·3 cents a bushel.

Hon. members on all sides of the house realize that this is the hottest issue we have had to debate this session. The government must well know that the federation of agriculture in Saskatchewan, together with the executive of the western agricultural conference, have just had a meeting at Regina, and that they are sending a delegation to Ottawa to present to the government a unanimous submission on their behalf.

This is a hot political issue on the prairies. I say that if any prairie provincial government, Alberta, Saskatchewan or Manitoba, went to the country in 1951 the Liberal party would go down to overwhelming and disastrous defeat, on the basis of this wheat payment.

However, I do not wish to conclude on a political note, but I do want to ask the government to reconsider the decision with respect to 8·3 cents, and I make the plea that western prairie members who represent wheat constituencies, particularly my fellow M.P.'s in the Liberal party who come from Saskatchewan, should stand up and vote in favour of the C.C.F. subamendment calling for a final payment of 25 cents a bushel.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I do not intend to take very long, so my hon. friend across the way will have a chance to finish what he has to say before

six o'clock. I should not like this opportunity to pass without saying a word on this subject. As the last speaker has said, it is a very important question. When speaking in the house the other day the Prime Minister (Mr. St. Laurent) agreed that it was a most serious problem. I think it is a question concerning which we should try to get the facts before the people. At least we should try to get the facts before the house without endeavouring to confuse them.

Let me say at the start that in my view the Minister of Agriculture (Mr. Gardiner) the other day attempted to introduce another issue. He tried to create a disagreement in the house and throughout the country on the question of whether or not the wheat board was a marketing agency acceptable to the farmers. I do not think that could ever be an issue here. It certainly could never be an issue with the farmers of western Canada because I think they are unanimous in preferring the wheat board as the marketing agency. The thing they do object to most strenuously, however, is political interference in the operations of the wheat board. As long as we are going to have a Liberal government inflicted on us I think there is no person I would rather see at the head of the Department of Agriculture than the present minister.

I think the minister has endeavoured to put up an argument for western agriculture but this time it has been a lamentable one. He has found himself in an impossible position, and one who reads his speech of the other day, both the revised and the unrevised, will find that that is true. I want to refer to a statement to which reference has already been made on many occasions. I do not do so for the sake of argument. I want to put it on *Hansard* so that I can make reference to it as I go along. These remarks were made by the Minister of Trade and Commerce on June 5, 1950, and are found at page 3221 of *Hansard* for that year. They read as follows:

> We went over the agreement while in London. We asked the United Kingdom government what further settlement it is to make on account of the "have regard to" clause. The United Kingdom government took a very strong position that they had fulfilled all obligations under that clause, and so far as the United Kingdom was concerned. We agreed on behalf of Canada that considering all the circumstances that was the case.

When these remarks were referred to the other day the Minister of Agriculture took very strong objection to them. As recorded at page 1121 of *Hansard* for March 9, 1951, he said, when replying to the hon. member for Rosetown-Biggar (Mr. Coldwell):

> The report in *Hansard* is obviously not a correct report. All I am saying is that hon. members should not insist on quoting as a statement of policy or as a decision of the government a report which is obviously incorrectly stated.

In making that statement it seems to me that the Minister of Agriculture was taking unto himself the position of trying to define something that somebody else had said in this house. When we refer to what the person who made the statement claims we see that he holds an entirely different view. When the Minister of Trade and Commerce (Mr. Howe) interrupted the speech of the hon. member for Acadia (Mr. Quelch) on one occasion, on Friday last, he had this to say, as recorded at page 1115 of *Hansard:*

> Mr. Howe: The Minister of Trade and Commerce has never at any time intimated that he wished to change the statement he made in June, 1950.

The *Hansard* report continues as follows:

> Mr. Quelch: You do not want to change the statement you made in June, 1950? Then it stands?
>
> Mr. Howe: Of course it stands.
>
> Mr. Quelch: Then I have nothing to take back at all. If you accept that statement, you accept the statement by Mr. Gaitskell; then fine, an agreement was reached in May, 1950, that no other payment should be made. Well, that is fine. Now we all agree.
>
> Mr. Gardiner: Perhaps I had better explain this matter.

Once again the Minister of Agriculture is trying to straighten out the mess that the government has found itself in. The Minister of Agriculture jumped up and said: Now, what this fellow Howe has said is not right; I will have to explain it again. But the Minister of Trade and Commerce does not pay much attention to him because he says that the statement that he made stands.

An hon. Member: Why would he?

Mr. Johnston: Further evidence that the Minister of Trade and Commerce was right is found when the Minister of Agriculture was speaking with respect to Mr. Gaitskell's statement in the British House of Commons. At page 1120 of *Hansard* for March 9 the minister said:

> This is the newspaper report:
>
> "Gaitskell was asked in Commons what additional sum was payable to Canada in view of the contracted price and the world price of wheat during the last two years of the contract. 'None,' Gaitskell replied. 'The matter was fully discussed in 1950 with Mr. Howe and the result was that no further payment will be made'."

I have read that exactly as the Minister of Agriculture put it on *Hansard* because once again he made a mistake. Then the minister continues:

> That does not say that Mr. Howe agreed with it.
>
> Mr. Coldwell: The words are, "was to be made." I have the British *Hansard* here.
>
> Mr. Gardiner: I have not a copy of the British *Hansard,* but it is "will be made" in this report which has appeared all across Canada.

Mr. Coldwell: I have the British *Hansard*.
Mr. Gardiner: Read it.
Mr. Coldwell: This reads:

"The matter was discussed in May, 1950, with Mr. Howe and the result was that no further payment was to be made."

There again we have confirmation that the statement made by the Minister of Trade and Commerce in this house was correct. On top of that, no matter what the Minister of Agriculture may say, we have the statement made by the Prime Minister (Mr. St. Laurent) today in reply to a motion for production of papers by the hon. member for Rosetown-Biggar (Mr. Coldwell) involving the minute brought back from London. The Prime Minister made the statement that the Canadian government agreed to accept as the position of the British government that the agreement had been fulfilled. That cannot mean anything else but that the federal government agreed that the wheat agreement was fully and finally settled on the basis of the last payment of $65 million. I wanted to get the record straight in that one respect. Regardless of what the Minister of Agriculture has had to say on the matter, I think there is no doubt that the agreement was definitely and finally settled on the basis of the $65 million payment.

Now I want to review for just a moment the amount of money coming to the farmers. I do so because later on I want to refer to the statement of the Minister of Agriculture as to the amount he and the government think was still owing. These figures can be verified by the statement placed on *Hansard* the other day by the hon. member for Battle River (Mr. Fair). The loss to the farmers under the British wheat agreement during the four years 1946 to 1950 was $431,676,844. The loss to the farmers as a consequence of selling wheat to Canadian millers during those four years was $136,920,921, or a total loss of $568,597,765. The amount available to be paid out was $120 million, leaving a net loss of $448,597,765.

Having placed these figures on record I want to refer to the first figure I gave a moment ago as the loss under the British wheat agreement, which was $431,676,844. When we deduct from that the $120 million which is to be paid to the farmers the amount outstanding is $311,676,844. According to our figures that is the amount still owing the farmers. The Minister of Agriculture does not agree with that. The other day at page 1122 of *Hansard* he said he did not consider that anything like $330 million was still payable to the farmers; that was out of all reason. Then he said:

—I said to them that so far as we were concerned on the most favourable terms to Great Britain we figured the actual loss to be $166 million.

I have been to quite a few sideshows in my life, where I have seen magicians pull rabbits out of hats, but I never saw anything to compare with the way the minister dealt with this $166 million. I have read over his statement carefully many times to see exactly what he meant, and I think I have it clearly in mind now. He starts assuming, incorrectly I think, that the amount owing the farmers is $166 million. If you will note the figure I mentioned just before that, some $310 million, that shows the farmers losing $144 million right off the bat. Oh, of course, we will not consider that; that was the farmers' money, and it is just thrown out the window. Then the minister went on to discuss this $166 million and said: If we consider the fifteen years prior to the beginning of the wheat agreement, which would be back in 1931, we will find that the difference between the Canadian and United States prices was fifteen cents. Why he should take the depression years I do not know.

Mr. Gardiner: If my hon. friend will permit me, I took all the fifteen years from 1931 on, not just one year.

Mr. Johnston: That is right; I said the fifteen years prior to the beginning of the wheat agreement.

Mr. Gardiner: It is an average over all years, whether depression or not.

Mr. Johnston: No, it makes a big difference, because during those depression years the price there was always much higher than it was in Canada. In any event that was the period he took; then he said right off the bat that would amount to $48 million, so the $166 million is now reduced to $118 million. If that is not pulling rabbits right out of the hat I should like to know what it is. The Canadian farmers lost $48 million just like that. That is quite a method of paying off the farmers. This may be a hot question, but it is going to be a hot proposition for the minister to prove that is a fair and equitable settlement to the farmers in western Canada.

Well, now we have it down to $118 million. Then listen to what the minister had to say:

If you take that figure then you find there is $48 million that should be deducted from losses in the first two years. That brings us down to $118 million. I went on to say: We are not going to attempt to prove that any figure short of a round figure is a reasonable figure to be asking under the terms of an agreement such as this, and therefore we are of opinion that $100 million would settle the bill.

So another $18 million goes out the window just like that. Surely no reasonable person, not even a Liberal sitting on the other side of the house, could agree to that. The $166 million has been reduced to $100 million

just like pulling a rabbit out of a hat. Then the minister had this to say:

> Another proposal had been made that we might consider $70 million a settlement, and what I said at the end of my speech last night was that under the arrangement which was made for the final year there might have been a settlement of $35 million.

Let us see how the minister handles that $35 million. Of course this is the money of the farmers, and it is not very difficult to whittle it down. A little further on he said:

> If you take into consideration the fact that we did get $1.98 a bushel for our wheat owing to the fact that there was devaluation of the pound, then the sum that we did obtain under that arrangement was $16 million and not $35 million.

So, owing to devaluation, all the farmers actually got was $16 million. The $35 million was settled for $16 million, and another $19 million went out the window. Well, if you take the $35 million and the $65 million the government has agreed to take out of the national treasury and put into the fund that makes the $100 million. So all that is left out of the $166 million will be the $16 million which came through devaluation and which was in the wheat board treasury, and the $65 million which is to be paid out of the national treasury. That is all they will get of the $166 million the minister figured was the actual loss. Then he had this to say in conclusion:

> When you take all these facts into consideration, that we had asked $100 million, that they could claim, by having all the arguments on their side allowed, to have settled $35 million, there was still $65 million owing, and that $65 million has been paid.

Well, it was never paid by the British government. It was paid by the Canadian taxpayers, including the farmers. In other words the farmers are being taxed to pay themselves back. Then the minister went on, and this is the finest gem I have read for some time:

> So far as the farmer is concerned it can be argued that the matter has been settled in the same manner as it would have been settled if Great Britain had made all the settlement that we asked them to make when we were in the midst of these discussions. I think that should be made clear to the house.

In other words, he says that we have just disregarded the $48 million to start with; we have whittled off another $16 million and then a further $19 million, and we have it down now to $65 million. He says that now everything is going to be fine. I do not think it is going to be fine. I do not blame the farmers of western Canada for being greatly perturbed over the loss of this huge sum of money which they rightly had coming to them. When you recall that the actual loss to the farmers by reason of the United Kingdom agreement was $311,676,844, and then when you add to that, as the last speaker indicated, another $136,920,921 which was the loss on wheat sold to the millers in Canada, you find that the total loss amounts to $448,597,765. How can you expect agriculture to be satisfied with such an agreement?

You know, Mr. Speaker, it was rather amusing to read a statement attributed to the Prime Minister (Mr. St. Laurent) in a newspaper dated March 8. I should like to put this statement on the record because I think it comes in at this point, particularly after this government has just finished chiselling the farmers to the extent I have indicated. This report appears in the *Citizen* of Thursday, March 8, and it reads:

> Industry Farm Balances Urged by St. Laurent
>
> London, Ontario.—Keeping what he termed "proper balance" between Canada's agricultural progress and her industrial development was urged by Prime Minister St. Laurent in a surprise visit to the Middlesex seed fair and food show at Queen's park yesterday.
>
> Canada, he noted, has been going ahead industrially "at a very rapid rate." Agriculture must keep pace because "a country is in a bad way if it cannot produce all the food it needs."
>
> Proper distribution of food is also important "if agriculture is to continue as the cornerstone of the economy of this great nation," declared the Prime Minister.

How could he reasonably expect agriculture to continue to be the cornerstone of this great industrial nation when the government itself, through its policy, is the direct cause of the farmers losing $448 million? I believe we should be logical about the matter. Certainly, one cannot expect such a condition to continue.

Just before I left home to attend this session, I attended a meeting of the agricultural producers in Carbon, Alberta. It is not a large town, it is partly a mining town and partly agriculture. At any rate approximately 300 farmers attended the meeting and passed a resolution unanimously that the payment should be at least another 25 cents. I have just received a letter from the farmers' union of Alberta at Carbon, local No. 1005, dated March 10 and reading as follows:

Dear Sir:

> I am instructed by the above local to urge you to do all in your power to obtain the sum of 25 cents per bushel for the final payment of the five-year wheat pool. We feel that we farmers are actually entitled to more than this amount, yet will be satisfied if the dominion government agrees to pay out this sum, making up the balance of what is held at the moment by the Canadian wheat board with further moneys from the Canadian treasury.
>
> Yours very truly,
>
> Secretary-Treasurer.

When 300 farmers come out to a meeting in one of those small towns, the matter must be of some importance. You can well imagine that when we return home we are going to

have larger attendances at these meetings. This government is going to find that the farmers will not sit down and take it. Surely no respectable government would expect the agricultural industry to bear such a tremendous loss when it is remembered that during the last war other industries did not carry such losses. In fact, they did not carry any losses but were, in most cases, subsidized. When that is recalled and compared with what is happening to agriculture, there is just no reason in the attitude of this government.

When the war started there was legislation passed in this house to the effect that manufacturers' profits were limited to five per cent. I was a member of the war expenditures committee at that time. The Minister of Trade and Commerce (Mr. Howe) reported that he was not able to place one contract under that limitation, so the five per cent was raised. The very opposite action was taken with regard to agriculture. With world prices high, agricultural prices were forced down. It was through government action, and not the wheat board, that this wheat was sold at such a reduced price. It was a deliberate policy of this government. I was speaking at a meeting once when there were some Liberals present. They were objecting to these arrangements of the government for handling their wheat. I said to them, "I am sorry for those who did not vote Liberal, but you fellows who voted Liberal are getting just what you asked for". I think they are beginning to realize that. I believe that when the next election rolls around the other provinces will follow Alberta's example and clean house with the Liberals.

Mr. Speaker: Is it the pleasure of the house to adopt this motion?

Mr. Jutras: I would move the adjournment of the debate until later this day.

Mr. Speaker: Is it the understanding of the house that the debate on the wheat bill may be resumed later this day?

Some hon. Members: Agreed.

Motion agreed to and debate adjourned.

MAIN ESTIMATES, 1951-52

EXPLANATORY STATEMENT OF THE MINISTER OF FINANCE

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1952, was presented by Hon. Douglas Abbott (Minister of Finance) and read by Mr. Speaker to the house.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I move:

That the message from His Excellency together with the estimates presented this day be referred to the committee of supply.

In doing so, I do not propose to make any lengthy statement, either in regard to the form of the estimates, in which there have been many changes in detail as a result of recommendations of the public accounts committee last year, or in regard to the figures. Instead I am following the practice that my predecessors and I have followed in past years of issuing a detailed statement to the press at the time the estimates are presented to the house. Copies of the statement will be available at my office for any member wishing to have one. Perhaps I might merely say, first, in regard to the form, that most of the suggestions of the public accounts committee have been adopted, and much more detail included. As a result, the volume is much larger—540 pages this year compared with 322 last year. Members will also find a pocket inside the back cover of this book, into which will fit a large table which is being printed separately and which will be available in two or three days, showing a cross classification of expenditures of various types in each department, as the committee recommended. As regards the figures themselves, the grand total of the estimates is, of course, much larger than this past year, because expenditures on defence and defence production have increased from about $770 million in this current year to $1,664 million in the new year—an increase of $894 million. The estimates for all other departments amount in total to approximately $1,923 million, compared with $1,958 million for the current year, including those supplementaries already appropriated. Thus we show a reduction for departments other than defence of $35 million, notwithstanding substantially higher levels of costs.

Motion agreed to.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

COST OF LIVING

Mrs. Ellen L. Fairclough (Hamilton West): Before Your Honour leaves the chair, I wish to say a few words. Events of the past few months have seriously aggravated a situation which is itself rooted in both the domestic and international problems of the times. The grave unrest in the country today, coupled with the anxiety and uncertainty of all levels

of production and trade, is reflected in this latest report from the bureau of statistics which came out the other day and which shows a sudden sharp increase in the cost of living over the previous month of 2·7 points, of almost 3 points.

It might be well to review the figures which have been published and which have become more or less familiar to all of us. Since 1945 the index has risen from 119·5 to 175·2, according to the latest calculation; and, judging by the prices of consumer goods in the stores today, it is likely that they are considerably higher than that at the moment. It is significant that, where the monthly index fluctuated somewhat for the year 1949, showing a net increase of some 6·5 points, the year 1950 shows a record of steady increase, to close with a net increase of 9·6 points. Then we have the spectacle of the January report of this year showing an increase of 1·4 and the February report showing a further increase of 2·7.

It is my belief that one of the reasons for the sudden and sharp increase which was noted in this last report is the government's bland disregard of this situation and the feeling throughout the country that no one knows exactly where we are going. The February 1951 figures as released by the bureau of statistics show an increase of 13·6 over the same period for 1950. May I draw to the attention of the house the fact that the heaviest single monthly increases in 1950 were in the months of March and July. We are already well into March; and while I am aware that the figures which are reported are for the preceding month, I predict that the March report will follow the 1950 pattern, and probably the April one also.

As other costs rise, the cost of municipal administration rises with them; and the reports of local tax rates on real estate which have filled the newspapers this last month bear adequate testimony to the impact at the municipal level. All requirements of municipal services have been hit. All sorts of supplies, uniforms, cost of buildings, sewers, sidewalks and roads, as well as the necessary adjustments in wages, inadequate though they may be, have been added to the load. This in turn has provided an additional burden for the home owner and a further aggravation of the rental housing situation. Rather than help, this government, in the housing field alone, has aggravated the situation still further by the double-barrelled onslaught of the abolition of rent control and the curtailment of housing loans.

I hold no particular brief for the type of rent control which was in effect; for, like much government legislation, it was sadly in need of revision. Likewise, with the housing loans, the problem of supplies should have been met from an angle which would not have deprived the small income groups of the opportunity to purchase those houses which were available. In each case I suggest that the load might have been lightened by intelligent legislation rather than jettisoned. I predict further that the curtailment of mortgage loans will shortly result in increased demand for subsidized rental housing and that it will be found that the responsibility has not been lost but merely been shifted.

The average housewife today, whether or not she understands the economic pressures which contribute to the situation which we have, knows full well that her dollar will not buy her requirements. The pay envelope no longer keeps the family. She must deprive herself and her children of all of the luxuries and of many of the necessities of life or she must take the only alternative and go into debt.

Whether she is the wife of a farmer, a labourer or an industrial worker or whether the breadwinner in her family is in the great army of unorganized white-collar workers, is a small businessman, or is engaged in the practice of one of the professions, she knows the strain of trying to feed and clothe her family with an inadequate income. Some of these people have a moderate chance of increasing their income. Others have none at all. At the very top of the list of those who are helpless in the face of advancing costs are the pensioners and those who are trying to live on fixed incomes of one kind or another. To these people, many of them approaching the end of their lives, the picture is extremely dark indeed. It would seem to them, I am sure, that the only thing left for them to do is to depart this life altogether. But they are even afraid to die because the price of burials has also risen. I am not making a morbid jest, Mr. Speaker; I am extremely serious when I say that to those families, burdened with heavy medical and hospital costs and subsequent burial costs, the debt-ridden future looks black indeed. There is literally nothing that has not risen in price. This is the government's problem. This is the government's responsibility. This is no time for the pursuit of a policy of laissez-faire and it is no time for guessing. Theory does not feed hungry stomachs; it does not clothe bodies and it does not shelter families. Therefore, Mr. Speaker, I urge on this government to withdraw its head from the sands of theoretical supposition and look upon this grim reality of current conditions and to take practical cognizance of the plight

of our families; and to this end, Mr. Speaker, I move, seconded by the hon. member for Peel (Mr. Graydon):

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"This house regrets that the government, in face of the continuing increase in the cost of living and particularly in the face of the recent sharp rise thereof, refuses to take effective measures to protect the Canadian family budget."

Amendment negatived on division.

POSTAL SERVICE—REDUCTION IN URBAN MAIL DELIVERIES

Mr. J. W. Noseworthy (York South): Before the main motion is adopted there is another matter that I want to discuss in the house, namely, the matter pertaining to the new system that is being inaugurated by the Post Office Department. As we all know, the Post Office Department has recently inaugurated a one-a-day delivery in cities and urban areas that heretofore have been receiving a two-a-day delivery service.

Generally speaking, I think the Canadian people will approve of any move made by the government to economize in the government's service, particularly in this critical period. The question does arise, though: why should the Post Office Department be the first department in which the government chooses to exercise that policy? The Post Office Department is the first department in which we have the application of that policy.

Mr. Abbott: It is only a little more noticeable there.

Mr. Noseworthy: And it is the one department of government that differs from others, in that it is paid for directly by the public. It is a public service for which those who use the mails pay. It is not a department that like other departments is a drain upon the public treasury; and we question whether the government, which in past years has shown a profit in the post office of I think something over $12 million, which was reduced last year to something more than $2 million, is really justified in operating the Post Office Department at a profit. The question arises as to just what justification there is for a government taking out of the users of the mail service a profit to that extent.

I presume it is because there was a drop in profits last year that the government is now attempting to reduce the service. It seems to me to be poor business to be paying the Trans-Canada Air Lines, and other air lines, what I think amounts to about three times the rate charged by the rail services to fly mail into our large cities, and to leave that mail lying for twenty-four hours or more in the post office without being delivered, as will be the case under the present system.

There are in my riding a great many of those walks which, while they do not contain more than twenty-five per cent business calls, do contain a great many business calls, and businessmen who have their offices on the residential streets, organizations which maintain their offices on those residential streets, are already complaining, and I think quite fairly, of the service.

I have a letter here from one organization which carries on business across this province, and which receives a great deal of mail during the day. During the past week it has been getting its mail after 6.30 every evening. That is not good service, and no private company would put up with that kind of service for a moment.

Apart altogether from the service to the public there is the effect of this service upon the postmen employed. This is a rather important topic into which I want to go at some length, Mr. Speaker, and I should like you to call it six o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Noseworthy: Mr. Speaker, before six o'clock I had raised the question as to why the government had chosen to inaugurate its economy policy in the one department of government that was being paid for by the users of that service, rather than being paid for out of general taxation. I now have before me the minister's report for the year ended March 31, 1949, and I find that since 1932 there has been one year only in which that department did not show a net surplus. That net surplus amounted in 1944 to $12,500,000. It dropped to $9,800,000 in 1948 and to $2,900,000 in 1949. I find that the drop from 1948 to 1949 was due in the first instance to the fact that about $5,600,000 had been spent on increased salaries. However I find also that there was an increase of $1,800,000 paid to Trans-Canada Air Lines for the inauguration of the so-called all-up service.

Mr. Rinfret: In 1948.

Mr. Noseworthy: In 1948-49. I understand that Trans-Canada Air Lines charged $1.81 per ton mile for the carrying of mail, which is just about three times as much as they charge for the carrying of express and cargo traffic. I suggest that if the department wanted to economize in post office

expenditures, pressure should have been brought to bear on Trans-Canada Air Lines to reduce their charges for the carrying of mail to something approximating their express and cargo traffic charges.

Then, I notice in a report given by the deputy postmaster general, Mr. Turnbull, before the transport and communications committee last March that the post office last year had a deficit of $8 million due to the fact that the postage rate on periodicals is less than the cost of making delivery. It may well be that it would be in the national interest for the Canadian government to subsidize magazine publishers—possibly Canadian magazine publishers. I can well understand the difficulty the publishers of Canadian magazines may have, particularly when they are in competition with American magazines. But I doubt the wisdom of making the users of the mail service pay those subsidies—and certainly anything which would subsidize foreign magazines. If it is necessary to subsidize Canadian magazines, then I suggest that it should be paid as a direct subsidy, and not charged up against those who use the mails.

I suggest that before the government undertook to curtail this service to the public, for which the public is making direct payment, it should have investigated other ways and means of economizing within the department. I believe there is good ground for criticism in the way this new policy regarding mail delivery was introduced. As I understand it a blanket order was issued, applicable across the country, whereby a postman is required to take his own route, and either a half or a third of an adjoining route.

I suggest that any well-managed industry, before undertaking a change in policy as drastic as that, one which would affect the public and employees to the extent this change does, would have carried out some experiments. It would have found out, through experiments, just how the new policy would work, and what difficulties would be encountered. I believe that if the government had taken any one postal district in any one of our larger cities, and spent a month or two in attempting to work out the new delivery system, it would not have found it feasible to add one-half or one-third of one route to another route, and making delivery once a day, without overburdening the postman or requiring him to work more than a forty-four-hour week. I believe the department would have discovered that such a blanket order could not have been put into effect without to a very great extent disrupting a service universally recognized across the country as one of our most efficient government services.

[Mr. Noseworthy.]

For a few moments I should like to speak about the effect of this change upon mail carriers. Hon. members have read in the press about mass meetings of postmen in a number of our larger cities. Some of us in the house had the opportunity of attending one of those mass meetings in Toronto. There we were told that postmen in all the Toronto postal districts had kept an accurate check of the hours they had had to work the previous week in order to complete their deliveries. Many of them, instead of having to work forty-four hours as they were supposed to do, worked up to as much as sixty hours. I hold in my hand a report from one postal district in Toronto. Even before the change I find that every man in that postal district was working from one to two hours over and above the forty-four-hour week. The shortest week worked in that district before the change was made was forty-eight hours. The average for the entire district having 23 routes was not 44 hours a week before the change but 49 hours and 53 minutes, nearly 50 hours a week before any change was introduced when they were still supposed to be working 44 hours.

Last week, with the new system in operation, the 27 postmen in that district worked an average of 52½ hours instead of 44. There are just two points I want to raise in that connection. In addition to the longer hours there is the extra amount of mail that has to be delivered during the day. Every report that I have been able to secure indicates that the postmen are required to carry considerably more than the regulation weight of mail. They are working longer hours, and the majority of these postmen are great war veterans. Many of them are veterans of the first world war who have been in the service of the Post Office Department for 20 years or more. They are finding the extra load and the extra hours extremely difficult.

There is the further fact that they are required to work four or five hours a day over their eight-hour day through no fault of their own. These extra hours are thrown upon them because of the department's policy in inaugurating this new system of delivery. They were raising no objection to having to go to the post office an hour before starting time in order to get their mail ready for their routes. None of them raised any objection to working 48 or 50 hours instead of 44 under the old system. Now they are required to work 53 to 60 hours. In all fairness, if the government is to deal with these employees as fairly as it expects industry and employers generally to deal with their employees, then the government owes it to these men to pay them for that extra time.

I raised that question in the house this afternoon on the orders of the day and was told that as yet the government has given no consideration to paying for these extra hours. For two weeks the Toronto stations have been on the new system. It will probably take many more weeks before the routes are adjusted to a point where delivery can be made in an eight-hour day. Until such time as that takes place I submit that these extra hours should be paid for by the government. I think it is entirely unfair to throw upon thousands of employees delivering mail for the Post Office Department anywhere from five to ten extra hours a week through no fault of their own, simply because the department inaugurated the system without having properly worked out the details or knowing what the effect of the application of the system would be. I suggest that the government should take into consideration payment for the extra time worked.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I want to say a few words on this subject. I find it hard to understand why the letter carriers of the Post Office Department were picked on in the way that they have been in this drive for economy. It may be because the Postmaster General is a new minister. Others may be taking advantage of the fact that he is a junior member of the cabinet, is perhaps a little reluctant to argue with the older members, and so forth. That is the only reason I can see because in dealing with price controls the government says there is no emergency, and if and when there is an emergency they will implement the emergency powers. Second, in the matter of defence production the same thing is true. The government is taking stand-by legislation in case they may have to use it.

In speaking about the possibilities of war in the foreseeable future the Prime Minister has said, outside this house of course, that he believes there is no immediate danger of over-all war, that he expects to live a long time and does not expect to see an over-all war in his lifetime. That is all very reassuring but the government then decide that they must cut drastically civilian spending, the ordinary expenditures of government. They say that we have to offset in some way the huge defence expenditures that we are now making because we may have to face a conflict some time in the future.

So far as I am concerned, Mr. Speaker, I am in agreement with the government on its drive to institute measures that will reduce as far as possible, without impairing the services of the country, any department of the government that is considered non-essential. I cannot understand, however, and I cannot go along with the government in picking on the letter carriers, who represent about the lowest status in the postal department.

Who are these letter carriers? The great majority of them across this country are veterans of the first war. Many of them are disability pensioners. They are reaching an age when in a few years they will be retiring on the maximum pension paid under the civil service. Many of these men have made commitments. They have bought homes. They have planned their lives so that they may be able to eke out an existence on their pensions if and when they are retired. This economy measure of the government is resulting in the dismissal from the service of many of these older men. They will have to take their pensions prematurely which will mean a lot less than they anticipated on the basis of being able to work out their terms of service.

That is one angle. Second, the minister and others have created the impression at least that they are reducing the work, that they are cutting down the number of deliveries. Cutting down the number of deliveries is not reducing the work. You are going to carry exactly the same amount of mail but you are going to have twelve hundred fewer letter carriers across the country to make deliveries. The figures I have seen in the press indicate that approximately twelve hundred mail carriers are to be laid off. I think I would be safe in saying that the great majority of these fellows will be the older personnel, from the first war; and even if they are young men it does not alter the picture. The result is exactly the same; the same amount of mail will be carried by just that many fewer letter carriers across the country, which means that the load will have to be increased.

I am not arguing at all for the continuation of two or three mail deliveries a day. One delivery a day is good enough for me, as I think it is good enough for almost everyone in this country. I am arguing against picking on those with the very lowest status in the department, men who are absolutely essential, men who have been accepted into the civil service and have planned their lives accordingly. At a moment's notice, because of a hypothetical emergency which is not recognized in any other government department, these men are to have their lives interrupted and all their plans for the future disrupted.

I do not think that can be justified. If the Minister of National Health and Welfare (Mr. Martin) came in and said he was going to cut his office staff across the country by fifty per

cent, I would say perhaps he was justified. That would not hurt anyone very much. If the Minister of Mines and Technical Surveys (Mr. Prudham) came in and said he was going to wipe out a certain branch for the duration of the war I would say perhaps that could be justified, that no one would suffer very much and perhaps it would not even be noticed, though of course he would have to keep on the geologists because they are very busy people. I would not argue with economy measures of that kind for the purpose of increasing defence production and providing the necessary office staff for the new department. But I am strongly arguing against picking on men in the mail carrier category, because I think they are essential. They have rendered good service for many years, and I do not think the government can justify the adoption of a policy, without consultation with the civil service organizations, which uproots so many of these employees.

I suggest to the Postmaster General (Mr. Rinfret) that he take another look at it. He is not going to save very much money by penalizing the letter carriers, but in my opinion he is going to create a great deal of resentment across the country. Then when he comes to resume this service he may have a great deal of difficulty getting the necessary employees, because I should think anyone treated this way would hesitate before accepting service with a branch of the government which pulled that kind of thing on their predecessors. Personally I think this is about the meanest cut that could be made. Others can defend themselves. Men with ability in certain directions can be shifted from one department to another, or they can be let out. They can always rehabilitate themselves. But when you take a mail carrier and throw him in the street you are putting him in the ranks of the unemployed, and it is very doubtful if you will ever get him back into government service. In view of the small amount of money that will be saved and the hardship and injustice that will be created, I suggest that the Postmaster General take another look and leave the letter carrier service as it was.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I had hoped to bring up this matter on the estimates, but since the hon. member for York South (Mr. Noseworthy) has raised it this evening I should like to say a word or two. The two previous speakers have dealt with the general situation, and I should like to bring to the attention of the Postmaster General (Mr. Rinfret) the situation in my own city.

While I appreciate the need for economy in this direction, I think perhaps economy can be overdone if it interferes with the efficiency and comfort of the employees. My information is that in Saskatoon some 580 hours of overtime were worked in 24 days in February. The weather in Saskatoon in February is rather difficult, and I am informed that these men carried out that overtime work under a great deal of strain. The overtime was done on 24 routes; I am not clear on the matter, but I understand the men are not going to be compensated for the extra overtime work they performed under the strain I have indicated. In spite of the fact that this overtime had to be put in, six carriers have been released; and under those conditions I think they are quite justified in protesting those dismissals.

Like the hon. member for Cape Breton South (Mr. Gillis) I had the case of an elderly man who had only fourteen months to go until he reached the normal retirement age of 65. In February of 1950 he suffered from a heart ailment as a result of which he had to be temporarily laid off. Now he has recovered sufficiently, or thinks he has, to take an inside job; but because of the economy move and because, as the Postmaster General has pointed out to me since, strong and fit men are available, he simply has to be retired because there is no place for him in the postal service. I am quite prepared to admit that a man with only nine years of service should not have as much consideration as a man who has worked two or three times as long, but like the hon. member for Cape Breton South I am concerned about these individual cases of hardship. A man on pension, with a pittance of $21.96 a month and no other source of income, is not in very good shape to carry on any kind of fight.

I think that is all I need to say on the matter. These are the conditions as I see them in my own city of Saskatoon.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to say a few words on this question. I do not suppose any of us can legitimately object to the change from two deliveries a day to one delivery in the residential portions of our cities; and to the extent that such a change will make a saving I do not believe there can be a great deal of complaint. But the way this new plan has been worked out certainly seems most unfair to the men actually delivering the mail. They are the public relations officers of the postal department, coming in contact with the people all the time. Certainly in my experience they have been doing a very good job in Vancouver for as long as I can remember. They are a fine, friendly group of men; the majority have served in the forces, and they deliver

the mail in all kinds of weather because even in Vancouver we do not have sunshine 365 days in the year.

Mr. Stuart (Charlotte): How about Fraser valley?

Mr. Green: I would not dare speak for Fraser valley. Under this present plan these men certainly are not getting a fair deal. I have here a letter sent to the press in Vancouver by a postman's wife which I think sets out the situation very clearly. It says:

> The post office officials at Ottawa are making our mailmen into downright slaves with this new rule of having one delivery. They arrive at their substations at 6.15 a.m., and there they have to sort mail until 9 and 10 o'clock. They are given two long routes, one in the morning and another one in the afternoon. On these routes they carry terrific loads which they cannot put down if the weather is bad and have to take them up and down the stairs of each house they visit. On Monday many of them in the Dunbar district did not finish till 6 o'clock at night. Utterly worn out, too tired to eat, they go to bed, after 425 calls. They receive no overtime, and many of the men who have been recently employed stand the chance of being let out. Any other worker will strike, but the government officials dare not.
>
> Is this not slavery and liable to foster bitterness in the hearts of these men and their wives. I would like to know of any other worker who gets such a dirty deal.
>
> These are the men who are asked to be loyal to their government.
>
> Let us have a little justice and fair play.
>
> A Mailman's Wife.

That letter was in the press some weeks ago. All the newspapers which have come in from the west coast within the last two or three days have contained further reports. After investigation by the officials of the association concerned, it is reported that every postman in the city is forced to work overtime now, and gets no pay for it; further that the men have to deliver all the mail in their districts, no matter how long it takes. Most of them are lucky to get half an hour for lunch. This report also says as follows:

> One man in "D" division had one hundred pounds of mail on his back when he left for his first delivery, Mr. Barber said. Another told the meeting he started work at 6.20 a.m. that morning and wasn't finished until 5 p.m. Supervisors making a spot check of postal stations since the new order went into effect stated that of 56 postmen checked, every one was working overtime, all without pay.

Now, I realize that there will have to be adjustments, and probably there will be some hardship. But I am afraid that the officers here in Ottawa have not realized just what an unfair burden is being placed on these men in the cities across Canada. I have checked this up as carefully as I can in so far as my own city is concerned, and I do not believe these men are getting a fair deal. Probably there have been too many men let out. I understand that the recommendation made to the department here by the leading officers in some of the cities was that instead of letting out one-third, the cut should not have been more than one-quarter. That is only hearsay but it is obvious from the way this new plan is working out in Vancouver that something is wrong, and that the men are not getting a fair deal. I do hope the Postmaster General will take immediate steps to remedy this unfortunate situation.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, in common with all the hon. members representing urban constituencies, I too have been receiving complaints about the economy program instituted by the Post Office Department. Perhaps I have received more complaints about the way in which economies were being made than about the economies themselves. May I say immediately that I am not opposed to the government starting on an economy campaign. I believe that, over the service as a whole, there is a great deal that could be done, and that perhaps there is a great need of an economy campaign. I do object, however, to the campaign starting with the little fellow. I think the campaign should not start right at the bottom, but it should start at the top and work down.

For the moment, let me deal with the way this thing has been put before me. I am told that the organizations of letter carriers were not consulted before the changes were made. They were simply told. In every industrial establishment today the working conditions are arrived at by agreement between the employees, who have an organization, and the employer. If there is to be a change in those working conditions then the employees, as people of importance because they do the work, are consulted. The change is made by mutual consent. I am told that is not the way this change has been made. The post office officials carried out a reorganization and said that instead of working for forty-eight hours tomorrow you shall work fifty-four hours from tomorrow forward. If a private employer treated his employees in that fashion in this country there would be an uproar because an ordinary self-respecting workman would not stand for that sort of treatment. I suggest that, although it is too late to do it in the proper way this time, at any other time when there is a reorganization of this kind contemplated the representatives of those who are doing the work should be consulted. Remember, the important people in every organization or in every line of work are those who do the work, because the work cannot be done without them. The services of the community

cannot be carried on without them and they should have some say in how their work is arranged.

There is no need for me to repeat what has been said by the hon. members for York South (Mr. Noseworthy), Cape Breton South (Mr. Gillis), Saskatoon (Mr. Knight) and Vancouver-Quadra (Mr. Green). The problems in all the cities are pretty much the same, and I do deplore the way the Post Office Department has set about this reorganization.

Mr. Gordon Graydon (Peel): I listened with considerable interest to the discussion and to the criticisms which have been voiced by the members who have spoken about this matter tonight. I should like to point out to those who come from the urban parts of Canada that this problem with which they are being faced now, that is the treatment of letter carriers in urban centres, is not new for those of us who come from the rural parts of Canada. We have been experiencing this, I sometimes think, with less than the sympathy we deserve from many parts of the dominion who ought to be just as interested in rural mail deliveries as we are in the urban deliveries.

While it is perhaps repeating arguments that have been used many times in the past, nevertheless so long as the condition exists I take it that there will have to be on all sides of the house champions to bring the Post Office Department to its senses. This is just another example of the way the department of the Postmaster General (Mr. Rinfret) has been running wild with regard to its organization and its treatment of those who do its work. On many occasions I pointed out to the minister and to his predecessors in office that I felt there was no justifiable excuse for not giving this parliament a special committee set up to deal with the Postmaster General's department. I then had in mind, of course, more particularly the question of the scandalous returns which are given to the rural mail couriers across the country. It is all very well to say that they are under contract; but that does not excuse the governmental sin of underpayment, even though they are under contract. Today there are many hundreds and perhaps thousands of rural mail couriers who are carrying the mails to rural mail boxes at less than the cost of operating, calculated on any kind of a business basis. When, in addition to that, I now hear complaints as to the way the department is operating in the urban areas, and when you add to that the fact that we badly need some kind of policy with respect to the suburban areas, I am confirmed in my opinion. In between the urban and the rural sections there has now grown up in many parts of Canada, almost like a mushroom, a great suburban section of our population. Mail delivery is a matter of great inconvenience to some of them, because they have come out of the cities where they have been accustomed to urban delivery. They are now in the position where they are obliged to go long distances in order to get to their mail boxes or to their post office in the new place to which they have gone. As the minister must know, there is no end to the complaints with respect to the lack of proper servicing of those people in the new areas.

I want to say this to the minister, and I say it with every constructive motive. I think he ought to pause and consider just where the Postmaster General's department is heading with respect to rural, suburban and urban areas. If there ever was a department that at any time needed to have a first-class review of what it is doing, I think it is the Postmaster General's department now. It is all very well for the minister to suggest that after all they are part of the great economy wave. The waves do not seem to be so high in other departments. I know of no reason why an economy drive should not be tempered with common sense; because, after all, economy without common sense results in a policy of penny wise and pound foolish. The fact that, as the hon. member for Cape Breton South (Mr. Gillis) has so well put it tonight, they have picked upon the little man in the government service seems to me to be a good indication that there is a lack of common sense and good judgment in dealing with these matters. I suggest to the minister that, not only in debates on rural mail couriers but also with regard to complaints with respect to our suburban sections and now this acute criticism which has come to the government—and justifiable, if I may say so—with respect to the letter carriers in urban sections, enough evidence has been adduced here to warrant us in demanding, before we go any further, that a special committee of this house be set up to review the way in which the Postmaster General's department is being operated. I should think the minister would welcome that suggestion. I warn him that the public relations of the Postmaster General's department are rapidly deteriorating as a result of the manner in which it is being operated throughout the country. It is surely a department that is not so difficult to operate; because in many cases the public works department has in the past been providing the facilities in which it works. It has been receiving a revenue which enables it to operate and show a net profit generally on its year's operations. It seems to me that it should not be such a difficult department to administer that it should find itself in difficulties with respect

to urban, suburban and rural areas of the dominion. I am going to suggest to the minister that, before he goes any further, he ought to recommend to this house that we have a special committee to deal with the Postmaster General's department and to see just where we are headed. Before that committee we could call to give evidence those who ought to know perhaps better than most of us in the House of Commons do, namely the people who are affected: both those who are the customers of the department and those who are employed by it. Those are things that I think ought to form the basis for the setting up of a committee now. If the minister in previous sessions did not think that our arguments, when they dealt with rural mail couriers alone, carried sufficient weight to justify the setting up of a committee, surely, with the suburban and urban difficulties heaped upon the rural mail difficulties, there is now no justification for not giving parliament a special committee to deal with these matters. When a committee is set up I fancy that the minister will find that he will have a new and better perspective of just what is required in connection with the work of the department. In many respects the department has been a good one, but it is now getting into the position where, it seems to me, it is running wild; and I think it is about time that parliament took some steps to tame it before it gets completely out of bounds.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to join with the hon. members who have preceded me in protesting against this practising of so-called economy with respect to the hardest working and lowest paid people in the postal department.

Mr. Howe: Let us quit practising economy all over.

An hon. Member: You have.

Mr. Herridge: We are in favour of economy but I think it is a poor thing to practise economy on the postmen. I think it would be a good idea to practise economy in some other places.

Mr. Abbott: Two deliveries a day are a frill.

Mr. Herridge: Before proceeding to say a few words in that respect, I want to support the presentation made by the hon. member for Peel (Mr. Graydon) with respect to the necessity for a committee of this house to discuss the question of the administration of the Post Office Department. If I heard him correctly, the hon. member for Peel said that the public relations of the postal department had deteriorated to quite an extent in recent years. I think there is some validity in that statement. I think the postal officials make decisions without any consultation with local organizations or local bodies; they make decisions with regard to the delivery of mail, mail service and post offices, and the first intimation that the people have about those things is that they simply have them. In my constituency there was in operation for fifty years a post office which cost this government $131 a month to operate; and after fifty years of service it was simply cancelled by a telegram being sent to the postmaster telling him to return his goods and chattels to the Vancouver office. I refer to the mail delivery service that operated on the Arrow lakes for fifty years, with steamers on those lakes; it was cancelled without any person in that district from Revelstoke to Trail being consulted as to the best possible way of saving this country some money, changing the arrangements and so on. I strongly support the suggestion made by the hon. member for Peel that it is about time we had a committee of this house to go fully into the administration of the Post Office Department. The Minister of Finance (Mr. Abbott) said, I think: Let's do away with all economy.

Mr. Fulton: He has.

Mr. Herridge: We realize the necessity for economy under certain conditions, but in this case I think we are fully justified in protesting at the form of economy that is taking place in the postal department where the first people you pinpoint are some of the hardest working and lowest paid people in the department. That is not only my opinion, and it is not only the opinion of the postmen in the district I represent, the men who are delivering the letters. It is the opinion of a good number of the citizens of the cities of Trail and Nelson, which happen to be in my riding, who realize what a hardship these new arrangements have placed upon many of these postmen.

Incidentally, Mr. Speaker, many of these postmen are veterans of the first world war. Some of them served in the same battalion as the hon. member for Vancouver-Quadra (Mr. Green) and myself. Most of them are now getting on in years, and because of these rearrangements some of them do not know whether they can carry on.

To substantiate my argument in that connection I want to read from the Nelson *Daily News* two or three brief paragraphs which refer to comments made not by the member for Kootenay West, not by the postmen, but by a post office official in that district with respect to the arrangements so far as my riding is concerned. The heading is:

Nelson mail carriers find one-a-day delivery tougher.

I will tell you, Mr. Speaker, that it is tough on those high hills. The article reads:

On the surface it looks as if the carriers are doing less work. They are now doing an extra half walk apiece or one-and-a-half once a day where they were doing one walk twice a day.

The catch is that they carry much more mail per trip now than previously and have many more stops to make. On a normal day with one walk a carrier will make calls at about half of the addresses on his route. Now he carries more mail in three-fourths of a walk than he used to on a full walk and still has to go out both morning and afternoon.

The same official said:

The carriers are now having to work Saturday afternoons in order to provide one-a-day delivery all around. This amounts to four hours extra per week and is offset by the granting of one week's holidays to each carrier every twelve weeks.

The post office did experiment with high school students for the Saturday afternoon deliveries. However, lack of sorting experience had meant that the regular carriers were still needed Saturday afternoon so the plan was abandoned.

That is the comment of a post office official in my own district. As I said previously, Mr. Speaker, I do not want to appear inconsistent. I realize we have to make economies in certain directions. In association with other hon. members who have spoken previously I would ask the Postmaster General to give further consideration to this question of the delivery of mail by the postmen, because with the new arrangements that have been made at the present an undue and unnecessary burden has been placed on many older men who are unable to carry it, and a burden which I am sure the people of this country do not wish them to assume as the basis of an economy measure.

Mr. Stanley Knowles (Winnipeg North Centre): Is the Postmaster General not going to make a reply?

Mr. Abbott: No; he will do it on his estimates.

Mr. Graydon: Does that mean that you are going to give us the committee?

Mr. Rinfret: No, on our estimates.

Mr. Knowles: It seems to me that the Postmaster General should say something in response to the protests that have been made.

Mr. Abbott: Why?

Mr. Knowles: He should at least give the assurance that the reasonable requests hon. members have been making will be given further consideration. If he is not—

Mr. Rinfret: I made a statement about it three or four times in the house already.

Mr. Knowles: The Postmaster General has made several statements already, but he has not yet met the complaints that hon. members are giving to him tonight. I wish to take only a few minutes but it seems to me there are three things definitely wrong about the way in which the government has been handling this matter.

In the first place, as the hon. member for Vancouver East (Mr. MacInnis) has pointed out, the government goes ahead with measures of this kind without prior consultation with the men actually affected.

Mr. Rinfret: That is not right.

Mr. Knowles: There was no prior consultation with the men themselves, and I am sure there would have been a lot less trouble over changes of this kind if an attempt had been made to practise—

Mr. Rinfret: It was made.

Mr. Knowles:—the principles of collective bargaining which are on the statute books of this country so far as private corporations are concerned.

The second thing that is wrong with this change, Mr. Speaker, is that it is imposing heavier burdens upon the men who are still in the service. The plain fact of the matter is that every carrier on an urban route now during the course of his day has to carry in weight the same amount of mail that he carried before, plus half that much again. The result is the men are finding the load burdensome in terms of actual weight, and they are finding, according to the communications that I am getting from the men in Winnipeg, that instead of being called upon to work forty-eight hours a week as indicated by the Postmaster General, they are having to work up to as high as fifty-five hours a week. It seems to me that this arbitrary decision to reduce by one-third the number of walks, or to increase by fifty per cent the amount of territory to be covered by each man, will have to be reconsidered.

I hope the Minister of Finance will notice that none of us is making any particular point out of the loss of what he calls the frill of a second delivery a day. That might be done, but what we are mainly concerned about is the effect of this change on the men themselves.

The third thing that is wrong with this policy is the effect of it upon individual men. My colleagues, the hon. member for Cape Breton South (Mr. Gillis) and the hon. member for Kootenay West (Mr. Herridge) and others have referred to what it has done to older veterans, veterans of world war I, who have been in the postal service. May I, in addition to supporting what they have said, put in a plea for the position of the younger men, veterans of world war II. I have before me, as a matter of fact, the particulars of two cases, two out of twenty-seven letter carriers in the city of Winnipeg

who are being let out as a result of this policy. I should say that they are being kept on the list for temporary work.

Mr. Rinfret: Thirteen of them.

Mr. Knowles: But it will be on a catch-as-catch-can basis, and it will also involve, so they understand, the loss of seniority. Here are two cases that are very much alike, two men who point out that during the depression years the going was tough, and they were unable to get the amount of education that they would like to have had. Came the war. Both of these men, the depression years behind them, served in world war II. I pick one of them in particular, a man who lives in the Westholme apartments in Winnipeg. He served five years and ten months in world war II, five years and eight months of which time he spent overseas. He has a good record in the service, and likewise a good record in the civil service for five years since the war, three years in another department, two years with the post office. He thought that he was on permanently. He thought that at last there was some security, some opportunity for him to make up for what he suffered during the 1930's, and for the contribution that he made during the war years. Now he gets this blow, and his language about it is not exactly parliamentary.

I feel, Mr. Speaker, that on all three of these counts this policy is wrong and calls for reconsideration by the government without delay.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, I shall take a few minutes of the time of the house to make a few remarks on this question. I have had a considerable number of complaints from my home town about the mail service, particularly from people who are shut in. The mail comes in there at eleven o'clock on Saturday. There is no mail delivery until Monday afternoon. When they go to the post office, the postmaster refuses to give a general delivery service.

All the mail carriers in my town are veterans, most of them veterans of the first world war. Probably the curtailment or the layoff was a little bit drastic. I received a letter today from a dear old lady saying that her regular mail carrier had been able to bring the mail on a two delivery per day basis, but the mail is so heavy now on one delivery per day he could not do the job. I should like to ask the minister whether in cases of this kind, where a man could handle the mail on two deliveries a day and because of the one delivery a day he cannot carry it, cannot do the job, anything will be done. He becomes incapacitated, so far as that job is concerned. Will the department give that man a pension, or what are they going to do for him? Will they ask him to take some other job? Jobs for veterans of the first world war are not easily found. If they could not carry mail, then they could not do most other jobs. I think the minister is starting at the wrong end of the cat; he should have started at the head instead of the tail.

For instance, I see here a clipping from a paper—from the Auditor General, Mr. Watson Sellar—who says:

Travelling expenses—

I notice that in this particular year the portfolio has changed; but it shows that the other minister, the other Postmaster General, served a little less than five months, and spent over $5,000, or at least a thousand dollars a month, in travelling expenses.

Mr. Rinfret: In the Post Office Department?

Mr. Hodgson: Yes.

Mr. Rinfret: What year was that?

Mr. Hodgson: The present Postmaster General came into power, and for the first seven months of his term he spent $7,000 in travelling expenses. You all know that we as members of parliament get allowances for our expenses. On top of that $2,000 you had another $7,000 for travelling expenses. That is equal to $40 a day for three hundred days a year.

Mr. Rinfret: What is the hon. member citing from?

Mr. Hodgson: Watson Sellar.

Mr. Abbott: Oh, rubbish!

Mr. Rinfret: What paper?

Mr. Hodgson: The Ottawa *Journal.*

Mr. Abbott: No minister of the government spent a thousand dollars a month for travelling expenses.

Mr. Hodgson: It was in the Ottawa *Journal.*

An hon. Member: The *Globe.*

Mr. Hodgson: It is not the *Globe.*

Mr. Abbott: You had better take the Auditor General's report, not the *Globe and Mail* or the Ottawa *Journal.*

An hon. Member: It must be true, or they could not publish it.

Mr. Rinfret: What is the hon. member quoting from? I would like to know how I have spent a thousand dollars in a month for travelling. I did not spend that much in a year.

Mr. Hodgson: It gives all of them. This, for instance, is the Postmaster General's—seven month period and $7,000 is the amount of travelling expenses as quoted.

Mr. Rinfret: What is the date and name of the paper?

Mr. Hodgson: James McCook of the *Journal* staff.

Mr. Rinfret: What is the date of it?

Mr. Hodgson: The date of the report is 1949-50.

Mr. Rinfret: No, what is the date of the paper the hon. member is quoting from?

Mr. Hodgson: I am not sure, but you saw it. You do not need to ask for it.

An hon. Member: It must be between 1930 and 1935.

Mr. Hodgson: No, it is the end of the fiscal year 1949-50.

An hon. Member: Get the public accounts.

Mr. Hodgson: It goes on to say, showing the amounts spent for travelling by all of the ministers:

> Postmaster General Bertrand, $4,658 for the period April 1-August 23, 1949, and Postmaster General Rinfret $7,341 for the period August 24, 1949 to March 31, 1950.

Mr. Rinfret: It must be for the whole department—not for me.

Mr. Hodgson: It is attributed to you; and it has the expenses of the other ministers here. You are starting at the wrong end of the cat. You should start with the minister to curtail expenses.

Mr. Rinfret: The statement is all wrong because I never had any amount like that.

Mr. Hodgson: Well, I still have the clipping here and I would be glad to show you.

Mr. Abbott: Suppose you take the public accounts, instead of the clipping.

Mr. Hodgson: This is a report from Watson Sellar. We will probably take it up in the public accounts committee, when the time comes, too. However, I do not want to hold up the minister's supplementary estimates. But there is no doubt about it that every cabinet minister saw this clipping. They don't need to pretend they are so dumb.

Mr. Abbott: I must take exception; I never saw it. If I had seen it I would have issued a statement saying that it was absolutely inaccurate; because the public accounts do not show that any single minister of the government to my recollection spent $7,000 a year for travelling.

[Mr. Rinfret.]

Mr. Hodgson: It is attributed to the Postmaster General, for seven months in office in that year.

Mr. Rinfret: What is that again?

Mr. Hodgson: It is attributed to the present Postmaster General for the seven months in which he finished out the year, following Postmaster General Bertrand. His expenses were along about the same line, the same amount. And if the minister denies it—

Mr. Rinfret: On a question of privilege—

Mr. Fulton: Now he will answer it.

Mr. Rinfret: I am only going to answer one point. It is absolutely untrue that during the seven months referred to by the hon. member my personal expenses have been $7,000. There has not been, as a matter of fact, one single account that has been sent by me for a personal account. The amount that is referred to by the hon. member must therefore be for the whole of the department.

Mr. Graydon: Mr. Speaker—

Mr. Hodgson: It does not say for the whole of the department. I will read the whole paragraph.

Mr. Rinfret: Yes.

Mr. Hodgson: It is by James McCook of the *Journal* staff.

Mr. Riley: What date?

Mr. Abbott: What is the date?

An hon. Member: Put up or sit down.

Mr. Hodgson: I will give the date, with the money spent. It is not too long ago; it only ended on March 31, 1950. It gives all the ministers' travelling expenses, and starts off with the travelling expenses of the Minister of Agriculture.

Mr. Howe: Is this in order?

Mr. Hodgson: Yes.

Mr. Howe: For a man to stand up and read a newspaper? He does not give the date of the newspaper or any authenticity for it. He does not explain what it is, at all.

Mr. Macdonnell (Greenwood): Yes; a well known correspondent of the Ottawa *Journal*, a reliable man, and just as authentic as you are.

Mr. Howe: The Postmaster General has denied it, and the house is bound to accept his word.

An hon. Member: Summon him before the bar of the house.

Mr. Hodgson: It says up to March 31, 1950.

Mr. Riley: Give the date.

Mr. Macdonnell (Greenwood): The date of the expenditure is here; that is what you need.

Mr. Hodgson: Yes, the date of the expenditure is here, and I will give it if you will keep quiet for a moment or two.

Mr. Riley: What is the date?

Mr. Hodgson: When they are finished squeaking—it must be getting near spring, Mr. Speaker. It sounds like crows.

Mr. Riley: Give the date.

Mr. Hodgson: Mr. Abbott took us to task, so—his travelling expenses were:

Finance Minister Abbott, $2,067.

Mr. Abbott: For twelve months.

Mr. Hodgson: Yes.

Fisheries Minister Mayhew, $3,612; Justice Minister Garson, $2,453—for the same year.

This is the year ended March 31, 1950.

Mr. Riley: What is the date of the clipping?

Mr. Hodgson: Don't open your mouth so wide, your teeth will fall out.

An hon. Member: Brilliant!

An hon. Member: Isn't he high class!

Mr. Hodgson:

Labour Minister Mitchell, $4,155; Defence Minister Claxton, $2,156; Health Minister Martin, $2,505; Revenue Minister McCann—

Mr. Deputy Speaker: Order. It seems to me the hon. member should give the date and identify it.

Mr. Hodgson: Mr. Speaker, this paper is one of the issues of February of this year. The article I am drawing attention to is by Watson Sellar. It is attributed to Watson Sellar, Auditor General.

Mr. Sinnott: April 1.

Mr. Riley: Give us the date.

Mr. Hodgson:

Postmaster General Bertrand, $4,658 for the period April 1 to August 23—approximately five months—

An hon. Member: April 1 is right!

Mr. Hodgson:

April 1 to August 23, 1949, and Postmaster General Rinfret, $7,341 for the period August 24, 1949, to March 31, 1950.

Mr. Macdonnell (Greenwood): That will hold them.

Mr. Hodgson: That is the date they have been yelling so loudly for—if the hon. member from Saint John-Albert (Mr. Riley)—or down there in the maritimes—heard it. I hope he heard it and I hope he digests it. And I think when they are talking about cutting down on the veterans on the beats, the mail carriers, they are starting at the wrong end. They should start with the minister and his officials, and work down.

Mr. Sinnott: A hustings speech.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $336,942.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Item stands.

DEPARTMENT OF TRANSPORT

471. Departmental administration, $1,199,818.

Item stands.

DEPARTMENT OF JUSTICE

171. Departmental administration, $278,399.

Item stands.

Mr. Abbott: While we are on this question of travelling expenses—

An hon. Member: Who is on the question?

Mr. Abbott: Just a minute. On a question of privilege, I have got the public accounts here. I have the public accounts for the year ended March 31, 1950.

Some hon. Members: Oh, oh.

Mr. Abbott: Does the house want the truth in this matter or does it not?

An hon. Member: Sure.

Mr. Abbott: The public accounts for the year ended the 31st of March, 1950, on page Q-6 indicate that the salary of the Postmaster General is $10,000 and the motor car allowance is $2,000. That is the total of $12,000, the salary and the motor car allowance.

An hon. Member: Is that revised or unrevised?

Mr. Abbott: This is by the Auditor General, so I suppose it is revised. The note reads:

The above amounts were paid to:
Hon. E. Bertrand, for the period April 1 to August 23, $4,658.69; the Hon. G. E. Rinfret, for the period August 24, to March 31, $7,341.31.

The $7,341.31 is for salary and motor car allowance. I do not know where Mr. James McCook got the figure of $7,000 odd for travelling expenses. That remains a mystery to that reputable writer of the Ottawa *Journal*.

Mr. Casselman: Don't get excited.

Progress reported.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, now everyone can relax because we are going to get back to the very soothing subject of wheat.

An hon. Member: Let the Minister of Agriculture (Mr. Gardiner) relax too. Call him.

Mr. Howe: When I opened the debate on second reading of Bill No. 5 I said I did not intend to enter into a discussion of the five year pool which, of course, has nothing to do with the proposed amendments to the Canadian Wheat Board Act. In view of the debate that has taken place, however, I think I should make some further remarks at this point.

Attempts have been made by opposition speakers to prove: (1) that returns to western farmers from the five year pool were unsatisfactory; (2) that the British wheat agreement should not have been entered into.

An attempt has also been made to distort the facts about the attitudes taken by the Canadian and the United Kingdom governments with respect to the fulfilment of the agreement.

Mr. Fulton: Who made that attempt?

Mr. Howe: I intend to show that the arrangements in effect during the five years under discussion were in the interests of the western wheat farmer, and that without these arrangements the situation today would be very much less satisfactory than it is. I intend to show that the Canadian and British governments entered into an agreement that was beneficial to both the Canadian producer and the British consumer, and that the terms of that agreement were fully observed on both sides.

However, I am not going to argue that if we could have foreseen in 1945 what was going to happen in the following five years we should have done exactly what we did. I am sure we should have done some things quite differently. That is the advantage of hindsight, upon which members of the opposition lean so heavily. Nevertheless I firmly believe that in 1945 and 1946 the government took decisions which were fundamentally sound, and that have contributed to the stability and prosperity of the wheat growers. It is possible to calculate by some elaborate guesswork that a higher average price might have been obtained over the four year period had there been no British agreement, but these are hypothetical calculations. They are based on conjecture and not on fact.

The only solid fact in this present situation is that over a five year period the wheat grower realized an average return of about $1.83 per bushel for No. 1 northern wheat in store Fort William. When in the history of Canada has the wheat grower ever enjoyed such consistently high returns over such an extended period? Certainly not in the period between 1930 and 1935 when this country was governed by the Conservative party.

An hon. Member: Who is making a political speech now?

Mr. Howe: Certainly I am making a political speech. When the hon. members of the Progressive Conservative party are making calculations about supposed losses under the British agreement they might try to calculate the losses suffered by western wheat growers during the early thirties when their party was responsible for wheat marketing. That would be much more interesting and a much more relevant calculation.

Mr. Cardiff: What was the price of wheat in the United States in those days? That is a fair question.

Mr. Howe: In 1932 No. 1 northern wheat at Fort William sold for less than 40 cents a bushel, and I will show later that the reason that price was low was that we did not have our share of the British market.

Mr. Cardiff: You have not answered my question yet.

Mr. Howe: My hon. friend does not market western wheat very much. He does not know very much about it. The five year pool and the British agreement were an experiment in long-term stability. They were entered into

at a time of uncertainty at the end of world war II. No one knew what would happen. As I listen to the parties opposite criticizing the results of the five year pool I recall their attitude in this house. Could anyone at the end of the war have been more fearful of the future than the two main opposition groups in this house? As I remember it, they were predicting blue ruin.

But now, with the advantage of hindsight, they shift their position. Now they say that the government was wrong to strive for stability in markets. Now they say or imply that we should have refused to enter into an agreement with the British government assuring reasonable prices and an assured market over a four year period.

Mr. Coldwell: If I may interrupt, we did not say that; we supported the agreement when it was made.

Mr. Howe: What about the losses under the agreement?

Mr. Coldwell: I have said nothing about the losses.

Mr. Howe: You have not but some of your followers have had a good deal to say about it. I think I said before, and I say again, that the time when you must decide whether an agreement is good or bad is when you sign on the dotted line, and we signed on that dotted line in 1946. That is when the decision had to be made and that is when it was made.

Mr. Macdonnell (Greenwood): It is nice to know your fellows all like it.

Mr. Howe: The government did not share the unreasonable fears of the opposition parties about the future. But when an opportunity arose to sell 600,000,000 bushels of wheat at assured prices to our best customer —more than had ever before been sold by Canada to that customer in any comparable period—we accepted. That decision was supported by the great majority of the western wheat growers and I am confident that they still support it. Everyone recognized that there were risks in such an agreement. There were risks on both sides. But it must never be forgotten that there were even greater risks in not entering into the agreement. The advantage of the agreement was that it minimized the risk. The wheat agreement was similar to an insurance policy. Because a man who buys an accident policy never claims under it that does not mean the policy should not have been taken out, or that the premiums should not have been paid. It is well to keep that in mind. If wheat prices in the last two years had fallen very substantially the shoe would have been on the other foot, and I do not think it would have been proper for the United Kingdom to ask us to accept less than the floor prices provided in the agreement in order to reduce average returns to the open market level.

As I shall point out later, the have regard to clause is important but it did not mean, and we have never argued that it meant, that the United Kingdom should make up in the final two years any mathematical calculation of losses in the first two years. Five years ago the western wheat grower supported a policy of stability at reasonable prices. Today, unless I am seriously mistaken, he still supports that policy. There are some, however, who do not believe in the policy of stability at reasonable prices. Some of those people are today criticizing the five year pool and the British agreement. I suggest to those who now think they see an opportunity of gaining some political advantage by attacking the government on the results of the five year pool and the British agreement that they should consider carefully whether they are not playing into the hands of those who prefer to return to the old boom and bust type of wheat marketing.

The test of any policy is its results; and I believe the results of a policy which returned an average of $1.83 a bushel on the basis of No. 1 northern in store Fort William for nearly 1·5 billion bushels of wheat sold over a five year period require no apology; and I am making none. The wheat economy prospered during that period as it deserves to prosper and as I hope and believe it will continue to prosper. If a policy can produce that kind of result it meets the only test that matters. The essential fact is that producers are being paid on the basis of $1·833 on their deliveries for five successive crops.

Let us look at the relevant facts about wheat marketing in each of the five years. In September, 1945, my predecessor, Hon. James MacKinnon, announced an export price of $1.55 a bushel until further notice, together with the government's undertaking that returns to producers would not be permitted to fall below $1 per bushel for the next five years. This policy was the genesis of the five year pool which was announced the following July when the contract with the United Kingdom was signed. As a result of the five year pool producers are receiving $1.83 per bushel, basis No. 1 northern, on all deliveries of about 235 million bushels during the 1945-46 crop year. The final payment is 28·3 cents over the export price of $1.55 which remained in effect during that year, and is well above the open market price in other countries. The average prices received on the farm in the United States during the 1945-46 crop year was $1.49 a bushel. The man who grew wheat and marketed it in this

pool in 1945-46 did not lose very much. Obviously he gained 28 cents per bushel over any other method of marketing.

Coming now to the first two years of the contract, the crop years 1946-47 and 1947-48, again the essential fact is that the producers are receiving $1.83 on 335 million bushels delivered in the 1946-47 crop year and on 244 million bushels delivered in the 1947-48 crop year. These turned out to be years of acute shortage of wheat in the world, and admittedly exorbitant prices could be obtained for marginal quantities in marginal markets. It should be recalled, however, that in order to finance the necessary imports of the United Kingdom, including wheat, the United States loaned the United Kingdom $3,750 million and Canada also loaned the United Kingdom $1,250 million. The bulk of these loans were utilized more rapidly than anyone anticipated. Any higher prices charged for wheat would have ground down those loans more rapidly. As it was, the situation could only be met adequately by the Marshall aid program the United States placed in operation in 1947.

I think it is a fair question to ask those who are claiming that the producers lost money in those first two years of the contract: from what source additional payments, in the absence of a contract, might have come? Even in those years, when the United States government supported their domestic wheat prices, and exported wheat without payment, the prices American producers received at the farm were $1.90 and $2.29 in the two crop years respectively. Our own efforts to extend credits and accommodate our overseas buyers during this period, as hon. members are well aware, resulted in such a loss in exchange that we had to adopt rigid exchange conservation measures.

From 1947 to 1949 the United States permitted Marshall aid funds to be used for the purchase of Canadian wheat, and though large stocks of wheat were accumulating in the United States that government respected the United Kingdom-Canada agreement and did not demand that the Marshall aid funds be used to purchase United States wheat instead of Canadian wheat. However, before the 1949 crop came on the market United States wheat was declared in surplus supply, which automatically stopped the use of Marshall aid funds to buy Canadian wheat. Just think of the importance of that agreement during those years. Because of the agreement, the United States paid money to Canada for supplying wheat to Britain, instead of giving away her own surplus wheat to England, at a time when the surplus in the United States was becoming burdensome. Those who are making up the equation to show losses might very well put in that intangible for a very considerable price indeed.

Passing on now to the 1948-49 crop year, which was the third year of the contract, producers will receive $1.83 for deliveries of 293 million bushels. Throughout this crop year the payment difficulties of the United Kingdom continued acute. To put it bluntly what we faced here in Canada was the very real possibility that the United States would drive Canadian wheat out of our traditional markets. This actually occurred in the European markets with the exception of the United Kingdom, and the fact is that the Canada-United Kingdom wheat agreement was of the greatest value at this time in retaining our position in the United Kingdom market. As a matter of fact we have a very serious problem ahead of us in regaining markets in continental Europe which are now being supplied by the United States under Marshall aid. It was for that reason the government sent a mission to Europe last year for the express purpose of finding out how to regain a foothold in some of those markets. What the Canada-United Kingdom wheat agreement actually accomplished was to enable us to hold our position in the United Kingdom market. The United States government respected the agreement, and in fact went so far as to provide a very substantial amount of United States dollars, $175 million to be exact, which enabled the United Kingdom to finance her wheat purchases from the 1949 wheat crop under the agreement. This amount was provided as the result of negotiations which took place in Washington early in September, 1949. In evidence of those negotiations let me quote from a letter of September 13, 1949, from Mr. Paul G. Hoffman, economic co-operation administrator, to Hon. Charles F. Brannan, United States secretary of agriculture:

Dear Mr. Secretary:

As you know, one of the measures proposed by the United Kingdom during the three-power financial conferences was the financing with ECA grant funds of the British requirements for wheat from Canada.

The facts, with which you are familiar, are these:

The United Kingdom is the traditional and normal outlet for the major portion of wheat exported by Canada. Three years ago these countries entered into an agreement under which the United Kingdom was to purchase 140 to 160 million bushels of wheat annually from Canada. The quantity of wheat involved for 1949-50, the final year covered by the agreement, is 140 million bushels at an agreed price of $2 a bushel in store Fort William. The total dollar f.a.s. cost of the wheat involved for 1949-50 amounts to $309 million.

You have on several occasions advised us that wheat is a surplus agricultural commodity under the provisions of section 112 (d) of the Foreign Assistance Act, 1948, and it is my understanding that this

condition still prevails. Effective with delivery after the first calendar quarter of 1949, the ECA discontinued authorizing the use of its funds for the purchase of Canadian wheat, and as a consequence, the United Kingdom has been using its free dollar reserves to meet the deficit in its Canadian accounts, a substantial element of which consists of Canadian wheat.

Recently, there has been a very severe drain on United Kingdom gold and dollar reserves. This drain, if not halted, would quite certainly vitiate the progress towards economic rehabilitation and recovery which the United Kingdom has made and remove all prospects of achieving the objectives of the Foreign Assistance Act, not only in the United Kingdom but in all probability in the other countries participating in the European recovery program. It is, therefore, a vital necessity to take all steps possible to end the drain on British gold and dollar reserves.

In an effort to avoid this grave contingency and to extend such help as is within our power, we propose, under the provisions of the Foreign Assistance Act, to agree in part to the British proposal and authorize the use of $175 million of ECA grant funds to finance a portion of this year's purchases of Canadian wheat by the United Kingdom. Aside from the vital importance of such action to European recovery, we believe that the proposed action is also in the interests of agricultural producers in this country, in that it will not result in any over-all decrease in U.S. wheat exports and will facilitate additional exports of other agricultural commodities, both to Canada and the United Kingdom.

In weighing the losses under the agreement, let them weigh in the $175 million supplied by the government in the United States to pay Canada for wheat shipped to Britain, which it is very probable Britain could not have bought without that assistance. Incidentally that assistance was barred under the strict terms of the Marshall aid plan.

Mr. Speaker, I can well imagine how the members of the opposition would have denounced the government if Canada had been pushed out of the United Kingdom market in 1948-49 and 1949-50 by Marshall aid wheat. I can testify personally, for I took part in the negotiations, that such a result most certainly would have occurred without the British wheat agreement.

In completing this survey of our marketing situation throughout the five year pool, I should mention the developments during the 1949-50 crop year in which producers will have received $1.83 per bushel on deliveries of 320 million bushels. As I have already mentioned, our sales in that crop year to the United Kingdom were partly financed by ECA funds. We had a firm sale to the United Kingdom of 145 million bushels at a price of $2 per bushel, which was 20 cents per bushel more than the international wheat agreement price for that year. This assured market was very important to us in a year in which we found some difficulty in finding other markets for the balance of our exportable supplies. In fact, we carried into the present crop year some wheat supplies that would have moved earlier, had we been able to find markets for them. Again, I say the British wheat agreement needs no apology. It was the right thing to do at the right time. It was by no means a one-sided contract. It was beneficial to the Canadian wheat grower as well as to the British consumer.

Now I come to the third point, whether or not the British government lived up to the terms of the agreement. At the risk of some repetition, let me review the terms of the agreement and the course of negotiations between the Canadian and United Kingdom governments. As hon. members know, the agreement called for the delivery of 160 million bushels of wheat and flour during each of the crop years 1946-47 and 1947-48 at a base price of $1.55 per bushel for No. 1 northern, in store Fort William-Port Arthur. During each of the two final years a quantity of 140 million bushels was involved at prices to be negotiated. In 1948-49 the price was to be not less than $1.25 per bushel and in 1949-50 not less than $1 per bushel.

I now quote from the agreement itself. I should like to fix this have regard to clause in everyone's mind so it will not be misquoted as it has been on almost every occasion on which it has been mentioned:

The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom government and the Canadian government not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December, 1948. In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

It will be noted that the price for the 1948 crop was to be determined before December 31, 1947, and the price for the 1949 crop before December 31, 1948. In other words, the prices were to be determined seven months ahead of the beginning of the relevant crop year. Our two governments met in the autumn of 1947 and determined upon a price of $2 per bushel for the 1948-49 crop year. Again in December, 1948, we met and determined upon a price of $2 per bushel for the 1949-50 crop year. If we knew then what we know now about world wheat supply and demand in the months that lay ahead, we might have been able to negotiate a higher price. In the circumstances then prevailing, $2 plus five to six cents carrying charges looked like a good price for 140 million bushels of wheat, and I think it was a good

price at which to sell such substantial quantities of wheat, particularly as the United Kingdom at that time anticipated that the international wheat agreement price would be $1.70 per bushel and that wheat could be purchased from countries other than Canada for the international wheat agreement price.

In January, 1949, it was agreed that final settlement under the have regard to clause would not be made at that time, but would be made before July 31, 1950. I went to London in May, 1950, for discussions having to do with marketing the 1950 crop. While there I discussed the wheat agreement, at the request of the United Kingdom. I reported thereon to the cabinet and to this house following my return. I had no authority, or indeed no reason to conclude any agreement with the British government. All I could do, and all I did do, was to report the position taken by the British government.

In brief, the British government stated positively that they had discharged their obligations under the agreement. They pointed out what I have pointed out in this statement, namely that there were risks on both sides in entering into an agreement for four years ahead covering such large quantities of grain.

That was an understandable attitude and, while I might have wished that the British government could have seen the advantage to them of making some further payments to Canadian wheat growers, I could not conscientiously say that they were in default under the agreement. I so reported to the cabinet, to this house and to the western wheat producers.

My own words in *Hansard* on June 5 of last year, though uttered on the spur of the moment and in the heat of debate, put the position as I have just stated it and I have no desire to alter them in any way.

On November 13, 1950, I gave a speech in Regina to the Saskatchewan wheat pool during which I dealt with the same point and perhaps with greater decision. I quote from my remarks at that time:

> Now I personally went to London in May of this year for these final discussions. I found the attitude of the British government to be an understandable one. British authorities felt that they had taken sufficient forward risks during the life of the contract in guaranteeing us a market and they considered they had discharged their obligations under the "have regard" clause.
>
> Quite apart from this issue, however, but out of respect for the way in which Canada and the United Kingdom had worked together in each other's interest in these post-war years, the United Kingdom undertook to purchase from Canada in the 1950-51 crop year—

That is the current year.

> —its full requirement for North American wheat, provided price and quality to be not less favourable than that obtainable from other North American sources. Probable United Kingdom requirement was estimated to be from 100 to 120 million bushels of wheat and flour on international wheat agreement terms. This undertaking was given with the knowledge that there would be little if any E.C.A. aid on purchases in Canada, and I have no doubt that the eminently fair way with which Canada has dealt with the United Kingdom under the contract these past four years had much to do with their giving us a forward assurance of a market for the present crop year, even though E.C.A. finance is available for any wheat or flour purchased in the United States.

[Mr. Howe.]

As I have said, the British government has discharged its legal obligations under the agreement and is not in default. Subsequently, however, the Canadian government considered it advisable to inform the United Kingdom government of the views of certain producers' groups to the effect that sufficient account had not been taken in the final settlement of the so-called have regard to clause.

Accordingly, the Prime Minister (Mr. St. Laurent) mentioned the matter to Mr. Attlee when he was on a visit to Canada at the end of last year and again the Prime Minister had discussions in London in January. It was never suggested to the British government at any time that they were in legal default under the agreement. It was pointed out, however, that the existence of dissatisfaction among wheat producers in Canada about the results of the agreement could have unfortunate consequence for future trade relationships between our two countries and that the British government might wish to reconsider their earlier decision. My colleague, the Minister of Agriculture (Mr. Gardiner), made similar representations a few weeks ago. As the house knows, however, the British government did not see fit to make any further payments.

That was a perfectly legal and proper decision for them to make under the agreement. The Canadian government, while recognizing that the legal obligations of the British government under the agreement had been fulfilled, took a different view of the over-all results and decided to pay into the five year pool the $65 million that remained under the United Kingdom loan act.

Personally, I think it was a mistake that there should have been included in the agreement such a loosely-worded have regard to clause. It has been a source of much misunderstanding in both the United Kingdom and Canada. I think the British government itself is partly to blame for the misunderstanding, for the speech by Mr. Strachey in Winnipeg undoubtedly led many producers to believe that the United Kingdom would act on a more generous interpretation.

Nevertheless, the agreement without that clause was by no means one-sided. It produced substantial benefits for Canadian producers as well as British consumers. It resulted in the highest average price for wheat ever realized by western wheat growers over a five-year period. But the have regard to clause was included, at the suggestion, as I recall it, of the United Kingdom government. Such a clause is not capable of precise meaning. The United Kingdom government took one view of it, which from their point of view was understandable. Our producers took another attitude which was equally understandable. Nevertheless, a clause in an agreement that is not subject to legal interpretation must inevitably be interpreted by the party that must do the paying. The other party may not agree, but he has no option but to accept.

That, hon. members of the House of Commons, is my view of the United Kingdom-Canada wheat agreement. I believe it was a good agreement. I believe it has been greatly to the advantage of the Canadian producers that that agreement was made. I cannot believe that we would have been able to deal with all the hazards involved in the marketing of those five crops without the British wheat agreement. I presume that we shall continue to have arguments as to the losses under the agreement. I do not know just from what point of view losses can be reckoned. People talk about the domestic price in the United States and they talk about the class 2 price of Canadian wheat. The domestic price of wheat in the United States at this moment is, I believe, about $2.42 a bushel. The price of class 2 Canadian wheat is probably about $2.18 a bushel. The international price of wheat today is probably about $1.87 a bushel. One can say that we can start right away to figure losses based on the fact that we are selling on the international wheat price. I do not know of any foreign markets to which the United States is sending its wheat and getting payment of the domestic price in cash. I think they are still operating largely under Marshall plan financing. Canada has posted a price of $2.18. They might as well make it $2.75 for all the effect it would have, because we have not sufficient milling wheat this year to fill our international wheat agreement, and therefore we are not in the market with any sizeable quantity of class 2 wheat. That is the position today. The position was similar in past years when there was a domestic price in the United States and a class 2 price in Canada. They were prices at which marginal quantities of wheat could be sold by both countries. It was not the price at which the bulk of the export wheat of the United States was marketed. It was marketed under ECA funds and as a gift. It was not the price at which any very substantial quantities of Canadian wheat were marketed. But nevertheless it is very misleading and very fictitious to accept either the domestic price in the United States, the Chicago price or class 2 wheat price as representing the world price. They were not the same, and none of them represented anything more than the price which its name implies.

I might point out that in the years 1934 to 1938 which are more or less typical of marketing in pre-war years, our percentage of the British market was 52·5 per cent. In the year 1947 our part of the British market was 82·5 per cent. Of the crop grown in 1948 our wheat took 72·9 per cent of the British market, and for the year 1949 our wheat held 82·3 per cent of the British market. This year we would have had practically the entire British market had we been able to fill it. Unfortunately the frost damage in western Canada has made it impossible for us to fill even our quota under the international wheat agreement, as far as Britain is concerned; but they are taking anything we can offer them in the way of milling wheat.

It is well to keep in mind that our second market in the pre-war days was the Netherlands; and I may tell hon. gentlemen that we have hardly sold a bushel of wheat to the Netherlands since the war ended. Our next biggest market was Belgium. Belgium has supported our wheat, has bought sizeable quantities in the post-war years, for the reason that their supply of United States dollars was somewhat better than other countries. Italy was a great market. We are just now getting back into the Italian market in something like a substantial way, but there are other markets, which we have lost entirely for the reason that they were quite happy to buy wheat from the United States with ECA funds.

If anyone can view the position of Canada as a result of the four year agreement and say that it was a bad agreement, and quibble about whether we lost money under it or made money under it, that is their privilege; but I say that I am very happy the agreement was made. I am happy the way it has worked out, and I deplore the suggestion that the British government has not played fair with the Canadian people.

Mr. Macdonnell (Greenwood): Who made that suggestion?

Mr. M. J. Coldwell (Rosetown-Biggar): I think that every hon. member in this house will welcome the statement that has been made tonight by the Minister of Trade

and Commerce (Mr. Howe). My regret is that this statement was not made when this debate was first initiated. Had it been, a very great deal of the ill feeling that has been engendered, as I have very good reason to know, in western Canada, would not have been engendered. Local newspapers are coming in to Ottawa at the present time —I see my hon. friend from Qu'Appelle over there, one from his constituency, for example—with articles written by government supporters in this house denouncing the British government for breaking the agreement, for doing just exactly what the Minister of Trade and Commerce says was not done. And I am happy indeed tonight to think that the Minister of Trade and Commerce has been able to come before the house and make the statements that he has made.

I want to say to him that when this agreement was initiated, when it was before the house, we supported it. We believed, as the minister has said tonight, that it would give the western farmer some stability in his price. We believed that it was an excellent idea to try to get as large a share as we could for a period of years of the British market. We did say that if—as on August 15, 1946, it was quite evident it was going to do—inflation developed in this country and the cost of production rose, then at the end of the agreement a compensatory adjustment should be made, and that compensatory adjustment should come out of the federal treasury of Canada; that we could not go back to the British government at the end of the time and say: The costs of production in Canada have risen; the agreement was not as advantageous as we expected it to be, and therefore we expect you to pay something more than you have paid.

I remember very distinctly making that statement, and reiterating it; for I looked it up the day before yesterday in the debates on that occasion. I reiterated that opinion and that suggestion three or four times during the course of my speech on behalf of the members with whom I am associated, and suggested that if that occurred a compensatory adjustment should be made. That is what our amendment seeks now.

I did so on these grounds, that if the cost of production rose this government, having the control of the economy, would be responsible for making that compensatory adjustment. My hon. friend the Minister of Agriculture (Mr. Gardiner) will recollect that he rose in his place that evening and pointed out to me and to the house that just as $200 million had been appropriated a few months before for the support of agricultural prices other than wheat, a similar appropriation could be made if necessary for the wheat producers.

Since that date the costs of production of the eight principal products entering into the production of a bushel of wheat have risen from 128 points on August 1, 1946, to 194·2 points on August 1, 1950. That is the reason why in western Canada there was an agitation last fall, when the crop was frozen in the summer, when other conditions intervened, for a further payment than that which might have come from the agreement. I wanted to make that clear because that was our position then. It is our position today.

We have never argued on the basis of what the price of wheat was to Great Britain, what the price of class 2 wheat was elsewhere, and made a comparison with the United States markets. We have pointed out that the cheap loaf enjoyed by the Canadian people during the war years was subsidized, not by the government of Canada, not by all the Canadian people, but by the prairie farmers who grew No. 1 wheat.

I listened to the Minister of Agriculture the other evening when he suggested that the amount was not as high as some people were saying, but that it probably was in the neighbourhood of $48 million; and it is on these two counts that we have suggested, and I still suggest to the government of Canada, that it was its obligation to make any further compensatory adjustments that the producers of western Canada were entitled to. And over the past few days, over the past week, I have asked a number of questions of the Minister of Agriculture. I must say that in all my experience in the house, extending over fifteen years, I have never seen a more reprehensible exhibition than the answers to those questions. I want to say this, as I said to some of my colleagues this morning, that the Minister of Trade and Commerce has come out of this well, and that nowhere in those questions and answers could I find anything other than he has admitted tonight. But when the Minister of Agriculture was dealing with some of those matters I felt the house was being misled and was in danger of being deceived—and I say that is true of the country and true of the western producers.

When the Prime Minister (Mr. St. Laurent) came in this afternoon he made a statement to the house. I have not a copy of it, but some of my colleagues took notes of it, and I took a few notes. The result is that, putting these notes together, I understood him to say exactly what the Minister of Trade and Commerce said tonight, that when he was in

London he discussed this matter with the United Kingdom authorities, and that the United Kingdom took the position that all the obligations had been fulfilled on their part under this contract.

I recollect that when I asked the minister, earlier in the course of the debate, if he had agreed in London, the answer was no; if he had brought back a memorandum—and I might say to the house that when I was asking about bringing back a memorandum I was guessing: I had no knowledge of such a thing existing. I was just probing to find out. The minister said Yes, that he did, and that what was done with that memorandum was done in Ottawa. And from the Prime Minister's statement this afternoon that is made abundantly clear.

The Minister of Trade and Commerce said tonight, as he said before, as I understood the Prime Minister to say, that he said to the government in Great Britain that he had no authority to make an agreement, but that he would have to report the matter here and that whatever settlement was made would have to be made by the government in Ottawa.

And I have noticed, too, from the questions and answers in this debate, that when the proposal—for such it was—made by the authorities in Great Britain to the government of Canada, through the Minister of Trade and Commerce, was approved by the cabinet, according to the Minister of Agriculture—and I believe the Minister of Trade and Commerce—it was approved unanimously. The Prime Minister this afternoon, if I am not mistaken, said that after the discussion the Minister of Trade and Commerce, who was the proper minister to do so, advised the Chancellor of the Exchequer—and I wrote down these words—that the Canadian government "was in accord with the conclusions"—and the Prime Minister nods his head—contained in what I understood to be the official document or official minute of the meeting held by the Minister of Trade and Commerce and representatives of the United Kingdom in May of 1950.

If my understanding of what the Prime Minister said is correct—and I think it is, because the Minister of Trade and Commerce has confirmed it—the matter was settled very definitely and unanimously in Ottawa and the government of the United Kingdom was so informed.

Now, I wish we had known that at the outset. I wish the impression that has gone across this country, the feeling that has been worked up among some hon. members in the house—one the other night, when I was speaking about letters received stating that a boycott of British goods was under way in western Canada, said, "That is right; it serves them right"—or words to that effect—the hon. member for Vegreville (Mr. Decore)—

Mr. Decore: On a question of privilege.

Mr. Coldwell: And down in Saint John, New Brunswick—

Mr. Decore: I never made that statement.

Mr. Coldwell: You did not?

Mr. Decore: No.

Mr. Coldwell: I am glad to know it.

Mr. Ross (Souris): I think it was the hon. member for Athabaska (Mr. Dechene).

Mr. Coldwell: I am sorry. I hope the names I have used will be left out of the record. But that was my understanding and what I was told.

Mr. Blackmore: Someone did, anyway.

Mr. Coldwell: Someone did; however, that is by the way. But when British cars were being unloaded at Saint John the other day, some hon. members said, "Why do they not take them back again until they have made a proper deal for our wheat?"

An hon. Member: Shame.

Mr. Coldwell: As the Minister of Trade and Commerce said tonight, the British market is the market we have got to have if we are going to maintain the economy of western Canada. We have got to have it; we have got to have it. And one of the reasons some members supported that agreement so wholeheartedly and, incidentally, defended it across the country—I know I went through my great wheat producing constituency after it was made, defending it from the critics—one of the reasons we defended the agreement was, apart from the stability it was giving, that it was guaranteeing to us re-entry, or rather a maintenance of that market which is vital to western Canada and, indeed, vital to the whole economy of Canada.

I find it very difficult to understand why we were led to believe that the British government had not come through.

Mr. Blackmore: Who caused it?

Mr. Coldwell: It is perfectly true that when the Minister of Agriculture went to Great Britain there was a $65 million credit left out of $1,250 million. The proposal, I am told, was that the British would allow this to be used for the five year pool, that they would never be asked to repay it. And if that is the case, from the point of view of the Canadian people that would have been

a dishonourable subterfuge. Because the Canadian people would have been paying that $65 million in any event as they are going to pay it now.

I intended to make a speech in the debate. It had been my intention to take *Hansard* of last Thursday and Friday and to place on record this evening some of the questions and answers given in that debate. I am not going to do that now, because after the speech of the Minister of Trade and Commerce this evening there is no necessity to do it. The record will speak for itself. I am happy to be able to stand in the house tonight and say that, while I think the western grower is entitled to a compensatory adjustment from somewhere, because of the greatly increased cost of production that arose as a result of the removal of controls, and the tremendous increase in the cost of living, yet I believe with the Minister of Trade and Commerce that the wheat agreement was on the whole a good agreement. I hope that we may continue to have as large a portion of that great market as we have enjoyed in the last five years. I hope that the wheat agreement we have had with the British will be rounded out into an international agreement. I hope that this great product can be stabilized. I remember well the years before the war. I remember when the best of wheat was marketed in my constituency at 20 cents a bushel.

Mr. Stewart (Yorkton): Will the hon. member permit a question?

Mr. Coldwell: I do not mind.

Mr. Stewart (Yorkton): Did you as leader of the C.C.F. party at any time protest to your fellow socialist government in Great Britain that a better price should be paid under the wheat agreement? That is question number one.

Mr. Coldwell: Just a moment. I do not believe that it is the privilege of any hon. member of the Canadian parliament to approach the government of any country on a question of this kind except through the government of his own country.

Mr. Stewart (Yorkton): Then you did not do it.

Mr. Coldwell: Did I have the right to do it?

Mr. Stewart (Yorkton): Did you?

Some hon. Members: Order.

Mr. Coldwell: If I had done such a thing—

An hon. Member: You would have got it in the neck.

Mr. Coldwell: —I would have been criticized severely for it.

Mr. Hansell: By the same man, too.

[Mr. Coldwell.]

Mr. Coldwell: I did not support any government either provincially or federally between 1930 and 1935 under whose policies wheat was marketed at 20 cents a bushel at our local elevators. When my hon. friend was a member of a government in Saskatchewan—

Mr. Stewart (Yorkton): Would you mind another question?

Some hon. Members: Sit down.

Mr. Coldwell: May I continue?

The Acting Speaker (Mr. Beaudoin): The hon. member does not have the consent of the hon. member who has the floor.

Mr. Coldwell: It is not the function of any hon. member of this house to interfere in negotiations between governments. I can say quite honestly that I have not done that sort of thing and I do not intend to do it. However, I can say that in 1941 when the Minister of Public Works (Mr. Fournier), the hon. member for Lethbridge (Mr. Blackmore), His Honour the Speaker, Mr. Arthur Slaght, Mr. Harry Jackman and I were in Great Britain, at that time we did have an opportunity to take up the low price of wheat that was being paid to the producers with Lord Woolton, who was then the food controller. I criticized very sharply at that time the prices that were paid, but that was under entirely different circumstances.

Mr. Blackmore: In 1941.

Mr. Coldwell: In 1941. The hon. member remembers it. I am not going to recount any sharp exchange that occurred at that time, but it was a very sharp one. Those were different circumstances. Therefore I say, Mr. Speaker, that I am glad that this matter is being cleared up. One thing only remains, and that is to have the document, from which I believe the Prime Minister (Mr. St. Laurent) quoted this afternoon, laid on the table of the house. I know that another government has to be approached but I should not think there would be any difficulty in securing permission to place that document on the table of the house. Of course, if there were not another government involved, the document having been quoted by a minister should be laid on the table of the house. In the last couple of years I have even found that a letter quoted by a private member of the house has to be laid on the table, although I do not think that is a good ruling.

Mr. Howe: Is my hon. friend suggesting that I quoted from the document?

Mr. Ross (Souris): No, the Prime Minister.

Mr. Coldwell: The Prime Minister. The Prime Minister promised to approach the British government. As I say, I have finished

all I want to say tonight. I am glad indeed that this matter has been cleared up. I hope that those who have been spreading information, which the minister himself says is without foundation, will do their best to remedy the false impression which they have created.

Mr. Laing: Would the hon. member permit a question? I assure him it is a fair one.

Mr. Coldwell: Certainly.

Mr. Laing: Has he any figures to adduce which would support his contention of an enormously increased cost of production of wheat?

Mr. Coldwell: Yes.

Mr. Laing: I know of some in the university of Saskatchewan who do not quite support that view.

Mr. Coldwell: Yes. The very figure I gave that the cost of oil, machines, the eight basic supplies that are needed in the production of wheat, increased from—

Mr. Sinnott: Twenty-five per cent.

Mr. Coldwell: —an index figure of 128 to 194·2 between the 1st of August, 1946, and the 1st of August, 1950, four years. I think that is a good answer to my hon. friend's question. Of course one could put the actual figures on the record but I have not them before me at the moment. I think anyone could look them up and I am sure he will find that the cost of farm implements has more than doubled. The cost of distillate, oil, and gasoline has gone up tremendously. The cost of binder twine has gone up in a spectacular manner.

An hon. Member: Fertilizer.

Mr. Coldwell: Fertilizer, all sorts of things.

Mr. G. F. Higgins (St. John's East): Mr. Speaker—

Mr. Cote (Matapedia-Matane): Wheat from Newfoundland.

Mr. Higgins: I think I am probably sticking my neck out in getting into this argument.

Some hon. Members: Hear, hear.

Mr. Higgins: But I am prepared to do so. I am doing so particularly because after all I am entering the ring between two very tough fighters, the Minister of Agriculture (Mr. Gardiner) and the Minister of Trade and Commerce (Mr. Howe). Frankly I am not long enough in this house to be too frightened by either one of them. I never did expect to see one first-line minister slapping down another as happened here tonight. I have put it in very vulgar language, if you will, the language that I know best, but it appeared as though the Minister of Trade and Commerce deliberately slapped down the Minister of Agriculture tonight. I do not know of any other way we can put it. That to me, Mr. Speaker, is a most extraordinary thing.

Frankly I do not know what to make of this debate. I have been trying to follow it. I know very little about wheat, and I certainly know less now than I ever knew before. It reminds me of a portion of "Through the Looking-Glass" which I hope you will allow me to read to you. After all, it will lighten this very serious matter. It is as follows:

"Can you do addition?" the White Queen asked. "What's one and one and one and one and one and one and one and one and one?"

"I don't know," said Alice. "I lost count."

"She can't do addition," the Red Queen interrupted. "Can you do subtraction? Take nine from eight."

"Nine from eight I can't, you know," Alice replied very readily; but . . ."

"She can't do subtraction," said the White Queen. "Can you do division? Divide a loaf by a knife—what's the answer to that?"

"I suppose—" Alice was beginning, but the Red Queen answered for her. "Bread-and-butter, of course. Try another subtraction sum. Take a bone from a dog; what remains?"

Alice considered. "The bone wouldn't remain, of course, if I took it—and the dog wouldn't remain; it would come to bite me—and I'm sure I shouldn't remain!"

There are some dogs' bones that have been bitten tonight.

"Then you think nothing would remain?" said the Red Queen.

"I think that's the answer."

"Wrong, as usual," said the Red Queen; "the dog's temper would remain."

"But I don't see how—"

"Why, look here!" the Red Queen cried. "The dog would lose its temper, wouldn't it?"

"Perhaps it would," Alice replied cautiously.

"Then if the dog went away, its temper would remain!" the Queen exclaimed triumphantly.

Alice said, as gravely as she could, "They might go different ways." But she couldn't help thinking to herself "What dreadful nonsense we *are* talking!"

"She can't do sums a *bit*!" the Queens said together, with great emphasis.

"Can *you* do sums?" Alice said, turning suddenly on the White Queen, for she didn't like being found fault with so much.

The Queen gasped and shut her eyes. "I can do addition," she said, "if you give me time—but I can't do subtraction under *any* circumstances!"

Some hon. Members: Order.

Mr. Higgins: I shall not read very much more.

Some hon. Members: Go on.

Mr. Higgins:

"Of course you know your A B C?" said the Red Queen.

"To be sure I do," said Alice.

"So do I," the White Queen whispered: "we'll often say it over together, dear. And I'll tell you a secret—I can read words of one letter! Isn't *that* grand? However, don't be discouraged. You'll come to it in time."

Here the Red Queen began again. "Can you answer useful questions?" she said. "How is bread made?"

"I know *that*!" Alice cried eagerly. "You take some flour . . ."

"Where do you pick the flower?" the White Queen asked. "In a garden or in the hedges?"

"Well, it isn't *picked* at all," Alice explained—

I shall get to the end; I see hon. members are becoming impatient.

The Acting Speaker (Mr. Beaudoin): Order.

Mr. Higgins: I shall finish very quickly.

The Acting Speaker (Mr. Beaudoin): Order. I would not want the house to gather the impression that I am going to stop the hon. gentleman from reading a piece of literature. I had occasion once to call an hon. member to order while he was quoting Shakespeare and some got a wrong impression. This time I am calling the hon. member to order not because he is quoting from literature but because I think he is quoting too much of it into the record. If he has only a little more he may finish; if he has a page or so, I must ask him to cease.

Mr. Higgins: I have just another sentence.

"It's too late to correct it," said the Red Queen: "when you've once said a thing, that fixes it, and you must take the consequences."

As I understand it, the Minister of Agriculture (Mr. Gardiner) has made a statement, and he must take the consequences for it. I am only going by what I am told, but his statement was made, according to my information, immediately prior to the election of 1949. At that time he is reported to have told the farmers of the west that they would be taken care of as far as their wheat was concerned. By that I presume it was intended that the Liberal government would pay the necessary money about which the minister was speaking. That was the statement; I do not know if it is true.

An hon. Member: Which one was that?

Mr. Higgins: Well, the minister knows. I have a very high regard for the minister; I think he is one of the doughtiest fighters in the house, and I greatly admire the way he carries on a debate. But we must remember that he is a cabinet minister, responsible for his actions; and if he made that statement to the farmers then he must deliver the goods. Where is he going to get the goods to deliver? Is he going to take the money out of my pocket?

An hon. Member: You have none.

[Mr. Higgins.]

Mr. Higgins: You are so right. I have none, but I do not want to lose my jacket also. That is the position. Tonight from what I could understand—and I took down what I thought he said—the Minister of Trade and Commerce (Mr. Howe) told us the western farmers got a good deal for their wheat in the past five years, the best possible deal they could have had; that they got as good a price in those five years as they ever got in their lifetime. That is what I understood him to say. If that is correct, why then must $65 million more be paid to them? That is the question I do not understand. If the farmers got as much as they possibly could, why rob the Canadian taxpayer of $65 million more? I think that is a fair question.

Mr. Argue: Does the hon. member suggest that the government was justified in forcing the Canadian farmer to sell wheat to the Canadian consumer at a price which for a long time was even less than the British price?

Mr. Higgins: I am not able to answer that question except to say that if the western farmers were foolish enough to make a deal like that without protecting themselves they will have to put up with it. That is a strong statement; I come from a place where we do not grow wheat, and I am probably all wet because of that. But to be fair about it let me qualify the statement. What I tried to say was that I am in favour of the western farmers getting this money if—

Some hon. Members: Oh, oh.

Mr. Higgins: Well, if hon. members will only wait I will finish—if in emergencies the maritime and Newfoundland fishermen and maritime apple growers and Ontario farmers are helped out by the federal government. Then I will be satisfied to see this $65 million paid. I will vote for it, and vote for more. But until we get equal treatment all across the country I am not satisfied.

We have a very delicate situation ourselves, and when I say ourselves I mean the people of Newfoundland, by reason of the cod fisheries and the negotiations going on with the United Kingdom. Prior to our entering confederation with Canada the British government arranged the convertibility of sterling. The bulk of our trade in salt fish was done in European markets, and as you know Great Britain is banker for the European countries. If Portugal bought fish, Britain would arrange that we in Newfoundland got dollars in return. That arrangement was continued until the first year after confederation. Now we owe Great Britain some $63 million, and that debt was assumed by

Canada on confederation. The present situation is that the dominion owes the British government, on Newfoundland's account, some $63 million, but Britain contends that money is repayable not in sterling but in dollars. Now I am told that this year Britain is not prepared to undertake the conversion of this sterling. Britain says, "If you are going to pay back this money you cannot pay it back in sterling; you must pay it back in dollars." What I am afraid of, and I hope I am not blaming the minister unduly, is that all this ill will that has been stirred up in Britain over this wheat deal will gum up the works in relation to our sale of codfish. That is a very serious matter. You talk about having trouble in connection with wheat. If you get the Newfoundland fisherman in trouble with his codfish you will really be in for it.

I have made my point as well as I can. We had a clear statement this evening; and like the leader of the C.C.F. party (Mr. Coldwell) I think it is nice to learn that Britain is not being blamed for what happened under this wheat contract. The people of Britain have enough to put up with without being blamed in a matter of this nature. After five years of so-called peace Britons generally are putting up with an austerity program which we in Canada could never even contemplate. To blame these people, and to stir up ill will as has been done over this British wheat contract, is the most ungracious thing that the eldest daughter of the British commonwealth could possibly do. I am happy to hear that statement made tonight by the Minister of Trade and Commerce even though it was at the expense of the Minister of Agriculture. I believe the Minister of Agriculture will recognize and admit that it was no fault of the British people, and whatever idea he may have had of convincing the Attlee government to pay this money, there was no particular reason why the British people should have been blamed in the manner in which they have in this country within the past few weeks. I believe most members in this house will agree with that.

To sum up, Mr. Speaker, because I believe there are other people who want to say something in this debate, I am in favour of paying this money, and more besides, provided always that the maritimes get the same deal when they need it, and that Newfoundland gets the same deal when she needs it, and the Ontario farmers as well. I do not believe that money should be taken from the Canadian taxpayers to pay this $65 million unless we get that deal right across the board generally. Those are my sentiments. Where the money will come from, to pay it, is another matter.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, this debate on the wheat situation and the marketing of Canadian wheat has been one of the most interesting debates to which I have ever listened in this House of Commons. The Minister of Agriculture (Mr. Gardiner), the Minister of Trade and Commerce (Mr. Howe), western Liberal farmers, Canadian farmers in general, all parties made some interesting comments and produced interesting figures. The upshot of the whole affair has been that the people across this country have had firmly implanted in their minds the fact that the British government did not play the game by Canada. We have had ample evidence to show that feeling was brought about in Canada, and it is most unfortunate. Great Britain has been our greatest customer and will be our greatest customer. It is a market we badly need.

There is one group of people in Canada, and that is the great mass of taxpayers, who must be wondering how much longer this government, when it enters a deal, will use every means in its power to try to get more money for the people it represents, although the government is firmly convinced it is not entitled to it according to the statement by the Minister of Trade and Commerce tonight. Several ministers, even the Prime Minister (Mr. St. Laurent) of this country, insinuated that there might be some more dole for the western farmers by getting it from a group of people who have gone through hell on earth during the war and since. Finally when they are told that they have been amply paid for the commodities received, they put their tails between their legs, come back to Canada and tell us tonight from the bottom of their hearts that they believe it is a fair deal.

In spite of the fact it is a fair deal some of the generous members of the cabinet wish to dig down into the taxpayers for a present to the western farmer of $65 million. If there is anything left in the pockets of the Canadian people, may I suggest that the government do likewise for the farmers in my part of the country. As a matter of fact, they should do it for all the people in Canada. That kind of money, found in the bottom of the pocket or half way down, and distributed to some people, is getting beyond a joke to the taxpayers. It is almost time this government made up its mind to whom it owed money, and paid it. It should stop fooling the public or digging down for large amounts that are shocking the taxpayers of this country. If they believe they owe anybody else, or want to make a gift or a justifiable payment, please let us know without wasting the time of parliament trying to explain why they do these things. Let us make it general

and cause general inflation. Let the Canadian dollar go down to such a level that nobody wants it.

Mr. A. J. Bater (The Battlefords): Mr. Speaker, in rising at this time after listening to the Minister of Trade and Commerce (Mr. Howe) tonight, I believe I shall cut my remarks rather short. However, I am going to say a word or two in connection with the bill that started this debate. I am referring to Bill No. 5, which is an act to amend the wheat board act. I am in accord with every clause in this bill. I think it will assist the farmers in getting quicker returns for their grain which is marketed through the wheat board.

Our western wheat is paid for on the basis of deliveries at Fort William, Vancouver and Churchill. With respect to the last port I have just mentioned I wish to compliment the Minister of Trade and Commerce and the Minister of Transport (Mr. Chevrier) for the increased use that has been made of that port during the last crop season. I would urge upon them to continue to increase the use of that port in the coming season. I may have more to say in that connection at a later date.

I should like to make one or two comments on observations that were made during this debate. The hon. member for Souris (Mr. Ross) rather surprised me. When we farmers are talking about comparisons of prices with those in the great country to the south of us, the articles we generally mention are machinery, motor cars, refrigerators and radios. Lo and behold, when the hon. member made comparisons the other night he read from an editorial in a Winnipeg paper which compared prices in Minneapolis and Winnipeg for five articles. Those articles were sugar, T-bone steak, pork tenderloin, milk and eggs. Of those five articles, four of them are produced on Canadian farms. While I was home, I may tell him, I was milking cows almost every day, and feeding chickens. I want to tell him that I think it is only now that the dairy farmer and the chicken raiser are coming into their own. I was amazed that he should pick out those particular items and complain to us that they were higher in Canada than they were in the United States.

Mr. Ross (Souris): The processed article; the raw material is higher in the United States.

Mr. Bater: I never interrupted my hon. friend.

Mr. Ross (Souris): Be fair about it.

Mr. Bater: There was another statement made by the hon. member for Dufferin-Simcoe (Mr. Rowe). I believe that by his own admission he stated that he was a horse trader. Now, Mr. Speaker, he may know how to trade horses but I do not believe he knows much about the wheat acreage reduction to which he referred in his remarks. The hon. member referred to the Minister of Agriculture (Mr. Gardiner), with whom I am sure the western farmer will still tag along. This is what he said at page 1091 of *Hansard*:

> "Boys, you stood by me in the past when I was wrong. I ask you to go along with me now when I have repented and am going to be right; because I have made a mistake; I have made a failure. I have lost you half a billion dollars. There is no teacher like experience. You have paid for your experience with interest, cash on the barrelhead. You have had good crops. God gave you good ground. You paid high prices for big combines to harvest your crops fast, so you could go south in the winter if you had enough acres; and if you did not have enough acres, I paid you for summer fallowing, even."

In connection with that summer fallow bonus may I say, and I believe most western farmers will agree with me, that was an arrangement or agreement made between the British government and Canada. I believe the British government stated at that time that the submarine menace made it difficult for them to get boatloads of grain across. They requested the Canadian government to send over bacon and said that the British people would plough up more ground to grow wheat. I believe I am correct in that statement. It was for that reason we were paid this $2 per acre for one or two years to change over our system of farming in western Canada, and to reduce the wheat acreage so that we could grow more grains and produce the bacon for which Great Britain was in dire need.

There was no trouble with that agreement. It is true that that agreement was made possibly with a different government. I do not know whether or not that made any difference, but we never heard of any trouble about it.

I see that the hour is getting along, and I believe that Mr. Speaker is waiting for a vote. As to the subamendment that is now before us, it is quite easy for those who have not the responsibility of government to move such an amendment. I sincerely hope that when this vote is taken we can show the people of western Canada and of all Canada that we consider we had a fair agreement with Great Britain.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I had intended to speak tonight in such a way as I thought would establish the truth which the Minister of Trade and Commerce (Mr. Howe) so well expressed before this house. I have viewed with the

deepest regret the development of a campaign to smear Great Britain. That campaign has involved several of the responsible members of this house, as can easily be shown by quotations from their remarks in one place or another, and in their ridings. I was intending to answer the kind of thing which they were endeavouring to establish. As the hon. member for Rosetown-Biggar (Mr. Coldwell) has indicated, matters have in some places got to fever heat in this country. People have almost reached the point where they will hardly discuss Britain at all; and all that has occurred with no justification at all, as the Minister of Trade and Commerce has so well put it. But since the Minister of Trade and Commerce has relieved me of that burden, I shall devote myself to certain other matters which I believe it would be well to probe into.

To my way of thinking, as a result of the discussions we have had thus far, four obvious conclusions have been established. The first is that the Canadian wheat growers ought to receive a final payment of 25 cents a bushel; not less and probably a good deal more, as the hon. member for Battle River (Mr. Fair) well developed the other day in his speech. The second conclusion is that for paying any part of this 25 cents a bushel Britain appears to have no kind or degree of obligation, either legal or moral. I can now say that without any question at all, since the Minister of Trade and Commerce has spoken. The third conclusion is that the Canadian government ought to pay that 25 cents a bushel. The fourth conclusion I am afraid has to be this—and I hope I shall not use words that are too harsh or too strong in their implication in saying what I feel I must say: Some persons connected with the Liberal Canadian government, it appears, have deliberately contrived to cast upon Britain blame and odium which justly should rest upon a certain group of members deep in the Liberal party itself.

This general scheme was well set forth and well developed by the hon. member for Moose Jaw (Mr. Thatcher) the other day in his speech which is recorded at pages 1093 to 1098 of 1951 *Hansard*. I do not propose to go into all the details that the hon. member went into, but I am going to assemble some of the quotations which he placed on record, and I am going to give the men who are involved a chance to clear their names before this house and before the Canadian people. The hon. member for Moose Jaw referred first of all to the hon. member for Kindersley (Mr. Larson). This whole thing has been worked up in a gradual way. Somebody drops a match, then somebody makes another move somewhere else; and the first thing we know, the whole prairie is afire. Here is the first match that was dropped. Here is what the hon. member for Kindersley said, according to the hon. member for Moose Jaw. I have not checked the source, but I assume that what he said is correct. He is usually accurate. The hon. member for Moose Jaw, as reported at page 1096 of *Hansard*, had this to say of the hon. member for Kindersley:

> This is what he had to say at page 150 of *Hansard:*
>
> "I am going to say how pleased I am that the British government has considered fulfilling the 'have regard to' clause in the five-year wheat pool contract . . . I am not going to mention any alternatives because I am confident the British government is sound and fair enough to see that justice is done.

That is a mild statement, but an indication that the British government had not just been quite ready to do what is right. Then later he said:

> . . . the hon. member for Springfield (Mr. Sinnott) took up the cudgels and had this to say:
>
> "I repeat that the government of Canada must impress on the government of Britain that the 'have regard to' clause must be carried out."

In the light of what the Minister of Trade and Commerce has just said, that is a remarkable statement. Then the hon. member for Moose Mountain (Mr. Smith) had this to say, as quoted by the member for Moose Jaw at page 1096 of *Hansard:*

> I urge the government to crack the whip and get going on this negotiation or discussion with the United Kingdom and let us have a decision on what is going to happen in respect to the five-year pool payments.

That is another remarkable statement, in the light of what the Minister of Trade and Commerce has said tonight.

Then the hon. member for Maple Creek (Mr. Studer), as quoted by the member for Moose Jaw at page 1096 of *Hansard*, had this to say:

> I believe more emphasis should be placed on the honouring of a contract between two countries.

Then the hon. member for Vegreville (Mr. Decore) caps the climax with this remarkable outburst, as quoted at page 1097 of *Hansard:*

> John Decore (Liberal—Vegreville) charged that the British government "has failed to carry out its moral obligations" to western Canada under the "have regard to" clause of the contract . . .
>
> Had the British government assumed its obligation the farmer would have received substantially more and to which he is entitled.
>
> We in Canada spared no efforts to help the British people—
>
> Imagine that, Mr. Speaker.
>
> —when our help was urgently needed. The U.K. socialist government let us down. We Canadians never expected this kind of treatment.

If anybody can explain that series of expressions on the part of these new members

who are venturing to rush in where angels fear to tread, I hope he will do so.

An hon. Member: Who put them up to it?

Mr. Blackmore: It looks as though someone had put these men up to this thing and that each had said his little piece, made his little bow and gone out. I believe that every hon. member of this house and every person in this country will be positively astounded that a thing like this could have occurred. It is a matter which is utterly reprehensible. Whoever organized that thing has done something that no man with responsibility should ever contemplate for a minute. In times like these, when the enemy is right at our door, and when every person is straining to the limit, it is astounding that anyone should start an outrageous thing like this for the purpose of sowing discord and unhappiness in the Dominion of Canada and cause those feelings to be reflected by the British over on the other side of the water; it is something that just passes human comprehension that a thing of that sort could have been done.

The Liberal strategy to blame Britain—and it must have been the Liberal strategy of somebody—was, to put the matter bluntly, nothing but a dastardly political device for dishonouring Canadian commitments both to Canada's wheat growers and to the British. Hon. members who participated in this pernicious program of propaganda calculated to delude the Canadian people into doubting Britain's good faith as to her honouring the Canadian wheat agreement of 1946 to 1950—those men have done Britain and Canada a serious disservice. I think that mere justice demands that words as harsh as these should be used.

May I take a moment to sum up each of the four conclusions that I have come to. The first one was that Canadian farmers ought to receive a final payment of 25 cents a bushel at least on their wheat. I know that the hon. member for Simcoe North (Mr. Ferguson) was expressing very honourably and straightforwardly the point of view of a large number of people in the Dominion of Canada. To him it looks as though it is proposed to take from the Canadian people's pockets a vast sum of money and give that money outright to one section of the Canadian people. To him that looks to be completely unsound in every way.

I shall not have time to deal with this matter adequately tonight. I shall speak as long as I have an opportunity to and then I shall go on the next time this debate comes up; because, after all, it is a problem with which the Canadian people will have to come to grips.

[Mr. Blackmore.]

Here was a great body of producers, Canadian producers, the farmers of western Canada. They were producing a commodity absolutely essential in the conduct of the war. We have manufacturers in Canada who were asked at the beginning of world war II whether they would produce guns, tanks, aeroplanes, bullets and other munitions of war. They said: We will not produce one single unit until you guarantee us costs of production plus a certain percentage. Now, I think no one in the House of Commons, unless it may be some of my C.C.F. friends, will question the soundness of their position. I surely do not.

If their position was sound as producers of the munitions of war, will anyone tell me that the position of the western farmer is not equally sound if he says: I want to be guaranteed the cost of production plus a just profit.

The question at issue is this. Have the western farmers in the production of their wheat been guaranteed the cost of production plus a just profit?

Mr. Ferguson: I am in favour of giving them whatever they are entitled to, but let us be honest and stop the continuous passing out of the taxpayer's money without any warrant for it.

Mr. Blackmore: That is a most admirable comment made by one of the most honest members in this house, the hon. member for Simcoe North. He just boils right up over a lot of things, and always tells us what he thinks. I honour a man who does that.

The point is that since the farmers in that area have begun to produce wheat this government right here in Ottawa has allowed the freight rates to rise on those farmers, increasing their costs tremendously, the cost of everything that they use to produce their grain, the costs of sending the grain to market. Can anybody tell me to where that will lead? The hon. member for Simcoe North shakes his head. Very well, there is the trouble.

The cost of production of the western farmer includes the food, clothing and shelter which constitute the standard of living. The hon. member knows what has been happening to that. It has gone right up until it has just become unbearable to the western farmer.

In addition to that the western farmer, in order to get the cost of production for 1949 to 1951, has to take in his stride the colossal loss which has resulted from the great frost which in 1950 prevailed all across that country. Can anyone compute what that is? And maybe next year they will have not a

frost but a drought over the wide area or a plague of grasshoppers. When you count all this kind of thing you see it is extremely difficult to tell what the costs of the western farmer really are.

Mr. Knight: Tell what the price of machinery is.

Mr. Blackmore: I have been mentioning the cost of production. Some hon. members wish me to mention the cost of machinery. I did not come with the figures all in mind, but I must say that the cost of machinery rises so rapidly and so consistently that a man has to look up the newspaper every day to find out what the price is.

The cost of a tractor, which farmers all over the west now use, has risen from $2,800 five years ago to $4,800 today. Where has the difference gone to? Who has got that difference? Who has got that $2,000? It has come to Ontario to the Massey-Harris people. There is no question about that. You ask, how would Massey-Harris be able to get it? Well, they were able to get it largely because the government of Canada had put up a substantial tariff barrier which protected them and took away from the farmers that sum of money and put it right in the hands of the Massey-Harris Company, and the farmers could not do a thing about it.

On motion of Mr. Blackmore the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue consideration of this bill, Bill No. 5, to amend the Canadian Wheat Board Act, 1935. Then we will take up Bill No. 130, to amend the Export and Import Permits Act, and later on Bill No. 79, respecting Indians.

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

HOUSE OF COMMONS

Tuesday, March 13, 1951

The house met at three o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Third report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch.

KOREA

RECROSSING OF 38th PARALLEL BY UNITED NATIONS TROOPS

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. It is based on a news item appearing in yesterday's Ottawa *Journal*. If you will allow me, I should like to summarize it very briefly. Its purport is that General Matthew B. Ridgway said yesterday that it would be a tremendous victory for the United Nations if the Korean war should end at the 38th parallel, but he knows of no plan for hostilities to end there. I should like to ask the Secretary of State for External Affairs if the Canadian government has discussed this matter of the United Nations forces again crossing the 38th parallel, and if it has, will he make a statement to the house?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, questions were asked of the government on the second and thirteenth of February, by the hon. member for Rosetown-Biggar (Mr. Coldwell), on the subject of crossing the 38th parallel. There is nothing that I can usefully add at this time to what I said then.

Mr. Graydon: May I suggest to the minister that the question that might well be asked is this: Why are the Chinese Reds south of the 38th parallel?

BUTTER

STATEMENT AS TO RECENT IMPORTATIONS AND BASIS OF DISTRIBUTION

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): Before the orders of the day are proceeded with I should like to answer a question asked yesterday by the hon. member for Souris (Mr. Ross), as to how much butter has been imported into Canada recently, and by whom; the basis of the distribution of government stocks of butter, and what is the present situation with respect to butter.

Approximately 4,800,000 pounds of butter have been imported into Canada, and the Department of Agriculture has made arrangements with the importers or the first buyer for its distribution. The importations were made by Olive and Dorion, Montreal; Lovell and Christmas, Montreal; A. A. Ayre Company, Montreal; Canada Packers Limited, Toronto, and Eastern Townships Produce Company, Sherbrooke. The government has now allocated the remaining stocks held by the dairy products board for distribution over the next two weeks.

Government stocks were released to the trade across Canada in original carlots, basis 57 cents per pound, Montreal, for first grade creamery butter, upon application from dealers setting forth their stock position in relation to their requirements. Sales have been confined throughout the period to those dealers who had less than two weeks' supply of butter in sight.

Stocks of butter in storage as at March 1, 1951, were 14,900,000 pounds. The production of butter during March, 1950, was 12,500,000 pounds, and it is expected that the amount will be similar this year.

Mr. Fulton: If I may ask a question in relation to the statement just made, having particular reference to the stocks of board butter which the minister says are now being released, may these stocks be sold in any province, or are they confined to certain provinces?

Mr. Gardiner: They may be sold in any province, but there are some provinces to which stocks are not being moved at the present time, particularly the prairie provinces.

TRANSPORTATION

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. P. E. Wright (Melfort): Can the Minister of Transport say whether we shall have the printed report of the royal commission on transportation in our hands before Easter?

Hon. Lionel Chevrier (Minister of Transport): The last information I had with respect

to the Turgeon report on transportation was that it is likely to be ready for tabling some time this week.

PARLIAMENT HILL

REFERENCE TO CONDITION OF ADJOINING STREETS

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): Can the Minister of Public Works say whether his department or the city of Ottawa is responsible for the filthy, sandy condition of the streets in front of these buildings, which has existed for two or three weeks?

Hon. Alphonse Fournier (Minister of Public Works): Is the hon. member speaking of the centre block?

Mr. Ferguson: No, the streets for several blocks in front of these buildings. Is your department or the city responsible for the condition of Wellington street, for example?

Mr. Fournier (Hull): I will take the question as a notice and give an answer as soon as I get the information.

YUKON TERRITORY

INQUIRY AS TO DECISION TO MOVE SEAT OF GOVERNMENT

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I should like to direct a question to the Minister of Resources and Development, based upon a telegram I received this morning from Dawson city, Yukon. Has the government decided to move the seat of government for the new territorial council from Dawson to Whitehorse, and if so, is that being done in consultation with the Yukon territorial council?

Mr. Speaker: Order. I suggest that the hon. member put his question on the order paper.

EXTERNAL AFFAIRS

COLOMBO PLAN—QUESTION AS TO METHOD OF DEALING WITH PROPOSED LEGISLATION

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to ask the Secretary of State for External Affairs how the government intends to deal with the legislation envisaged in the speech from the throne in these words:

> Your approval will be sought for an appropriate Canadian participation in the Colombo plan . . .

Will that come down in the supplementary estimates, or by special legislation? How will it be dealt with by the house?

[Mr. Chevrier.]

Hon. L. B. Pearson (Secretary of State for External Affairs): I think it will be dealt with by an item in the supplementary estimates, on which the discussion may take place.

Mr. Graydon: That is the supplementary estimates—?

Mr. Pearson: That will be coming in May.

Mr. Abbott: The main supplementary estimates.

KOREA

CANADIAN ARMY SPECIAL FORCE—QUESTION AS TO OFFICERS JOINING ACTIVE ARMY

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): I wonder if I could have an answer from the Minister of National Defence to the question I sent him last Wednesday, which I repeated to the parliamentary assistant on Friday, namely: Are officers of the special force being encouraged to join the active army before proceeding to Korea, and if so, what conditions of service are they being offered?

Hon. Brooke Claxton (Minister of National Defence): The answer to the first question is yes; and to the second, they would have the same conditions of service as officers who were offered short-service or regular commissions, with the same opportunity of a continuing career. I should point out that the special force is part of the active force of the Canadian army.

Mr. Brooks: If I may ask a supplementary question, what would be their rights under the veterans charter?

Mr. Claxton: That is receiving consideration.

NATIONAL DEFENCE

INQUIRY AS TO RECRUITMENT OF WOMEN IN R.C.A.F. RESERVE

On the orders of the day:

Mr. Arthur Laing (Vancouver South): I should like to address a question to the Minister of National Defence. I regret not having given him notice, but I think he will be able to answer it. It is in connection with a report which appeared in the Toronto *Star* of yesterday indicating the initial recruiting of women in the R.C.A.F. reserve, with the ultimate target of two hundred. My question is whether this recruitment will be invited in all parts of Canada.

Hon. Brooke Claxton (Minister of National Defence): There is nothing whatever in the

report. The question of when and the conditions under which women may serve in the active and reserve forces is still receiving consideration.

HOUSING

INQUIRY AS TO SUPPLY AND DISTRIBUTION OF NAILS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to ask a question on a subject which is causing grave concern throughout Ontario. This is a matter I have brought up many times previously, but the situation is extremely serious at the present time. Is there any possible chance of the Minister of Trade and Commerce putting into effect some kind of priority so that the retail hardware dealer can get—

Some hon. Members: Nails.

Mr. Fraser: Yes, nails; and so that the man trying to build his own home may be able to obtain one or two pounds of nails?

Mr. Cruickshank: What is he building, a dog house?

Mr. Fraser: I should like to confine it to four-inch, three-and-a-half inch, three-inch and two-inch nails.

Mr. Speaker: Order. I think the hon. member has asked his question.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I thought I knew the answer before the hon. member began to confine it; I am not sure now. There is a shortage of nails. I believe it is temporary. The production of nails now is very much higher than it was during the last war, and it is hard to believe that the supply, if properly distributed, is not sufficient. There are spotty shortages. I think perhaps that is due to the fact that those with large contracts are buying their full requirements at this time instead of buying as the nails are needed. I am having the matter investigated, and I hope a better distribution can be arranged.

P.E.I. CAR FERRY SERVICE

INQUIRY AS TO OPERATION OF SHUTTLE SERVICE BETWEEN BORDEN AND TORMENTINE

On the orders of the day:

Mr. J. Watson MacNaught (Prince): Can the Minister of Transport say whether any decision has been reached concerning the operation of the shuttle service by the Borden-Tormentine ferries this tourist season?

Hon. Lionel Chevrier (Minister of Transport): The hon. member for Kings (Mr. Kickham) and the hon. member for Prince spoke to me about this matter some days ago. While no decision has been reached as to the operation of the shuttle service during the summer months, because of the satisfactory manner in which it operated during the last tourist season I think favourable consideration can be given this year to the operation of a service similar to that which was in effect last year.

HOUSING

VETERANS—BELLWOOD PARK HOMES, LONDON, ONT.

On the orders of the day:

Mr. H. O. White (Middlesex East): Will the Minister of Resources and Development say whether any change in policy has been put into effect with respect to the occupancy by veterans of the Bellwood Park homes at London, Ontario, operated by Central Mortgage and Housing; and if there has been any change will the minister elaborate upon it?

Hon. Robert H. Winters (Minister of Resources and Development): I would have to know what change the hon. member has in mind. There has been no recent change in policy, but there have been changes from time to time. I will need to know more about the hon. member's question before I can answer it.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed, from Monday, March 12, consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Mr. J. H. Blackmore (Lethbridge): Last evening before the house adjourned I spoke for approximately fifteen minutes on this matter. I set forth, among other things, what I considered to be certain unavoidable conclusions that must be drawn from the discussions we have had on this topic. From those four conclusions, I would mention again three. First, the farmers raising wheat should have a twenty-five cents per bushel payment on the pool wheat from 1946 to 1950. Second, Britain is in no way obligated to pay any part of that twenty-five cents. Third, the Canadian government, therefore, should pay the twenty-five cents. I shall not review any of the things which I said concerning those matters

last night, but I wish to deal briefly with the first conclusion, that Canadian farmers should receive a final payment of twenty-five cents per bushel.

Some evidence on this question is to be gathered from a statement which is attributed to the Minister of Agriculture (Mr. Gardiner). It is to be found in the *Western Producer* of November 13, 1950. The minister is alleged to have said that he did not believe the farmers in the west were being unreasonable. I do not believe the farmers of the west are being unreasonable, either. In the first place, the farmers went through a disastrous depression between 1929 and 1939. It is said that we all did, and that is quite true. For the farmers, however, the depression was more severe, I would imagine, than it was for most people. In a time of depression a farm tends to accumulate debt. If the farmer is going to recover, he must, in times of semi-prosperity, be free to gain sufficient to discharge that debt and rehabilitate himself.

All during the depression years the farmers were producing and selling wheat below the cost of production. They were looking naturally to the recovery of what might be called good times to re-establish themselves. Consequently, when the war came on and prices bid fair to rise, the farmers had a right to look to the improved prices as a means of rehabilitating their farms. From the farmers' standpoint one of the main difficulties lies at this point. Just as soon as prices bid fair to rise above a certain level, the government intervened and prevented the farmers from profiting from the high prices.

The same thing was done in world war I. There was no disposition before world war II and during the depression for the government to intervene on behalf of the farmer to relieve the impact of those terrible depression years. The farmers were simply sold up. They were expelled from their land, those of them who were not able, somehow or other, to get by. As soon as it appeared that prosperity was about to return and that the farmer would be getting good prices, the government immediately intervened to prevent the farmer from doing so. Now, that is the first important consideration. When I say the farmers have gone through a disastrous depression, that is the general idea which I have in mind.

Last night the Minister of Trade and Commerce (Mr. Howe) made a considerable point of the fact that prices were largely stabilized, and markets were stabilized, as a result of the United Kingdom-Canadian wheat agreement. That is true, and it redounds to the credit of the government. Apparently the government had in mind stabilizing both prices and markets, and that is highly commendable. The difficulty which entered at this point was that whereas the farmers had good markets and reasonably good prices, the cost of production and the cost of living were permitted to rise, and that practically eliminated the advantage which the farmers had gained. In a general way the farmers feel that if the government has intervened to prevent them from profiting by the relatively high prices which might have prevailed during the war, and if at the same time the government has permitted freight rates to rise, the cost of machinery to rise and the cost of living to rise, and has seen fit to impose income taxes when the farmer does make a profit, then unquestionably the government has an inescapable responsibility to intervene to see that the farmers are not unduly penalized by the rising costs of production and living.

This principle was simply and clearly enunciated by me and agreed to by the member for Simcoe North (Mr. Ferguson) last night. If the munitions manufacturers were allowed during the war to have contracts under which they obtained the cost of production plus a just profit, then surely the farmers, who are producers of goods just as important as munitions, are not unreasonable when they also ask for a set-up which would give them the cost of production plus a fair profit.

There is a great deal of discussion throughout the country. We read bitter editorials here and there, and we hear radio commentators who, with respect to the problem, generate much more heat than light, confusing the issue and completely overlooking the fundamental basis of the whole contention of the western farmers.

I think it would be well to give just a sketchy indication of the increased costs under which the farmers are labouring and which they are unable to pass on. Before doing so may I point out that if a machine manufacturing company has its costs increased, it adds those costs into the ultimate cost of its product and makes the consumers pay. In the position in which the farmers find themselves, they are unable to do that; and this is an exceedingly important matter to keep in mind. Practically every other producer today in Canada, especially the manufacturer, is in a position to pass on his increased cost to the ultimate consumer. These producers are therefore in a better position than that occupied by the farmer.

Now I come to the farmers' cost: farm machinery, building materials, gasoline, oil and grease, feed, fertilizers, binder twine,

seed, hardware. These nine sets of commodities have increased in price between April, 1946 and August 1, 1950, as follows: In April, 1946, the index stood at 127·9; on August 1, 1950, the index stood at 194·3, an increase of 51·9 per cent. These figures I have taken from *Labour Research* of December, 1950, to January, 1951, page 4, a document which I believe is unchallengeable as to accuracy.

As to farm living costs, the farm living cost index stood at 126·1 in April, 1946. In August, 1950, it stood at 180·7, registering an increase of 54·6 in the index. This increase amounts to 43·3 per cent. These figures again are taken from the *Labour Research* bulletin or document, December, 1950, to January, 1951.

I now come to freight increases. One could deliver hours of discourse on the increases which have been permitted by this government to be brought into being by the railroads, all militating against the welfare of the western farmer particularly. I shall give only one item to show how seriously these freight rate increases have affected the farmers. During the past two and a half years livestock have had freight rate increases amounting to sixty-four per cent. This figure I draw from the Canadian Federation of Agriculture's submission of February 15, 1951, to the cabinet of Canada.

How do the farmers compare with the rest of the country with respect to their total over-all income? Are the farmers receiving their fair share of the national income? The answer is to be found in these figures. Twenty-five per cent of Canadians are living on the farm, but the income of those living on the farm amounts to only between twelve and fifteen per cent of the income of Canada. These figures quite clearly indicate that farmers as a whole across Canada are receiving just about one-half of what they ought to receive, when they are compared with the rest of the people of Canada as a whole.

Hon. members may say: What has the government to do with that? I would reply: What did the government have to do with it during the war, when they held the prices the farmers could receive down to a certain figure while they allowed the cost of production and distribution to increase? What did the government do about that? Just about everything. What could the farmers do about it? Just about nothing. If the government of a country that means to be well governed does not take care of a group as important as the farmers are, then the country is obviously not going to be on the way to that measure of prosperity which the resources of the country would justify one in expecting the country to enjoy.

Mr. Pouliot: Will the hon. member permit a question?

Mr. Blackmore: Gladly.

Mr. Pouliot: Will he be kind enough to tell me whether he finds this bill to be a good one or a bad one; and if so, why?

Mr. Blackmore: Of course I realize that the hon. member is graciously and tactfully directing my attention to the fact that we are discussing another kind of bill entirely. But I must point out to him that all I am doing is following the lead of certain members of the government and members of the party to which he belongs. They have chosen to inject into the whole discussion reference to this 25-cent payment on wheat and I merely follow in line.

Mr. Pouliot: If you follow their lead, you should support them.

Some hon. Members: Oh, oh.

Mr. Blackmore: I am not so sure about that.

An hon. Member: Which one?

Mr. Fair: To follow you I'm not content until I know which way you went.

Mr. Blackmore: Will the hon. member consider himself answered until I have the opportunity to answer him better?

Mr. Pouliot: Thank you.

Mr. Blackmore: The next question is this. In the increase of prices which we are now suffering from, obviously the costs of food enter as an important determining item. To what extent are increased prices obtained by farmers for such things as milk, butter, potatoes, apples, and the like, and to what extent are those increases they are receiving entering into the over-all increase of costs? The farmers are not getting a higher share in proportion to the increase in the price of such things as milk. In order to go into that question and establish that fact scientifically one would have to indulge in considerable discussion which I think probably it is better that we do not go into at the present time. I think my statement can be supported completely.

There is one other matter which I wish to mention for the benefit of all hon. members who find themselves in the position of the hon. member for Simcoe North. They are saying to themselves, particularly the Ontario and Quebec people: Well, we are the ones who are paying the taxes. This $65 million or $100 million or $200 million, or whatever it

is, is all coming out of us, and we cannot see why we should be for ever penalized in order to help out these western farmers.

Let me draw this very important matter to their attention. The best market that Ontario and Quebec have is western Canada. When western Canada prospers, there is full employment in Ontario and Quebec, and good times in Ontario and Quebec. If Ontario and Quebec desire to have prosperity, then they must be in a position, or they must take a position, in which they can ensure prosperity to the farmers of the west. I do not think there is a responsible member from Ontario or Quebec who would not confess the truth of that general statement.

Ontario and Quebec rule Canada. Ontario and Quebec members can outvote the members from all the other eight provinces by a margin of fifty. The result is that if anything goes wrong in this country, the responsibility for that error lies squarely on the shoulders of Ontario and Quebec. All the rest of us put together are unable to influence materially the decisions of the members of those two provinces. Men may try to laugh that off, but the grim reality of the truthfulness of it stands out to everyone who has given any serious thought to the conditions obtaining in this nation.

Therefore, if you are finding that the western farmers are in difficulties because of freight rates, the Ontario and Quebec members are to blame; for they can change the matter. If the western farmers are suffering from inflation, Ontario and Quebec members are the people who are guiding the government whose policies determine whether or not there shall be anything done about inflation. And so on, all through the whole list of the factors which affect the prosperity of Canada.

I say to the Ontario and Quebec members: If you choose to put the western farmers in a position in which they are not prospering, or are in danger of failing, then you must be prepared to pay out of your pockets the money which will tend to keep them from going over the cliff. There is not very much of a successful answer to that that the hon. member for Simcoe North can see. And so I do not hesitate to suggest that the money which is necessary to put the western farmers in a condition in which they can be a good market for Ontario and Quebec should be drawn from the revenues of Canada as a whole.

Let Ontario and Quebec people not imagine for a minute that they are paying all the costs. Income taxes weigh quite as heavily on the other eight provinces as they do on the people of Ontario and Quebec, and perhaps more heavily. The incidence of the tariff on these provinces is far more onerous than it is on the people of Ontario and Quebec, and the incidence of freight rates is far more onerous on the eight other provinces than it is on Ontario and Quebec; this has been brought out time and again. And all the profits which are made by the largest companies, in the main, pour into Ontario and Quebec. Go round the streets of Toronto and look at the great buildings you find there. Go into Montreal and look at the great buildings you find there. You cannot find buildings like them, or comparable with them, anywhere in the other eight provinces. Who has built those great buildings? The farmers of the west and the farmers of the east, of the other eight provinces, have built them. There is just no way of answering that argument. So let the Ontario and Quebec members not suppose for a minute that we are not paying our full share.

In passing may I refer to the amount of wealth which has poured into the Dominion of Canada as a whole as a result of the activities of the western farmers during the past years through wheat alone. Just read the speeches of certain hon. members. Read the speech of the hon. member for Battle River (Mr. Fair) who has set forth the amount of wheat that in world war II has been sold, and the amount that was received for it. All that money came into Canada to help to increase the prosperity of Ontario and Quebec as well as the other eight provinces. There is much wealth to be obtained from the eight other provinces of Canada if Ontario and Quebec will so manage that they can produce to their optimum.

I think I will say no more at the present time, Mr. Speaker, in respect of the justification for the request of the western farmers that there should be money appropriated to make up to them for the money which was taken out of their pockets as a result of the price fixing which prevailed during the war.

Having discussed that matter, I desire to proceed to the important question of the responsibility, or the possible responsibility, of Britain for any share of that 25 cents. I see that my time is exhausted. I shall go on with that subject at the next available opportunity.

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, on a question of privilege, the hon. gentleman who has just taken his seat said last evening as recorded at page 1181 of *Hansard*:

> I am going to give the men who are involved a chance to clear their names before this house and before the Canadian people.

In his remarks last night he referred to me. I want to assure the hon. gentleman, the house and the people of Canada, that so far as I am concerned my name is quite clear. Since he quoted a part from *Hansard*—I have no objection to that—I would ask him and others, including the hon. member for Moose Jaw (Mr. Thatcher), at least to use the whole sentence and not just part of it.

Mr. Rene N. Jutras (Provencher): Mr. Speaker, I did not speak on this very important question in the debate on the address in reply to the speech from the throne, because I felt at the time that since the question was under discussion between the two governments some of the things I might have said might have hindered in some way rather than helped the negotiations going on between the two governments. Therefore at that time, although I was very anxious to speak on the matter, I chose not to do so. I did, however, outside the house and in whatever way I knew, advocate in every possible way a final payment of twelve cents. Since that time the decision of the government has been announced, and the discussion has been going on for a few days in this house.

In view of the confusing criticisms that have come from the opposition benches since the debate has started, and particularly in view of the "I told you so" attitude of many hon. members of the opposition, I thought I owed it to my constituents, the people I represent in this house, to state my view and indirectly the majority of the views of the people in my constituency.

Before I go on I should like to first establish the position taken by the various parties in this house at the time this agreement was signed. I think it is important, particularly in view of the argument that has been put forward since then.

Those who were here at the time the agreement was presented to the house will recall that members of all parties and from all provinces raised no objection to the agreement being signed by the Canadian government. I know that since then members of the official opposition have said that they did not support the agreement, and for that reason I should like to place on the record the exact words of the then leader of the opposition, Mr. John Bracken, when he spoke on that occasion.* I quote from page 4811 of *Hansard* of August 14, 1946, as follows:

> I rise at this time to criticize the government's wheat policy. But before doing so, let me say this, with respect to the United Kingdom wheat agreement. Any agreement such as this which tends to level out the inequalities, and the wide fluctuations of prices in the past, is a step in the right direction. Even this agreement is better than no agreement at all; because, as the Minister of Agriculture pointed out, those of us who went through the price depression following the last war know the danger of proceeding without some kind of plan to try to avoid wide fluctuations in prices.

Those are the words of the then leader of the official opposition, uttered at the time the agreement was under discussion. Surely those words would not lead one to the conclusion that that party did not support the agreement. Naturally there was some criticism of the agreement during the debate, but I submit, and I think the record bears me out, that the criticism was as to the details while the principle of the agreement as such was supported by that party.

I think it is a good thing to remind hon. members of the opposition, and particularly the hon. member for Souris (Mr. Ross), who told us how Mr. Bracken had foreseen what was going to happen in the years to come, just what happened at that time. I remember quite well the discussion that took place. It hinged on the possibility of prices going down. Nowhere on the record will there be found any discussion as to the price going up. So far as I can see, no one in the house, except the present Minister of Agriculture (Mr. Gardiner), foresaw the possibility of any advance in price.

The main argument at that time against the agreement was that it would hinder our trade, that we would have less trade. The record shows that the United Kingdom wheat agreement did not bring about that effect in any way. I would point out that as a result of this agreement our average sales of wheat to the United Kingdom increased from 90 million bushels per year in the fifteen years preceding the agreement to 150 million bushels per year during the five years of the agreement. So far as trading and the sale of wheat was concerned, the agreement definitely helped the situation. Last night the Minister of Trade and Commerce (Mr. Howe) put on the record reasons to support that contention. It is rather late for any member of the official opposition to advance the contention that his party did not support the agreement at the time.

Now we come to another party in the house, the C.C.F. When the agreement was presented to the house they supported it with both hands. But, strange as it may seem, since the agreement has been concluded they have been endeavouring to put up a big show in the house, with all the noise possible, in an effort to excuse their socialist friends in England. They have virtually refused to accept the statements of the Minister of Agriculture and the Minister of Trade and Commerce, and even of the Prime Minister (Mr. St. Laurent). In their enthusiasm they

have completely ignored the case of the western farmer. Not one single C.C.F. member has referred to that phase of the case.

This is not unusual, because we know from experience that our C.C.F. friends have the habit of giving lip service to larger and larger payments to western agriculture, and then every time the government makes a payment to the farmers you never see at any other time such a lot of disappointed people in the house. It is always apparent on their faces every time the government announces a payment. Invariably they deprecate the payment to the farmers. I do not think any of them will deny that statement, because it is so obvious to all who have been in this house.

An hon. Member: Because it is too small.

Mr. Jutras: If my hon. friend wants proof, I can easily give it to him, and I would not need to go back many years to show how they appeared to be disappointed that too large a payment was paid to the farmers.

Some hon. Members: Oh, oh.

Mr. Jutras: Just listen for a minute. I do not need to go back very far. I need only to go back earlier in this debate and turn to *Hansard* of last Friday.

An hon. Member: What page?

Mr. Jutras: You will get it soon enough. Strange as it may seem, this did not come from a C.C.F. member who was not wise to what was going on. As a matter of fact it came from the hon. member for Melfort (Mr. Wright). I take it that the hon. member is the official critic of the C.C.F. when it comes to agriculture. The fact that he was the first one to take up the discussion of this subject indicates that he has a senior status in the C.C.F. party.

When the hon. member for Moose Jaw (Mr. Thatcher) was speaking the other night—he should remember it—he referred to the payment of 8·3 cents, and said that more should be paid. Then the hon. member for Fraser Valley (Mr. Cruickshank) interjected and said that we do not buy votes. Then the hon. member for Melfort said: What about the twenty cents interim payment?

The hon. member should have been the last to infer that the twenty cents payment was made for the buying of votes. He should know as well as anyone in this house that that twenty-cent payment did not come from the taxpayers of this country. That twenty-cent payment came from money of the farmers themselves. The only thing that the government was doing was to take twenty cents that the farmers had accumulated in the pool and distribute it to them. The hon. member for Melfort was ready to insinuate that that was buying votes, when it was not even public money.

Mr. Wright: You led the farmers to believe that there would be a further payment.

Mr. Jutras: I know you are on record and I can turn to previous debates where you have made the same contention. You were quiet for a while. We never heard about it for quite a while. Then apparently in the heat of your enthusiasm for your friends across the seas you forgot yourself and interjected the remark: What about the twenty-cent interim payment? As I said, that is what happened, and if that is not deprecating a payment made to farmers, I do not know what is. It illustrates exactly the attitude of our C.C.F. friends in Saskatchewan.

Last night, after the Minister of Trade and Commerce made his speech, the leader of the C.C.F. party, the hon. member for Rosetown-Biggar (Mr. Coldwell), rose to his feet and shifted the grounds of the argument once more. Frankly I must say that I enjoyed very much the exhibition of the sleight of reasoning that the leader of the C.C.F. gave us last night. As a matter of fact he came out with a completely new interpretation of the "have regard to" clause. What he tried to say, what he tried to insinuate was that the "have regard to" clause was related to the cost of living. He even went so far as to say that he had argued that point at the time the debate on the agreement as such took place. Of course no member of the C.C.F. party, including their leader, ever argued that point. What they did was to criticize the agreement because it was not related to the cost of living.

There may be some point in that argument but that is exactly what they did at the time. They criticized it very severely. How can they possibly come into the house now and say that it did take the cost of living into consideration? If it did at that time, why did they criticize the agreement so vehemently? The two just do not add up. The leader of the C.C.F. was trying to shift the basis of the argument, and I notice that some of his followers have tried to do the same thing. Having very neatly tied the agreement to the cost of living, he proceeded to say there was a real obligation, but the obligation attached only to the Canadian government.

I submit that there is or is not an obligation. If there is an obligation, there are two signatories to it. That being so, it applies to both of them, or else there is no obligation on the part of either of them so far as the

agreement is concerned. I submit that the leader of the C.C.F. party cannot have it both ways.

That leads us to the contract itself. It is an admitted fact that all parties in this house —as a matter of fact, all members of the house from all provinces across Canada— gave approval, either directly or otherwise, to the agreement being signed by the Canadian government on behalf of the farmers. Last night the Minister of Trade and Commerce made an excellent speech indeed. I am very happy that he made the statement he did last night. It was a good statement. It did two things. It brought together all the statements he had made previously in the house. Let me interject once again that for those listening to the Minister of Trade and Commerce last night there was nothing new. There was nothing that he had not said and repeated at least four times in the course of the debate. He merely gathered it all together into one statement.

The Minister of Trade and Commerce did go further; he brought out exactly what the United Kingdom wheat agreement had meant to the agricultural economy of western Canada over the last five years; and I must say he made an excellent job of showing the value of the agreement. Of course we from western Canada are most grateful to the Minister of Trade and Commerce for having made that statement. The Minister of Trade and Commerce is well known throughout Canada. He is well known out west. His ability as a businessman, as an administrator, and in public affairs, is also common knowledge in the three prairie provinces. Anybody who would sit back and ignore the advice of such a man would indeed be very foolish, and the farmers of western Canada are not that foolish.

Mr. Fraser: Did he give any advice to the Minister of Agriculture (Mr. Gardiner)?

Mr. Jutras: The farmers appreciate very much what has been said. Now we come to the contract itself. I must admit that I could not agree with the hon. member for Moose Jaw (Mr. Thatcher), for instance, who contended that the "have regard to" clause was a mysterious clause. To me the contract appeared to be very simple, and I believe that is the general impression that existed among the great majority of the farmers of the west. To me it is merely an ordinary open contract. A great many people are scandalized at our having signed an open contract. Nowadays—and this applied particularly to the period right after the last war—who can get a closed contract for anything? Only on a very few things would anybody offer a closed contract. I know from personal experience that when I built a house I could not get a closed contract. The contractor agreed to a set price to build the house, but there was a "have regard to" clause in the contract which said that if the price of lumber or other materials went up I would have to pay the difference. Naturally prices did go up and I had to pay the difference. That was just an ordinary "have regard to" clause.

It seems to me, Mr. Speaker, that the very same thing was done with respect to the wheat agreement, except for one important point, that we did not name what percentage of the increase we would absorb or what percentage of the increase we would require the United Kingdom government to pay. The determination of the amount was left to the good will of the two countries, and you know that is something which is very hard to enforce. We recognized that, and I agree with the Minister of Trade and Commerce that, so far as the whole contract is concerned, legally the United Kingdom is quite right in trying to maintain the position that it has no further payment to make. I am not suggesting at this time that they broke the contract or that they are legally at fault.

However, if hon. members review the five years of the agreement I think they will be impressed by the fact that the farmers of western Canada have a real contention. What happened? When the agreement was signed it was for a period of five years, and the price in the first three years was $1.55. Then comes the "have regard to" clause, which said that if prices went up or down the price to be set in 1948 would be adjusted accordingly. They did not say the price would be $2. That is what a lot of people forget. If the agreement had said that for the first three years the price would be $1.55 and for the next two years $2, then there would not have been any discussion about it, and the farmers would not have asked for more money. It would have been a closed contract, and on that basis that would have been that; but there was the "have regard to" clause. So in 1948, when the price of wheat was to be arrived at, there was a discussion between the two governments. At that time, when they came to the decision that they would pay $2 for 1948, a statement was issued. That was not just by the Canadian government or the British government; it was a joint statement by the two governments which said they were paying $2, and that regard would be had in fixing later prices. That statement was quite clear; it has been put on the record two or three times.

When the next year rolled around there was another discussion between the two governments; again a joint statement was issued to the effect that the settlement would come in the middle of 1950, which would be at the end of the crop year. So, Mr. Speaker, is it any wonder the farmers of western Canada were led to believe that this clause meant something, after repeated statements, not only by responsible ministers of this government but by responsible ministers of the Labour government in Great Britain? Those statements always referred to the fact that a settlement would be made at the end of the five year period. Consequently the farmers of western Canada, and all their organizations, were led to believe that a settlement would be made and something would be forthcoming.

Mr. Carroll: What interpretation was placed upon the have regard clause which makes it necessary now for the dominion government to pay another $65 million?

Mr. Jutras: I am coming to that. I have just established that the joint statements by the responsible ministers concerned led the farmers to believe they would have a settlement. Now I submit that if on technical or legal grounds, at the end of the five year period, after all the wheat had been disposed of, both governments had suddenly decided that while there might be something in our claim still they were not tied down legally, it would have been a most unfortunate thing for a responsible government to do. Certainly I think it would have been breaking faith with a large section of our people who rightly or wrongly believed that a settlement would be forthcoming. To my mind there is no legal indebtedness, but there is a very real obligation, call it a moral obligation if you will or a matter of keeping faith, because of the publicity and the whole process that took place during those five years.

I am proud indeed that in spite of what has transpired the Canadian government has seen fit to recognize that moral obligation to a very large section of western Canada. It would have been a sorry thing if the government had completely ignored their plight. Just on this point I should like to refer to a paragraph in the Ottawa *Journal* of Saturday, March 10, which disturbed me considerably. It refers to this contract and offers more or less the same arguments I have presented, though in a slightly different way. Then it comes to this conclusion:

> Therefore, to sum up, it is an evil thing for the Canadian government to be taking $65 million out of the Canadian treasury—which in fact it is doing—to hand over to Canadian farmers—and especially evil when, doing this, they compound the wrong by saying they are doing it because Britain will not honour an obligation.

After reviewing the events as they took place, after reviewing all the statements that were made, I think it would have been a very evil thing if a responsible government had completely ignored those statements or even stood on perfectly sound legal and technical grounds in order to break faith with the people. After all, certain things are written and certain things are not, but they are all equally binding. In my opinion it was a question of keeping faith, and I am proud indeed that even at the cost of $65 million to the taxpayers of the country, this government recognized that obligation. The farmers of Canada have always trusted a Liberal government, and that fact had a great deal to do with this agreement being signed. The farmers might not have supported such an agreement but for that trust. They knew this administration would never break faith with them. The proof of the pudding is in the eating, and they had that trust as a result of what has taken place over the last twenty years.

Well, now, what does it mean to the taxpayers? In spite of the fact that $65 million is to be taken out of the treasury I submit that this is still the best bargain the taxpayers have had in our whole history as a nation. I do not want to go into great detail, but let us look at the subsidy angle in the matter of wheat. It has been pointed out already, and we all know, that from March 1945 to February 1947, though we were selling wheat to Great Britain at the reduced price of $1.55 and selling it at much higher prices outside the agreement, we were still bound to sell our wheat for Canadian consumption at $1.25. Well, simple arithmetic shows that this price meant a loss of 30 cents a bushel, and I believe some 160 million bushels of wheat were sold at that loss. If you take $48 million lost to the farmers at that time, the remainder amounts to only a cent or a cent and a quarter, which is all we have to pay in order to keep faith with our people. So this contribution does not mean such a loss to the taxpayer. It has been made up to him many times by the fact that he obtained wheat at this price.

Now I come to the amendment proposed by the official opposition moved by the hon. member for Souris (Mr. Ross), and the subamendment moved by the C.C.F. party. I very much regret the amendment of the opposition because it is quite clear, not only from the amendment but from at least the great majority of the speeches coming from the Conservative side, that the whole idea

behind the amendment is to rid the country of any bulk trading, any state trading, any long-range agreements. That is quite clear; it is so stated in the amendment, the last sentence of which reads:

—and on the government's mishandling of the sale of wheat and other grains covered by the Canadian Wheat Board Act.

Now, this is a double condemnation, where I note that it includes the handling of coarse grains, because those were the only grains that were not handled by the Canadian wheat board. Mr. Speaker, this is definitely not the view of organized agriculture in the western provinces, because there is a great demand that coarse grains be handled by the Canadian wheat board. The day before yesterday I received a resolution from an organization in my constituency asking that this be not changed in any way, shape or form.

After this amendment was moved by the member for Souris (Mr. Ross) that the government be censured for its mishandling of the sale of wheat and other grain, the member for Dufferin-Simcoe (Mr. Rowe) made a lengthy but interesting speech with his usual race track showmanship. What point did he drive home? All the way through his speech the point he sought to make was to get rid of this board and go back to the open market. I could turn to the remarks of the member for Calgary East (Mr. Harkness) who propounded this view quite strongly. Then, I could as a matter of fact—

Mr. Ross (Souris): Would the hon. member quote the page in *Hansard* where the member for Dufferin-Simcoe advocated going back to the open market?

Mr. Jutras: I said that the member for Dufferin-Simcoe had made it clear that he was going to take advantage of this difference of opinion to get rid of such bulk or long-term agreements handled by the government. There is only one alternative.

Mr. Ross (Souris): The hon. member mentioned the open market; will he quote the page in *Hansard* where the member used those words?

Mr. Jutras: I could very easily but the member can read *Hansard* as well as I can.

Mr. Ross (Souris): I believe if any member makes such a statement he should quote the page in *Hansard.*

Mr. Deputy Speaker: Order. The hon. member can refer to a speech without being obliged to quote the page number.

Mr. Ross (Souris): A member is not supposed to make false statements.

Mr. Jutras: I said he was anxious to get rid of long-term agreements.

Mr. Ross (Souris): You said open trading.

Mr. Jutras: I am saying that the only alternative is the open market. I believe that has been the contention of most members of the official opposition, and to all intents and purposes the C.C.F. party seems to have fallen in line with it. Strange as it may seem, they are now very good bedfellows on the question of this agreement. I submit that both amendments could be dangerous in turning the clock backwards. I believe that is something organized agriculture does not want to see happen at this time. I should like to quote briefly from an editorial which appeared in the *Manitoba Co-Operator,* which is published weekly by the Manitoba pool elevators. After the announcement was made concerning the $65 million and the $48 million, this newspaper dealt with the criticism being offered in its issue of March 8. The editorial reads in part as follows:

The wheat board, with whatever faults it may have, as well as the Canada-U.K. agreement, and the international wheat agreement, with their so-called drawbacks, have at least provided the producer with a guaranteed price, with all receiving the maximum price under the wheat board pooling operation.

Farther down it reads:

Farmers should realize, particularly the younger men, that in thirty-two crop years, on the Winnipeg grain exchange, only on two occasions did the high price for the year exceed the $1.83 which is the final payment under the five-year pool. And only in four years did the average price exceed $1.50.

These statements appeared in the *Manitoba Co-Operator,* as I said, of March 8. I should like to stress that point, and put on the record the annual message of the president of the Canadian Federation of Agriculture, Mr. Hannam, in January of this year. Looking over the trend, he had this to say:

The general trend of our Canadian farm program has been to try to eliminate as much as possible of the risk and gamble with which agriculture has been plagued in the past, and replace them with some reasonable measure of stability and security on a long-term basis. The risks, gamble, and resulting insecurity in agriculture have been due to frost, hail and drought; to weeds, pests, blight and disease; and to the uncertainties of widely fluctuating prices both domestically and in world markets.

Extraordinary progress has been made in moving towards this goal even though it is difficult for some to appraise the security achieved. They should compare it with the insecurity of former years, rather than with occasional temporary gains of some who are outside the program. Our enemies, of course, play up such temporary gains when they have a chance to do so, in the hope that they can undermine the long-term stable features of this program and have agriculture revert to a so-called open competitive market with its more lucrative benefits for themselves.

That our producers have not fallen for such bait is a tribute to their foresight and strength of purpose.

I only quote these paragraphs, Mr. Speaker, to indicate it is still the wish of farmers to carry on along the lines they adopted years ago. Anyone in this house who moves an amendment such as the amendment moved by the member for Souris is not doing a service to organized agriculture in the west, because it may undermine some of the work done so far. This is particularly true if the amendment is related to a bill dealing with the wheat board, because although it does not come into operation for some time, if we allow any group in this house to sap the strength of the Canadian wheat board, which is so popular with western farmers, it may well be the end of the Canadian wheat board. For that reason, Mr. Speaker, I cannot possibly associate myself with either of these amendments. If anyone is going to lynch the wheat board, I am not going to be a member of the posse.

Mr. Ross (Souris): Good old schoolteacher. Is the hon. member a member of the pool?

Mr. H. O. White (Middlesex East): Mr. Speaker, I have listened with considerable interest to the opinions expressed by the various members on this wheat question. Down through the years that I have been here I suppose more time has been spent discussing the marketing of wheat than any other subject which comes before the house. Before I discuss some of the phases of the problem that are uppermost in the minds of the people I have the honour to represent, I should like to mention to the house—I regret that the Prime Minister (Mr. St. Laurent) is not in his seat at the moment—that last Wednesday the Prime Minister visited London, Ontario. While there he was given an honorary degree by the university of Western Ontario, which is situated in my riding. He also took time to visit the seed fair which was in progress in that city, put on by the Middlesex crop and seed improvement association, and which is the outstanding seed fair in the Dominion of Canada. I am sure that he enjoyed his visit both to the university and to the seed fair.

Down through the years we have more or less had it laid down that, for the sake of good government, it would be necessary to have cabinet solidarity. But now we find the Prime Minister (Mr. St. Laurent) replying to a question of the hon. member for Brant-Wentworth (Mr. Charlton) asking if the same treatment as is proposed for the western wheat grower was going to be extended to the eastern farmer; and the answer was no. Then yesterday we heard the Minister of Trade and Commerce (Mr. Howe) saying that the wheat deal was a closed book, that both Britain and Canada have fulfilled their agreements under it and there was nothing more to it. Then we heard that this "have regard to" clause was not being honoured. So we find that the cabinet is more or less split over this question. What are the people back home going to believe? What do they think about it?

If the Minister of Trade and Commerce were in his seat I think he would recall that last fall, at the time of the harvesting of the winter wheat in Ontario, a meeting was held in the city of Chatham, and at that time the government refused to implement the Agricultural Prices Support Act and support the price of winter wheat at that time. I said then, and I will say it again, that so far as the Agricultural Prices Support Act has been operative in this country, it was put on the statute books for one purpose and for one purpose only, namely to win two elections. As far as we are concerned, to date it has not amounted to a hill of beans. Personally I am interested in the production of honey. The attempt to support the price of honey was an ill-advised scheme and it has depressed the price of honey for the next two years instead of helping it. Whoever was the "brains" back of it should certainly revise his thinking a little bit, because it was the worst scheme I have ever seen in operation.

During this session the Minister of Agriculture (Mr. Gardiner) and I entered into a little argument over a statement regarding the production of sugar. A statement was made in Chatham and then another statement was made in the house. It seems to me that they use one argument in the country, as it suits the country, and then come into the house and correct that. Those things have been going on. We find parliamentary assistants to the ministers flying kites and then having the statements repudiated. Where are we heading with all this?

Last summer a meeting was held in Stratford, Ontario, with regard to the marketing of cheese.

An hon. Member: Where is cheese today?

Mr. White (Middlesex East): After the government got out, the price went up. The requisitioning of cheese cost the cheese producers of the province of Ontario many thousands of dollars. One factory—and I will mention the name of it, Dorchester Union—from May to December 31, 1950, lost $4,100 because of government monkeying in cheese; but the government are not going to come across with $65 million to help the Ontario wheat producer, the cheese producer, the bacon producer or any other producers. Yet they are expecting not only the farmers but the consumers in the cities, who are already

harassed by high taxes, to put their hands down in their pockets and help support this gamble—I will say that word again, gamble —on the part of the government with regard to Canadian wheat. The only trouble is that they gambled and lost. Now they want the taxpayers to become a part of it. If I gamble and lose, nobody comes to my rescue.

Mr. Blackmore: Will the hon. member permit a question?

Mr. White (Middlesex East): Certainly.

Mr. Blackmore: Would he not think it would be advisable for his province to come seeking reimbursement such as he indicates they ought to have in respect to cheese and other commodities? If they are entitled to it, why do they not come and seek it?

Mr. White (Middlesex East): Since when has the province of Alberta come to the rescue of any of the eastern provinces? Not in my recollection.

Mr. Blackmore: Mr. Speaker, I am not asking the hon. gentleman about the western farmers. I am asking why he does not come seeking assistance for the eastern farmers?

Mr. White (Middlesex East): I answered that question.

Mr. Deputy Speaker: Order.

Mr. Dewar: Will the hon. member permit a question?

Mr. White (Middlesex East): No.

Mr Fraser: He has the floor. Let him finish.

Mr. Deputy Speaker: Order.

Mr. Dewar: I was wondering if the hon. member wants us to do away with the subsidy we paid last year?

Mr. White (Middlesex East): You fellows got into this trouble, and you are going to get out of it.

Mr. Dewar: You want the government to do away with the subsidy, do you?

Mr. Deputy Speaker: Order. The hon. member for Middlesex East has the floor.

Mr. White (Middlesex East): The government arrived at a figure of $65 million. What relation that has to the amount that may be owing or otherwise to the western wheat producer is more than I can understand.

An hon. Member: Do not spank them too hard.

Mr. White (Middlesex East): It has been suggested that it is the unused balance of the loan to Britain of $1,250 million, that it was the $65 million that was remaining. What bearing that has on the question I fail to understand. You might just as well say that it is 65 million miles from here to one of the planets and arrive at the same figure. It has not any bearing whatever on the question before us; but apparently it was the best figure that they were able to dig out of the bag. As was said by the eastern farmer to whom I was talking last week end when I was home, the truth of the matter is this. They have gambled and lost. The people of the west voted for this; this is what they voted for. Now that they are reaping the results of it, they do not like it, and they want somebody else to participate in it.

Mr. Johnston: Are you against paying the $65 million.

Mr. White (Middlesex East): I am coming to that. I will look after my riding; you look after yours.

Mr. Johnston: Oh, you are just looking after your riding? We were looking after all of Canada.

Mr. Deputy Speaker: Order.

Mr. White (Middlesex East): It is found that trading in farm commodities is purely and simply a gamble, and one that has been lost. It is about time that we arrived at some policy so that we know where we are going to go. The farmers in eastern Canada last year had their cheese requisitioned at a price many cents below the price they could have obtained, but they are not going to be compensated now. The Prime Minister has said so. None of the other producers of farm commodities are likely to be compensated.

Mr. Thatcher: How about your hog producers?

Mr. White (Middlesex East): If the railway workers make a deal, they honour it. Then when the contract has expired, they draw up another one based on the conditions existing at that time. But you do not go digging down into the taxpayer's pocket and say: We will give them some more now. I think we shall have to arrive at some different policy altogether.

Mr. J. I. Hetland (Humboldt): Mr. Speaker, in rising today I want to take part in this debate because I am a farmer and I represent a farming constituency. But I also became slightly hot under the collar here on Friday on reading the speech made by the hon. member for Moose Jaw (Mr. Thatcher). It surprised me a great deal, because I thought he was a fine fellow; but his attacks—

An hon. Member: What a mistake.

Mr. Hetland: I did not think he would stoop that low, and make statements when he did not know whether they were true or not. Attacks of this kind to me in this house

are disgusting, to say the least. He attacked all the western Liberals. He said that we made broad commitments or broad statements in our 1949 election campaign, where we said that all the farmers expected a good payment on the five-year pool. That is a falsehood so far as I am concerned. I never made any statements of that kind. I want the hon. member to know that. I think I shall quit this subject now. I was pretty mad yesterday, and if I had got the floor yesterday I would have said more.

Mr. Thatcher: Keep going.

Mr. Hetland: Before I go on with my main speech I should like to say this. The hon. member for Melfort (Mr. Wright) always seems to take a delight in bringing up the last 20-cent payment on wheat in the 1949 crop year. This was brought up in the agriculture committee, and I think the hon. member knows what the wheat board said. I should like to bring this out, because a lot of people out west have not had the actual facts. It has to do with the $5 million deficit. The wheat board did not have quite enough money, and it was explained in this way. They had lent money to the flax account. This is what the hon. member for Melfort said:

Mr. Wright: I had not finished yet. I am more muddled than when we started, Mr. Minister.

Mr. Argue: Give me the page.

Mr. Hetland: Page 104. I will attend to you afterwards. I continue:

Right Hon. Mr. Howe: The board reported that they could safely pay 20 cents a bushel. They paid it out and the comptroller has told you that they did not have to borrow any money to make the payment.

Mr. Wright: I do not think that is right.

Right Hon. Mr. Howe: Is that a fact?

The minister turned to Mr. Earl of the wheat board and he said:

Right Hon. Mr. Howe: Is that a fact?

Mr. Earl: That is correct.

Mr. Wright: Did you not have to borrow any money at all to make the payment on wheat? Because you just took the money out of the flax and coarse grain accounts. It was not due you as a payment on wheat at all?

Mr. Earl: It was a repayment of wheat money that had been loaned to government account for financing purposes.

It went on for a while. I wanted a little more explanation of this $5 million so I asked the wheat board these questions:

Q. I am not quite satisfied with this deficit of $5 million. Where is that going to be charged? Is it going to be charged to the wheat account or to the coarse grain account?

A. There is no deficit.

[Mr. Hetland.]

The hon. member for Melfort knows of this, but I am bringing it out so that I will get it on the record. I continue:

Q. But there is a deficit here on the pool account.

A. It has nothing to do with the coarse grain account.

Q. You took some money to buy flax, for example?

A. We bought flax on the government's account. Now, ordinarily, the government would send us a cheque. They eventually did so; but they did not send us a cheque at the time; and we had a considerable amount of money on hand.

Q. The farmers' money?

A. The farmers' money.

Q. Wheat money?

A. So we loaned this money in our own organization to the government and we charged them bank interest. That, to my mind, in the words of a layman, is all that there was to the transaction.

Q. That was good business?

A. I think it was.

I think that should settle that 20-cent problem.

Coming back to this wheat payment, or what is added on to the five-year pool, I will admit to you, Mr. Speaker, that I was rather disappointed with the 8·3 cents per bushel, because I had expected around 12 cents. I felt that $100 million spent by this country would be very well spent on the western wheat growers, because they think they had something coming on this "have regard to" clause.

I have never asked at any time for 25 cents. The C.C.F. party has always tried to tell us that they work for the common man. In asking for the 25-cent payment on 1,400 million bushels it will amount to $350 million. Where would the government get that money? They could not wave a magic wand and pull it out of the air. They would have to tax every man, woman and child in this country, and they talk about the standard of living.

If the government were to put it on taxes what about the old age pensioners and the people who are living on fixed incomes? Would not that lower their standard of living? I am just asking a fair question. If the government should decide to pay this 25 cents I certainly am not going to refuse it, because it would be very nice to me as a farmer, and I know that my constituents would be very well pleased to get it.

Mr. Brooks: Where are they getting the $65 million, if not from all the people of Canada?

Mr. Hetland: Would it not be worse if we were getting $350 million?

Mr. Brooks: That is not the point.

Mr. Hetland: I am not arguing that. I am very well pleased, and tickled to death that we are getting $65 million.

Mr. Fraser: The hon. member asked, would it not be worse? Does he consider the $65 million bad?

Mr. Hetland: I do not get your point. Some members of the opposition would say that they would not have to tax the common man because the old age pensioners pay no income tax; but they certainly would have to tax businesses and corporations, they would say. Well, in setting the prices for their commodities business people take in all the expenses. I say to the hon. member for Moose Jaw (Mr. Thatcher) I am sure that whenever he sets the price on an article in his chain stores he certainly adds all the taxes.

Mr. Laing: Does he pay any?

Mr. Boucher: Production for use, not profit.

Mr. Hetland: I presume he does because the hardware is a pretty fair business at the present time.

Mr. Pouliot: Does he reduce prices on Saturday nights?

Mr. Hetland: I do not think we should criticize the wheat agreement too much. I am a farmer, and when this wheat agreement was made I certainly agreed with it. I am concerned about selling wheat. We can never expect any government that makes an agreement with another government to be able to see ahead four or five years. The Minister of Trade and Commerce (Mr. Howe) and the Minister of Agriculture (Mr. Gardiner) made a good deal.

Mr. Brooks: Why pay more now?

Mr. Hetland: As the Minister of Trade and Commerce said yesterday, I do not believe that he would make the same deal today as he made then, but at the same time I am satisfied that he did his best. Anybody who enters into an agreement of any kind knows that it takes two to make an agreement and one person is bound to get the better end of the deal. If we farmers get a little less I think we should take it and realize that we should look more to the future than to the past, because we certainly want stability and we want good relationships with England.

If we attack the British government—our socialist friends have been trying to whitewash the socialist government in England. That is all right; but I still believe they have a little responsibility in this "have regard to" clause. I believe that can be easily proven by re-opening the discussion. That does not mean that the English people are to blame and we should remember that.

Mr. Brooks: You had better read again the speech yesterday of the Minister of Trade and Commerce.

Mr. Hetland: I have read it. I was farming in 1929 when wheat was around $1.60 and I can remember that England stopped buying wheat from us because they claimed the pools and the grain trade were holding up the price. I was told, and I believe it is true, that the bread wagons over there carried notices stating that they were buying no Canadian wheat. There was considerable ill-feeling and we do not want to have that again.

Yesterday the hon. member for Assiniboia (Mr. Argue) tried to leave the impression that the government was not getting as good a price as the United States price. He knows very well why we were not getting the United States price, and this was brought out last year in the agriculture committee. I should like to repeat one of the reasons that were given why we were not getting that price. The hon. member for Assiniboia was questioning Mr. McIvor of the wheat board, and I quote from page 121 of the proceedings:

Q. Then, a question following that one—why the change? Why two or three years ago was our class II wheat being sold at a premium and why today is it being sold at a price lower than American prices?

A. Well, we have wheat to sell and we are selling it under a very considerable handicap. The Americans are providing wheat—I use the word "providing" because I think that is the correct word—for Germany and Japan and Korea, which are areas of their responsibility, and for other areas of responsibility. That wheat, in many instances, is bought by the American army from the commodity credit corporation. Of the internal arrangements existing in Germany, Japan and Korea, I do not know.

We have wheat to sell and we are selling it at the best price we can get, but, unfortunately, it is not as high as the American price. However, we are trying to get into these markets with this wheat and hold our position in the world export trade.

Q. I do not want to leave the impression that I am criticizing the board for having done that.

A. Well, that is the reason.

Q. The reason is that the Americans have become more competitive for the reasons you have given.

A. Now, I will give you an example of the type of competition that we have been up against in regard to the sale of wheat. We offered three cargoes of wheat to a prominent buyer, and American wheat was sold to that buyer at 46 cents a bushel higher than Canadian wheat, and it was class II wheat.

The hon. member for Assiniboia quit then. Why? For political purposes and for no other reason.

Mr. Argue: Quit what?

Mr. Hetland: You quit your statement there.

Mr. Argue: I was not quoting from a statement at all.

Mr. Hetland: It does not make any difference, you left that impression. I will finish:

> Now, nobody is going to pay 46 cents a bushel higher if they have to put cash on the line. That is reasonable to assume.

It puts a little different light on the subject. I am going to stop picking out hon. members for criticism because when I do that I hate myself at night. I should like to deal now with our food problems. I am concerned about the problems that face our producers and I am not referring just to those in the west but rather to those all over Canada.

Last fall I met an aged couple who were farming in southern Ontario and who told me that they got up at three-thirty in the morning to milk sixteen cows by hand in order to have the milk out at the road by six-thirty. They had raised two sons and a daughter. The sons had left the farm to get good positions in the city and the daughter had left to get married.

Before I go any further let me say that not long ago I met an official of a company here and he told me that they were glad every time they could get a farmer's son to come to work. He said that they always found that they gave a good honest day's work and were certainly not agitators. The tendency is for farm boys to leave the farm. There is no unemployment insurance, no two or three weeks' vacation with pay, no overtime, no sick leave and no pensions for farm workers.

This aged couple told me that they had tried several times to obtain help but they could not. I asked them why they did not retire. They told me that the farm had been in the man's possession all his life and had belonged to his father and there was a certain sentimental value attached to it. They were planning on retiring next year and he was fattening up his cows with the idea of selling them as beef. This is happening all over. I should like to quote an article from a Saskatoon paper under date of March 12 as follows:

> Milk will become extremely scarce and so will butter unless current milk production declines are reversed, John S. Turnbull said today. The president of the national dairy council said the high price of beef is drawing milk-producing cows from farms and the number of dairy cows on Canadian farms now is the lowest in twenty years.

I do not think it is only the high price being paid for beef that is drawing away the dairy cows, I think the main reason is the labour situation. I am not an alarmist. I have always been told that I am an optimist. I believe that the union leaders of this country and the United States should not go too far in their demands for shorter hours and higher wages when production is needed so badly. Canadians in all parts of Canada must work together as a team in order to get a high standard of living and get the most out of life.

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, I am going to depart from my general practice in speaking in the house and take part in a debate dealing with a subject about which I do not know a great deal, namely, wheat. However, I think I know something of what $65 million means to the Canadian taxpayers and as a result I feel justified in making an exception in this particular case.

To start with, I do not think that anyone who has given much consideration to the amendments before us will give them more than a passing thought as far as support is concerned. I am rather surprised that either the Progressive Conservatives or the C.C.F. would put such amendments before the house. One word in the amendment of the hon. member for Souris (Mr. Ross) that strikes me particularly is the word "mishandling". I believe that the Canadian people generally will think that is hardly a fair way to value the work that has been done on this wheat agreement by the Minister of Trade and Commerce (Mr. Howe) and the Minister of Agriculture (Mr. Gardiner).

Mr. Ross (Souris): I could have made it a little worse.

Mr. Gibson: After listening to the speech of the Minister of Trade and Commerce last night. I think the prairie farmers have been fortunate in having some of the best brains in Canada looking after the business for them. I would also point out to them that their counsel has been employed at the expense of the Canadian taxpayers. The C.C.F. amendment of course is what one would expect. It is ridiculous. When a member of the House of Commons will have such an utter disregard of his responsibilities to all the taxpayers of Canada as to suggest that we should dip into our treasury and make a payment of $335 million under the wheat agreement, it indicates to me the small amount of confidence that the Canadian people could place in members of that party.

Mr. Cruickshank: Especially the hon. member for Moose Jaw (Mr. Thatcher).

Mr. Gibson: I am sure that every member of the House of Commons is particularly pleased to have seen a rise in the living standards of the prairie people over past years and a reduction in the number of farm mortgages. I am glad that we were able to assist them during the disastrous thirties when they had a very tough time.

Mr. Ross (Souris): Selling them cheap lumber.

Mr. Gibson: Yes, they got their lumber very cheaply at that time. My friend sometimes forgets that we had a hard time in British Columbia too in the thirties. We did not put on such a poor mouth about it. As a matter of fact I think we toughed it out a little better on our own. I think my friend will probably concede that. As I say, we were glad to assist them when times were tough in the thirties. We are still glad to assist them now through the medium of the dominion-provincial tax agreements. I think they are getting a pretty good deal. However, I have not heard a member of the House of Commons say yet that he did not feel we should make a contribution to help the poor devils out there who may need a little help in times of adversity.

The farmers have always wanted stability. Now that they have got stability it seems to me that they find it profitable to repudiate their negotiators. The farmers also forget that the taxpayers of Canada made a loan to Great Britain of $1,250 million which in effect was used to buy this wheat. The Minister of Trade and Commerce said last night that ECA funds are involved, and it is all mixed up but the fact remains that we lent them $1,250 million. More than that was spent on wheat, and the Canadian taxpayers were very glad to make the loan for that purpose.

There has been a lot of fuss about a subsidy to the Canadian domestic market during the war. Is it forgotten that during the war every other primary producer in Canada also subsidized the Canadian consumer? Up until 1947 we never obtained for lumber or fish anything like the world price. I know of one member of the cabinet, for instance, who until 1947 was not able to obtain any more for his product than he received in 1939. That is true of a great many manufacturers in Canada, and I think sometimes the wheat producers forget that fact.

As the Minister of Trade and Commerce said last night, the farmers elected to take out insurance. They wanted the government to put a floor price under their product. Now they are balking at paying the premium for it. Not only are they balking at paying the premium, but they want the Canadian taxpayers generally to pay the premium. Personally I do not go for that.

We hear so much about wheat in this house. There is talk about 40-cent wheat and 30-cent wheat. The farmers sometimes forget that we had very low prices in British Columbia about the time when they were getting 30 cents or 40 cents for their wheat. I can remember well fishing herring as a boy and delivering at the plant for one-ninth of a cent a pound. I fished salmon and delivered it to the plant for one-third of a cent a pound. As a matter of fact wheat never got below half a cent a pound. If the farmers want to come and see how hard it is to wrestle a bushel of salmon or herring let them come out there and they will be able to judge the relative value. I tell you that your prices did not go as low as ours did at that time.

The lumbermen and fishermen elected to sell their own products. They did not want floor prices under them. Now they are asked to pay the premium for the farmers who wanted floor prices. I wonder whether the farmers appreciate the value of holding on to a market? I wonder whether they realize that at the present time the pulp and paper companies of Canada are actually losing tens of millions of dollars every year in order to fulfil their contracts and obligations to their very good customers in the United States. If they wanted to enter the free market for pulp and paper at the present time I am sure they could sell a great deal of their product at probably $300 a ton. Of course that would net them a lot of money. But from the long-term point of view they probably feel it would not be to their advantage.

What an awful heartbreak it must be to the Minister of Finance (Mr. Abbott), and indeed to all his colleagues who have been working so hard in the last six months trying to slash the estimates in order to bring about economies, something to which everybody pays such great lip service, to find that $35 million has been saved and then suddenly this joker is thrown on his desk. He finds all his savings have been wiped out by a gratuitous payment to the prairie farmers.

Mr. Fulton: Who threw it there?

Mr. Gibson: I do not know where it came from. I would presume from the speakers I have heard in the house that they had their share in it. I am surprised how much the government listens to the opposition. If I were in their place I do not think I would pay as much attention as they do.

Mr. Pearkes: Who are you? Whom do you represent?

An hon. Member: That is because you are an independent.

Mr. Gibson: That is the great privilege I have.

Mr. Ross (Souris): A good old Liberal.

Mr. Fraser: Just the top of the fence.

Mr. Gibson: Cabinet solidarity must be a kind of tough proposition at times.

Mr. Ross (Souris): It must be.

Mr. Gibson: I would not insult the intelligence of some of my ministerial friends over there by suggesting that they all were in agreement with this $65 million payment. If they did not have cabinet solidarity I think there would be a lot of empty cabinet seats in the house today. However, I presume they decided that in the general interest of Canada they could not afford to have another government at this time and for that reason accepted this payment. The situation rather annoys me. In my riding there are some very necessary public works.

Some hon. Members: Oh, oh.

Mr. Gibson: I do not see them in the estimates this year.

Mr. Cruickshank: You have got too much.

Mr. Gibson: My good friend, the Minister of Public Works (Mr. Fournier), has always been pretty good to the member for Comox-Alberni. He realizes the great riding I have and the necessity to provide more facilities for the people there in order to further the development of the riding. He has had to turn such propositions down this time because from the point of view of the general welfare of the country he realizes that we cannot afford unlimited government expenditures. He has saved a few dollars but then the cabinet turns around and gives away all the savings made not only on public works in my riding but in every riding throughout Canada.

Mr. Fraser: Do you blame him?

Mr. Gibson: I think it is about time that we called a halt to government aid for everything. In the last five years it is unbelievable the number of people who have come here asking that the government support some special scheme. No matter whether we have a flood, frost, fire or whatever it is, somebody always has a private project they want to hook on the government. I hope to see the day when the cabinet will say no to some of these requests.

An hon. Member: Let them say it to the hon. member for Comox-Alberni (Mr. Gibson).

Mr. Gibson: Personally I was never very fond of taking a free ride; but it seems to me that the government should withdraw this $65 million offer at this time.

An hon. Member: Speaking as a Liberal?

Mr. Gibson: I am speaking as the member for Comox-Alberni. As a taxpayer in this country, and representing a good many taxpayers, the abuse we have had to take for handing out this money is unbelievable. When I was a young fellow that was a lot of money, but with our $4 billion budgets and all the rest of it everyone thinks $65 million is just so much hay. I think it is about time we in this house had some appreciation of what $65 million represents. It is about 10 per cent of the amount we raise in personal income tax. Just looking around this house, every member here will pay a share of this amount; each of our constituents will pay from $100 to perhaps $5,000, in the case of some of the weathy members over there, in their personal income tax in order to pay this bill to the prairie farmers. I think the Liberal farm members have done pretty well in this house on this issue; and I am speaking of the Prairie Liberals. I know the farmers were disappointed; they thought there was a Santa Claus somewhere who was going to give them ten or twelve cents as a final payment on this wheat, and they have had to accept 8·3 cents. That must be a disappointment, but I believe they have reacted in a much more responsible manner than many members of this house. Several members of the Progressive Conservative party have tried to suggest in a small way that perhaps this $65 million was plenty. The hon. member for Middlesex East (Mr. White) made an excellent speech, and that is what I rather inferred from his remarks.

It is pretty tough for the government to be on a spot like this and not have any support at all from the opposition. I never saw so much unanimity over any deal as has developed over this $65 million payment. I believe members of the opposition have a certain responsibility to their constituents, who are also taxpayers. Forget all about your party whips for a change, and just get up and express your opinion. I see the hon. member for Greenwood (Mr. Macdonnell) in his place. He has not been the kind of man who would just write off $65 million as small change. He never asked, "What is a million" or anything like that. He certainly realizes that $65 million is important to him and to his constituents. I would ask him to express his views on this matter, because I have a great regard for any opinion expressed by the hon. gentleman.

Mr. Ross (Souris): How often have you voted with him?

Mr. Gibson: Any time anything of substance or good sense came from the hon. member's party I have always been very glad to support it. I have one suggestion which I think the Minister of Trade and Commerce (Mr. Howe) should at least consider. When these cheques are made out I believe he should see to it

that they are not negotiable in either Florida or California. Thanksgiving day will come to the prairies again, I suppose. When those farmers sit down to their laden tables and offer thanks for their bountiful crops and high prices, I certainly hope they will not forget to mention Right Hon. James G. Gardiner.

Mr. Jean François Pouliot (Temiscouata): I will ask the house to be kind enough to correct me, Mr. Speaker, if I make any errors in dealing with this complicated matter. I try to understand something about the wheat business; I have heard so much about it. The constable at the door told me many people had said they expected wheat to grow from the floor of the House of Commons, after the seed from so many able speeches had germinated in this hothouse.

Every matter can be simplified to a certain extent. What is actually owed the western farmers for their wheat? It is not $1.83 a bushel. It is a good sum, $1.78 and a fraction, perhaps $1.788 if we add the amount held in reserve. What is asked of the government is a supplementary amount of approximately 4½ cents. The intention of the government is to pay the western farmer an average price of $1.83 for 1,428 million bushels of wheat. Then the total returns to the western farmers for the five year period will be $2,613,240,000. If that is divided as between the five years it will mean an average of $522,648,000 per annum. There is a figure I have not at hand; I did not get it from the year book. I would like any hon. member from the west to tell me what is the farming population of the west.

Mr. Sinnott: 400,000.

An hon. Member: Make sure of your authority.

Mr. Pouliot: Well, I take it under caution. I did not have time to check the figure, but if my hon. friend is right the amount of $522,648,000 should be divided by 400,000 to learn the average income per year of the western farmer.

An hon. Member: From wheat.

Mr. Pouliot: Yes, from wheat alone, not counting other sources of revenue such as orchards in California, fruit groves in Florida and so on.

Mr. Quelch: Oil wells in Alberta.

Mr. Pouliot: That is substantial; that is a half a billion dollars to be divided amongst 400,000 people. It is much more than the average farmer in the east would ever get.

Mr. Quelch: That would be the gross payment, not net.

Mr. Pouliot: Would the member for Acadia (Mr. Quelch) tell me the exact number of farmers in the west?

Mr. Quelch: No, I say the income would be gross income, not net income.

Mr. Pouliot: Oh yes, indeed, including expenses. The gross income of the eastern farmer is far from being as much as that, although the eastern farmer does not practise mechanized farming to such an extent. I will ask any hon. gentleman if the figure given a minute ago of 400,000 farmers in the west is correct.

Mr. Fraser: Ask the Minister of Agriculture.

Mr. Pouliot: I do not want to impose a question on anyone, but I ask that as a service to facilitate me in continuing with the discussion.

Mr. Gardiner: There are about 250,000 wheat farmers in the west.

Mr. Pouliot: Then the average of half a billion dollars should be divided by 260,000 people in order to calculate the average income of each gentleman farmer of the west. I say that quite seriously because I have a high regard for the western farmer. He grows a type of food that is essential to our country as well as to many other countries in the world. Therefore, sir, this is it. Everyone may make the calculation and know exactly what the problem is in black and white, meaning ink and paper.

If the government withdraws the bill and pays nothing in addition to the dividend that is going to be paid by the pool, then the farmers will not have an average of $522 million, and the total return will not be $2,613 million, but it will be $2,413,264,000 to be divided amongst 260,000 farmers in the west. This is gross income, and these gentlemen have to pay for the oil, machinery, twine, et cetera, but they must get a living out of it. I am not criticizing anyone, but I am giving to everyone, members of the cabinet and private members, the benefit of the doubt. This makes my position still more embarrassing.

When I was young I recall that the children who were playing outside or who had just returned from school usually came in hungry at mealtime. When I asked my grandmother for something other than what was on the table she used to tell me, "My boy, you do not seem to be hungry. Put on your pajamas and go to bed." Why? Because I was asking for too much, so I had to go to bed without a meal. We were brought up like that. I am not telling anything new. If the hon. gentlemen of the opposition are not satisfied with the generous offer of the

government, the only thing for the government to do is to say, "You do not like it, so you will go without it; we will withdraw our bill." No one will be worse off, and everyone will be happy. There will be a feeling of relief throughout the country. You do not want it. You do not find it good enough, so you will not have it. You still have the money coming from the pool, so be satisfied with it. I hope the government will accept that suggestion, and the discussion will end there. We will save money, and we have to save money for something. We have to save money for a subsidy on the transportation of coarse grain from the west to the east. It is much more important to the farmers of the east than an additional subsidy of four and a half cents may be to the farmers of the west. We have to fight for it. We are told it will only last until July 31, but we want it the year round. It is vital. The other day the hon. member for Cumberland (Mr. Black) asked a timely question about it.

I come now to the amendment, as I am speaking on it. It is unfair and unjust to the government. It mentions the mishandling of the sale of wheat and other grains covered by the Canadian Wheat Board Act. I have mentioned only the benefits derived by the western farmers for wheat, which represents a substantial sum. In addition, there are their other sources of income, yet they are not satisfied. When will they be satisfied? If I were the member for a western constituency I would tell my constituents, "Be reasonable; you have got enough at the expense of the other provinces of Canada." The provinces of Quebec and Ontario are paying eighty per cent of the taxes paid in Canada. We will have to pay for it, yet the farmers of Manitoba, Alberta and Saskatchewan are crying for an additional payment the same as babies cry for Castoria. They are never satisfied, never contented. When I asked for seed grain for the settlers in my county, I was told they could not get any. No seed grain for the settlers of Temiscouata, but bonuses for the farmers in the west. We have had enough of that.

Mr. Johnston: Is the hon. member speaking for the Liberal party?

Mr. Pouliot: I am speaking for the western members, who are quite genial personally but who are too exacting when it comes to amounts of that kind.

Mr. Johnston: They will look after themselves. Is the hon. member speaking for the Liberal party?

Mr. Pouliot: I am not speaking on behalf of the Liberal party any more than my hon. friend speaks for the Social Credit party. I am a private member and a Liberal, and what I say to the house I say for the benefit of the government as well as to see that my hon. friend's constituents do not get too much. They should get only what they are entitled to have.

I am not going to speak any longer about it. I have said what I thought sincerely, and I have tried to explain the situation so that those who read *Hansard* will understand something about it. But to say that the government has mishandled the situation through the wheat board or through any other agency or to say that it has been mishandled by my friend Jimmie MacKinnon or the Minister of Agriculture (Mr. Gardiner) or the Minister of Trade and Commerce (Mr. Howe), under whose jurisdiction the wheat board comes, is a sovereign injustice. If I were speaking on behalf of the Liberal party, I know what I would do; but I have no power of attorney. You, Mr. Speaker, know what I would say; and I mean it.

Mr. J. H. Harrison (Meadow Lake): Mr. Speaker, I do not think I should allow this bill to pass without adding my observations with regard to it. It is something that profoundly touches the constituency from which I come. I cannot exactly subscribe to the views of my colleague the hon. member for Temiscouata (Mr. Pouliot), possibly on account of my geographical position. There are also other grounds on which I do not agree with him.

In scanning my *Hansard*—I was out of the house for a day or so—I note here and there pronouncements by some hon. members opposite. One that seemed to me to have some humour attached to it was made by the hon. member for Saskatoon (Mr. Knight) who, as the house knows, was for a short time a tutor of mine; and I can say to you, Mr. Speaker, that he was a good one. He made an observation which I believe is profound. It was to the effect that the Liberals of Saskatchewan—this was some little while ago—had been maintaining an intelligent silence. That immediately suggests an alternative. To my way of thinking the alternative would be an unintelligent speech. After noting the remarks of my good friend the hon. member for Moose Jaw (Mr. Thatcher) who observed, I think on Thursday last, that the members of the Liberal party of Saskatchewan had promised, in the election campaign, that they would bring back a large final payment on the five-year pool, it would seem to me that the remark made by the hon. member for Saskatoon would apply to his colleague. Possibly he has some material that he can work on over there in

starting up a class in this intelligent silence. As far as I am concerned, the people in my riding know what I said during the election campaign, and I will let it go at that.

Following up the remark made by the hon. member for Saskatoon, to the effect that the Liberal members had been maintaining an intelligent silence, I cannot say that the infrequency of my speeches in the house has anything to do with the training I received at his hands, inasmuch as he taught me for only a short while. But previously, when I was at possibly a more impressionable age, I had a teacher who in class used to make the remark that the weakest lion makes the loudest roar. After observing this house through some three sessions, this remark started to gather weight with me. There are many speeches made here that possibly would have been better left unmade; and even the man who made one of them would later be the most likely to want his speech withdrawn, if that were possible. I hope that does not occur with regard to this speech of mine.

Having made those general observations I want to say with regard to this bill before us now that I am pleased with the provisions that are in it, and I wish to thank the government for bringing it down. The broad coverage that it gives and especially the third part of it which provides that the final payment can be made to the farmers immediately after the end of the crop year will, I have no doubt, be appreciated in my riding.

As to the final payment on the five-year pool, I was pleased with the pronouncement in the house last night by the Minister of Trade and Commerce (Mr. Howe). Although the opposition tried to show that it was something different than the opinion held by the Minister of Agriculture and by the Prime Minister (Mr. St. Laurent) also, I cannot see that they are so very far apart. If you take the pronouncement of the Prime Minister himself, some three or four days earlier, in reply to a question put on the order paper by the hon. member for Assiniboia (Mr. Argue), you will find that he stated the government's position fairly concisely with regard to Britain's obligations under this contract. As reported at page 1023 of *Hansard* he said:

> The government has taken the position that while there was no further obligation on the United Kingdom in a legal sense, the United Kingdom authorities should realize that the wheat growers of Canada and most of the community of the prairie provinces believed there was a continuing obligation under the "have regard to" clause which had not been discharged.

I think the Prime Minister is perfectly right there, because the people of western Canada, or the wheat growers there, believe there is a continuing obligation by the British government. Possibly it is not a legal obligation under the wording of the contract, but it is one that has been recognized by various ministers of that government, including Mr. Strachey and also Mr. Cripps. But those gentlemen have apparently changed their minds; and under the legal terms of the agreement, that is perfectly all right. There is no reason why they should not. As to blaming Great Britain, I would say this. The government there are in a position where they must save dollars if they can do so. I am a Britisher myself, and I can agree that they have always been tough traders. But had the Right Hon. Winston Churchill been in power over there, while he might have driven a tough bargain, I still believe that he would have had some regard to this "have regard to" clause and would not have left it unhonoured entirely.

Mr. Wright: Why did they, in the election campaign, criticize the government for paying too much for wheat, if that is the case?

Mr. Harrison: The position taken by the hon. member for Assiniboia in that regard is this, as reported at page 1149 of *Hansard*:

> The government, since June 5 of last year, has done nothing, and there was nothing it could do to re-open a contract that had already been settled and finalized by both parties to that contract.

He made that statement four days after he had the actual answer given by the Prime Minister as reported at page 1023 of *Hansard*. Four days earlier the Prime Minister said, as I put on *Hansard* a few minutes ago:

> The government has taken the position that while there was no further obligation on the United Kingdom in a legal sense, the United Kingdom authorities should realize that the wheat growers of Canada and most of the community of the prairie provinces believed there was a continuing obligation under the "have regard to" clause which had not been discharged.
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> 6. Such representations were made by the Prime Minister in January and by the Minister of Agriculture in February, 1951.

That was an answer to his own question, so he knew when he made it that the statement he made four days later was not correct.

But there were other negotiations on this same "have regard to" clause between the Prime Minister and Prime Minister Attlee here in Ottawa. Even before that, I think the Minister of Agriculture had some talks in October or November with another minister of the British crown with regard to this matter.

At one time even Sir Stafford Cripps did admit owing something in the neighbourhood of $70 million under this "have regard to"

clause. Had they implemented the clause to that effect it would have meant 5 cents, and we would have had a payment in the pool of something in the neighbourhood of 13 cents. For all that it would have cost Great Britain the farmers of western Canada would have appreciated it greatly, because the farmers out there take this position. They have done their share toward providing Britain during times gone by with loans and free gifts of money to a very large extent. Although the farmers did not begrudge giving it at the time and certainly as a Briton myself, had I been in the house at that time I would definitely have voted for those loans and those gifts; at the same time, you cannot get away from the fact that the farmers of the west have in the back of their heads that Britain owes some moral obligation.

Mr. Brooks: Who put it there?

Mr. Harrison: It is too bad that that situation exists, because trade is a two-way street. We are going to want to sell to Britain in future years, and we want to keep on good terms with the British people. The British want to sell products in western Canada. I just hope that this feeling in the backs of the minds of the peoples of the west—I do not care what party you are from, that situation does exist in the minds of the people out there—will not be a detriment so far as the sale of British goods is concerned.

The subamendment moved by the C.C.F. is one of the reasons why I rose in my place to speak. This subamendment does not meet with my approval for some very good reasons. Firstly, they take two positions here. One is that the British government owes us nothing, not even a moral obligation. The second position they take directly in the subamendment is that the people of Canada owe, on behalf of Great Britain, or of the food given to Great Britain, $350 million. Well, on the face of it we are 53 members from the prairie provinces, including all parties. For somebody to introduce a subamendment suggesting that this house of some 262 members should pay out of the public treasury $350 million—well, you know before you start that we just do not have a leg to stand on. The other 209 members have to go back to their constituencies and justify the payment of $350 million. They know and we know that they just cannot do it. Put yourself in their shoes. The first man you would meet when you return would say to you: You voted for $350 million, and at the same time the payment of $65 million that has been made—

Mr. Wright: Will the hon. member permit me to ask a question?

Mr. Harrison: Yes.

[Mr. Harrison.]

Mr. Wright: There are $115 million that the government is already paying, the $65 million and what is already in the pool. But the hon. member keeps saying that we are asking for $350 million. All we are asking for is $235 million in addition to what is already in the pool.

Mr. Harrison: You are taking into consideration the fact that they have already put in $65 million.

Mr. Wright: Yes.

Mr. Harrison: But you are asking altogether for a payment of $350 million.

Mr. Wright: No, not over and above what is already in the pool.

Mr. Harrison: What is in the pool?

Mr. Wright: There is already some $60 million.

Mr. Harrison: In your $235 million you are taking into consideration that the government has already advanced $65 million.

Mr. Wright: Yes.

Mr. Harrison: That is a different thing. But over all you are suggesting the payment of $350 million with what is in the pool.

Mr. Wright: Not over and above what is in the pool, with what is in the pool.

Mr. Speaker: Order.

Mr. Harrison: The treasury is still going to have to bring down, even on your figures, something under $300 million, and that is quite a figure for hon. members to justify. I am speaking of the 209 members who are not from the prairie provinces. That is a rather tough thing for them to justify when they go home. Naturally, coming from the prairie provinces, we would gladly receive a payment of that kind; but when you move a subamendment that suggests that this house pay $350 million to the farmers in the west for grain sent to Britain, you know that you have not a chance to put it through. And I class that immediately as just a political move. Since it is a political move I am going to vote against the subamendment on those grounds.

Reviewing the contract itself, I am fairly well satisfied with the payment of $65 million. I can tell you that I told that to my farmers before Christmas. I had very few advocate to me that they should get anything over 10 cents. I know that 10 cents would have satisfied all of them. With respect to the 8·3 cents, some people may be a little dissatisfied, but the average of these people is sensible, and they are going to realize that 8·3 cents is a fair payment, and is a far better proposition than suggesting to this

house that we pay them 25 cents when you know you cannot get that at all, because all you would do in that case would be to go home with nothing. I am sure they would rather have 8·3 cents than nothing.

The payment and the contract as a whole are fairly satisfactory to me, and the payment of $1.83 per bushel over a five-year period is the best five-year price that we have ever had in western Canada. I will go this much further and say that I have no doubt the farmers in my riding would be tickled to death right now to sign another five-year contract if they could sign one for $1.83 a bushel for the next five years, with the prospect that possibly they might get something a little better than that under our present marketing system. But at the same time I think most of them would be satisfied to have a guaranteed price of $1.83 a bushel for the next five years.

There have been some attempts by various opposition members to tell us what the farmers have lost. These figures run all the way from $70 million to $1 billion. The very discrepancy in those figures, all the way from $70 million to $1 billion, would show that there is something wrong with the argument some place or the figures would be much closer together.

Anybody who quotes those excessive figures is, in my opinion, trying to discredit our present system of marketing. I think that all members from the west will agree that we do not want anything to happen to the present stable system of marketing.

In other words, anybody who uses large figures of that kind is talking about a market that is not an orderly system of marketing. He is talking of the most extreme profits that you can make under a system of grain exchange marketing, and he is giving comfort to those people who believe in that kind of a system. If the wheat that we have sold under this contract had been sold under that system it would have been sold for much more money than the farmers have got for it. If the wheat had been sold for $2.83 per bushel the farmer still would not have got $1.83. All the extra profit would have gone where it always went under that system, down the drain of the grain exchange. We do not want a recurrence of that.

I am pleased with the way this five year contract has worked out and I think the farmers of my riding generally will appreciate the payment of 8·3 cents that is being made. However, they have not been able to get out of their heads the idea that there is some moral obligation on Great Britain to make a small further payment, even though it is only a token payment. That would have been some indication or admission that there was some obligation. The fact that there was some admission by Great Britain in this regard is borne out by the fact that when the Prime Minister of England was here last fall and talking with our Prime Minister (Mr. St. Laurent) he agreed that the situation should be reopened. If he had thought there was no obligation he would not have agreed that the proposition should be reopened. I think Britain was a little ill-advised not to make some slight recompense.

We are fairly well satisfied with the $65 million, although we would have liked to have had a payment of 10 or 12 cents per bushel. I think the payment of $65 million will fill the bill fairly well. It is something that members from other sections of the country can justify. There must be a little give and take in this house if we are going to make this country tick. We cannot always consider just our own sections and hope to get all that we require. In order to make Canada a real Canada there has to be some give and take. When other parts of Canada need support, as they have in the past when there have been fires and floods, they will find the western members right behind them and ready to help.

Mr. Wright: The hon. member states that when Prime Minister Attlee was here last year he agreed to the reopening of negotiations. That is the first I have heard of that and I wonder on what authority the hon. member makes that statement.

Mr. Harrison: I think at that time Mr. Attlee agreed that there should be a reopening of the negotiations. If you go back to *Hansard* of March 8 you will see that such representations were made by the Prime Minister in January, and by the Minister of Agriculture (Mr. Gardiner) in February. That was definitely stated in the press of that date because I can remember reading it. It was said that Mr. Attlee had discussed the wheat situation with the Prime Minister and they were going to discuss it further when the Prime Minister was in Great Britain.

Mr. Wright: The Minister of Trade and Commerce did not make that statement last night.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

CANADIAN-MONTANA PIPE LINE COMPANY

Mr. C. E. Bennett (Grey North) moved the second reading of Bill No. 117, to incorporate Canadian-Montana Pipe Line Company.

Mr. Green: Will the hon. member explain, please?

Mr. Bennett: Mr. Speaker, Bill No. 117 is an act to incorporate Canadian-Montana Pipe Line Company under the general pipe line legislation passed by this parliament. The object of the company is the construction of a pipe line from the southeastern portion of the province of Alberta to the Montana border to meet an existing pipe line there. The pipe line will carry natural gas and will be approximately thirty-six miles in length. The incorporators named in the bill are the principal executive officers of the McColl-Frontenac Oil Company Limited and of the Montana Power Company of Butte, Montana. McColl-Frontenac Oil Company Limited of course is well known in Canada. The Montana Power Company is a public utility company which since 1931 has been distributing natural gas to domestic, commercial and industrial users in that state.

One of the chief, in fact the chief, industrial customer of this company is the Anaconda Copper Mining Company, which, as hon. members know, is a very important contributor of base metals so essential at this time.

From 1941 until last year approximately fifty wells were drilled in the area to which I have referred, and as a result four relatively small natural gas fields were proven in what is known as the Pakowki lake district. The most northerly, called the Manyberries field, lies within thirty miles of the United States-Canadian border, and the most southerly called Black Butte within a mile and a half of the Alberta-Montana border.

The opinion is held that the taking of gas from the Pakowki district will not particularly affect Alberta's supply inasmuch as these fields represent a small fraction indeed of the total Alberta reserves, and inasmuch also as they constitute a fixed limited quantity. We are not dealing here with a speculative venture. These fields are under the control of the incorporators. This application therefore will differ from those of other companies that hope to export to expanding markets, and therefore the quantities necessary for those companies will be much larger.

In any event the purpose of this bill is merely to incorporate a company. If the bill is passed and the company is incorporated it will be subject to the decisions of, and the usual safeguards provided by, the several regulatory bodies. Hon. members are familiar with these safeguards. I shall only enumerate them. First, under the general Pipe Lines Act the board of transport commissioners was authorized to regulate interprovincial or international pipe lines. Second, before gas can be exported a permit must be obtained from the Minister of Trade and Commerce (Mr. Howe) under the Electricity and Fluid Exportation Act. Third, before gas can be exported from Alberta a permit must be obtained from the Alberta petroleum and natural gas conservation board. Several applications have been made to that board and are still pending.

Therefore if this company is incorporated parliament will only be giving the company the same chance it has given other companies, —the chance to prove its case, to fight it out with these other companies and to show that the building of the proposed pipe line is for the benefit of Canada. I submit that only if there are a number of companies in competition presenting a variety of routes and schemes will Canadians be assured that what is finally decided upon will be in the best interests of our country.

The bill contains the same clauses and provisions, and is in the same form, as other pipe line bills which have been considered by this house from time to time. Detailed information and expert evidence will be available to the committee to which the bill is referred.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I do not intend to delay the passage of the bill for very long, and I think I should say at the beginning that I do not intend to oppose passage of it at the second reading stage at any rate. Coming from southern Alberta, and having read the proceedings before the Alberta petroleum and natural gas conservation board involving this particular company, with deference I think I am probably as familiar with the project, what it is intended to do and the other factors involved, as anyone in the house.

There are a few facts which I think should be put before the house with respect to the company. The first is that the field from which it is intended to take the gas is in the very southern part of Alberta. It is a comparatively small field sometimes known as Pendant d'Oreille but more generally as Pakowki lake field. I believe the total amount of gas estimated to be there is in the neighbourhood of four hundred billion cubic feet.

Representations made before the Alberta petroleum and natural gas conservation board on behalf of this company were to the effect that probably the only place this gas could ever be marketed would be to this Montana Company which would like to pipe the gas a comparatively short distance to connect with the Montana grid system. There may be a considerable amount of truth in that argument.

There are, however, three other places where the gas may be used and may be required. The Trans-Canada Pipe Lines Company whose bill was before the house the other day, and who presented their case before the standing committee on railways, canals and telegraph lines, gave a certain amount of evidence with respect to the use of this field. The effect of it was that they felt they needed this field if their project to build a pipe line from Alberta to Toronto and Montreal went through. I asked several questions in connection with the use of this field because I knew this bill was coming up, and the officials of the Trans-Canada Pipe Lines Company gave evidence that they hoped and intended to take about forty million cubic feet a day out of this field if their project was approved and went through. They did say under questioning, also, that no field in Alberta was absolutely essential to their project with the exception of Pincher Creek field; but they felt they would probably need the gas in this field as a reserve, at least at present.

In addition another company which obtained a charter some time ago, the Western Pipe Lines Company, whose project is to pipe gas from Alberta to Winnipeg through Moose Jaw, Regina and the other cities along that route, look upon this field as more or less essential to that project. Whether or not it is essential I do not know, but at any rate they feel this field would be essential to their development which, of course, is primarily to serve western Canadian cities.

There is a third possibility for the use of this gas; that is, by the city of Calgary and the southern part of Alberta served by the Calgary Gas Company. My understanding is that the Calgary Gas Company does not require this gas at the present time, but unless other reserves are developed it may be that some time in the future it will require it.

I do not suggest that these people who have developed the Pakowki lake field, who have drilled wells and spent a considerable amount of money in developing these gas reserves, should be held up indefinitely because at some time in the future that gas may be required by someone else. However, when this bill is considered by the committee on railways, canals and telegraph lines, I do believe the factors I have mentioned very briefly this evening should be gone into carefully. They may have an extremely important bearing upon whether or not this charter should be granted. I have no doubt, of course, that these matters will be considered carefully if the charter is granted and the company makes application to the Alberta conservation board. My position last year was and still is that in considering these pipe line charters the members of this house have a duty and responsibility to the people of Canada as a whole to carefully look into the proposition put forward, to consider its feasibility and whether or not it is going to be in the best interests of the country as a whole. So I believe the three possible uses to which this gas might be put other than sending it across to Montana essentially, as I think the sponsor said, for the use of the Anaconda Copper Company, should be gone into by the committee and given a good deal of attention.

As I said in the beginning, I do not intend to hold up the bill or to oppose the motion for second reading. However, I would like more information on these points from the officials of this company.

Motion agreed to, bill read the second time, and referred to the standing committee on railways, canals and telegraph lines.

BORDER PIPELINE CORPORATION

Mr. W. A. Robinson (Simcoe East) moved the second reading of Bill No. 118, to incorporate Border Pipeline Corporation.

Some hon. Members: Explain.

Mr. Robinson: Mr. Speaker, the continuing discoveries of oil in the province of Alberta have brought to the fore various proposals for the construction of an oil pipe line from the province of Alberta to the Pacific coast. The discussion of this project has been accelerated by certain considerations of national security in the United States and Canada. At the present time oil for Vancouver and the province of British Columbia, as well as that used in Portland, Seattle and the northwestern part of the United States, is furnished largely by tanker from the state of California. In the event of a war the supply of oil from California might not be sufficient to continue to service these markets, thus making it desirable to call upon the large resources of Alberta in this connection. Furthermore, the hazards of transportation of oil by tanker during a war also indicate the desirability of a pipe line as a means of providing oil to these markets.

In the light of these considerations this application is being made to parliament for the incorporation of a company under the provisions of the Pipe Lines Act with authority to construct and operate an oil pipe line. It is proposed that this line will commence in the vicinity of Edmonton in central Alberta and run south in that province, then parallel to the Canadian Pacific Railway through the Crowsnest pass to Cranbrook and Kingsgate

in British Columbia where it will cross the border and proceed southwest to Spokane along the route of the Spokane International Railway. The route of the pipe line then runs west across the flat plains of the state of Washington, through Steven's pass and the Cascade mountains to Monroe and Seattle, from which point the line divides in two directions. One section of the line runs north 115 miles to Vancouver, and another section 190 miles south to Portland.

The applicants have entered into negotiations with United States and Canadian oil companies which have interests in the province of Alberta to supply the necessary oil to maintain the pipe line. It is also expected that they will obtain commitments to build sufficient refining capacity in Vancouver and in Seattle and Portland to market the "throughput" of the pipe line. The pipe line will have an initial "throughput" of 100,000 barrels per day and would have a capacity in excess of 150,000 barrels per day. The line will be a common carrier available to any producer who wishes to transport oil.

The applicants have entered into arrangements with prominent Canadian and United States investment firms which have indicated their willingness to undertake the financing of the pipe line through the sale to the public of the securities involved both in Canada and the United States.

It is believed that the proposed pipe line, because of the lower cost of construction on the route proposed as opposed to any other suggested route and because of the wider market afforded by the sale in United States cities along the suggested route, will provide oil in the cities of Vancouver and New Westminster at a lower price per barrel than could be provided under the terms of any competing project. It is on this basis that the applicants seek the right to have their plan for the construction of the pipe line placed before the board of transport commissioners and as a first step to have the company incorporated under the provisions of the Pipe Lines Act.

May I point out, Mr. Speaker, that by reason of the Pipe Lines Act which was enacted in 1949 parliament has said to any person who wishes authority to construct or operate pipe lines that he must come to parliament and make application for a special act. I believe our function under the overall act is quite clear; it is to grant or refuse incorporation. Once incorporation has been granted, questions of route and other matters must be decided by the board of transport commissioners. The company cannot begin construction of the line until the board has granted leave. Similarly, no line can be opened for the transportation of oil or gas until leave has been obtained from the board. Therefore these present applicants are only doing what parliament has indicated they must do. They are coming to parliament to seek incorporation.

In 1949 five pipe line companies were incorporated, and in the 1950 session there were two others. At this session I believe there are seven applications under the Pipe Lines Act. At the present time companies to which this parliament has already granted incorporation have two applications for the construction of oil lines and four applications for the construction of gas lines pending before the board of transport commissioners. If incorporation is granted in this case, and I hope it will be granted if we are to avoid discrimination, this company will then proceed to make its application to the board of transport commissioners. It will then be in a position to compete with other companies already incorporated or to be incorporated, for the right to construct and operate a pipe line. The applicants fully realize that they will only be successful in that competition if they are able to convince the board that their project is the most advantageous from a Canadian point of view.

Mr. Speaker, I have made my explanation as brief as possible. I would be very happy to answer any questions of a general nature when closing the debate. Expert witnesses will be available before the committee to answer questions of a technical nature.

Mr. Graydon: May I ask the hon. member one question for the sake of clarification? Is it proposed that this pipe line will run through any part of the Fraser valley? If it does not, I think you are in trouble.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, this bill seeking incorporation of the Border Pipeline Corporation represents the second occasion on which there has been before the house a bill to incorporate a company which proposes to transport oil from the fields of Alberta to the Pacific coast. The first one came before us last week when a bill was introduced by the member for Vancouver South (Mr. Laing). Last session, and the session before, we did have a number of bills from companies seeking incorporation who desired to build gas pipe lines from the prairies to the coast. This is the first session at which we have had bills to incorporate companies building oil pipe lines. But, Mr. Speaker, the principle which should be followed with regard to the use to be made of these Canadian resources, which is that, when works of major national importance are to be built to transport Canadian natural

resources to the market, they should be so constructed as to be of a maximum benefit to Canada, is I think the same in the case of both oil and gas pipe lines. The controversy which was before this house during the past two years in connection with gas pipe lines, therefore, is exactly the same as the controversy which will undoubtedly surround the application to incorporate this company.

The hon. member who introduced the bill said something to the effect that his company maintains that the route they have chosen to the Pacific coast via the United States will be the cheapest route to construct. I do not agree that we have had any figures which would warrant one in coming to that conclusion. Against the hon. member who introduced this bill I would set the member for Vancouver South and the great construction company—so he described it and I have no reason to doubt his description—which he states is to build the pipe line for his company. This company has had a great deal of engineering experience, not only in Canada and the United States but all over the world. It has investigated the routes from the prairies to the markets to be served on the Pacific, and has decided that the route through the Yellowhead pass, down through the centre of British Columbia to the Pacific coast, is a feasible and economic route for this pipe line to follow. Mr. Speaker, if one investigates the history of pipe line construction, and if one were to remember the things that were said in this house during the main session of 1950 concerning the impossibility of building a pipe line through the Yellowhead pass, through the centre of British Columbia to Vancouver and then into the United States, one could not help but be struck by the lack of information upon which those statements were based.

In his speech during the introduction of his bill the member for Vancouver South alluded to the history of the company which proposes to build that line, and its construction of pipe lines in Iran and the Middle East. If you look at those pipe lines and the altitudes that they reach during their course from the oil fields to the seaport, you will find that they go over mountain passes considerably higher than anything on the route of the Yellowhead pass and along the Hope-Princeton route to Vancouver. I understand that the pipe lines in the Middle East, in Iran particularly, reach altitudes of between 6,000 and 7,000 feet. There would be nothing like those altitudes on the route through the Yellowhead, so there is no reason, either because of the physical geography or economic conditions due to the difficulty of construction, which would mean that the pipe line seeking to bring Alberta oil to the Pacific coast need be built, or should be built, for the major part of its length through the United States.

We who took the position in the past, and who also take the position today, that in using these Canadian resources the maximum benefit must be preserved to Canada, were encouraged when the first pipe-line company to come before this house for incorporation this year adopted a Canadian route. We were also encouraged by the support which appears to be building up for the principle of Canada first, not only in this house but throughout the country. We recall of course that when we first asserted that principle—and I am looking of course at my good friend the member for Fraser Valley (Mr. Cruickshank) who took such a part in the fight for Canada first; the member for Vancouver-Quadra (Mr. Green); and the members for Kootenay West (Mr. Herridge) and Yale (Mr. Jones)—the use of the term "filibuster" was applied to the efforts we made to impress upon this house and the country the importance of the principle which we were asserting. It is a fact which the reading of *Hansard* will verify that our efforts were greeted with—well, at first derision. I do not think that is too strong a word to use. Certainly every pressure was put upon us to end that filibuster. Every effort was made to have us withdraw our opposition to those companies seeking to export Canada's gas first to the United States and to build the route through the United States. We are therefore happy indeed, Mr. Speaker, that we have made such a large number of converts, if I may put it that way.

We recall that when the matter was held up last in the House of Commons and full discussion was insisted upon, as more and more members entered the controversy—not only members from British Columbia but members from other parts of Canada not immediately affected by the pipe line itself—it became apparent that a great national principle was at stake. That national principle had its recognition, I think, in the resolution that was moved the other day in the standing committee on railways, canals and telegraph lines and was adopted unanimously by that committee, to amend the provisions of a proposed bill to incorporate one of these pipe line companies to provide that "the main pipe line or lines either for the transmission or transportation of gas and oil shall be located entirely within Canada." That was an amendment moved on March 8 by my colleague the hon. member for Vancouver-Quadra (Mr. Green) and unanimously

adopted in the committee on railways, canals and telegraph lines. That, Mr. Speaker, represents almost a revolution in thought as compared with what we saw in this house and in that same committee just last year. I should like to take this opportunity of paying my tribute to those of my colleagues who took such a prominent part in carrying on that fight in the interests of the Canadian people.

I have dealt with that matter in these few sentences because I think it is important to remember that exactly the same issue is now before the house: that is, whether we shall grant our approval to bills which seek to incorporate companies which have as their avowed aim and object in the construction of a line to transport this resource to the market, that it shall go immediately and directly into the United States, and then through the United States for the greater portion of its length on its way to that market, with merely a branch or spur line back up to Canada to serve the market on the Canadian portion of the Pacific coast.

I will not say much at this stage in connection with the potential benefits which would flow to the cities in the interior of British Columbia, if the pipe line were built by a route through the central portion of the province, but which will be denied to us if it goes through the United States, because perhaps the situation with respect to oil is slightly different from the situation with respect to gas. No one can say definitely that it would be possible to tap the oil from the main pipe line and serve the communities through which that line passes. But neither can anyone say that it would be impossible. No one knows what the economic development of our province may be in the near future. No one knows the tremendous bounds forward which we may make. Those communities have been growing—many of them have doubled their population since just before the last war. They have been growing at an amazing rate. It may well be that before many more years go by there will be in the interior portion of our province a market sufficient to justify some plants, at any rate, to deal with this crude oil which will be flowing through the pipe lines. The importance of having that line through Canada becomes obvious, so that Canadian cities and communities will be in a position to derive the maximum benefit not only from the construction of the line but from the very presence of the line and the proximity of the resource which it carries.

I think we would be betraying our trust and be derelict in the duty that we owe to the Canadian people if we did not put forth every effort to make certain that these advantages are not forever lost to Canada and forever secured to another country. On that basis I do not see that there is any course open to us—particularly to those who took the same stand in connection with the gas pipe lines—but to oppose the incorporation of a company such as this which proposes to follow the route which has just been set forth by the hon. member who introduced the bill in this house.

Not only does the fact that the line should be located within our country become a matter of great importance to the future development of that section of the country, but also the benefit which would follow from the construction of the line itself is a matter which this house should not allow itself to lose sight of. After all, it stands to reason that, if a company which is controlled by American capital obtains a charter to build this line for the major portion of its length through the United States, it will employ Americans to build it, it will use American steel, and all the benefits of construction and maintenance, including roads which must be built in order for them to lay the line, will go to the United States; whereas if we have the foresight and the determination to insist that these benefits shall be preserved for Canada, then we would have those benefits to contribute to the economic development of this country.

There is at least a possibility if not a probability that, under the policy I am advocating, Canadian steel would be used in the construction of the line. Certainly it must be a fact that Canadian men would be employed in the construction of the line through Canada whereas Americans would be employed in the construction of the line through the United States. The same thing applies with respect to the pumping plants and the maintenance plant. These pipe lines require pumping stations at frequent points along their length. Each pumping station requires men to maintain it, to run it and to supervise it. Then there are the line men working on the maintenance and the regular inspection of the line itself. Are these men to be Americans or are they to be Canadians having the advantage of the employment which follows from the development of a Canadian resource? Surely hon. members of this Canadian House of Commons, this Canadian parliament, can come to no other conclusion than that these benefits and these advantages should flow to the country which they serve and whose people elected them as their representatives here to look after their interests. Hon. members can be quite certain that if they do not insist that this line and any other line be built through Canada first, so that the resource shall serve Canada first, then those benefits will flow to the United States and

will be forever denied to this country, with the consequent result of even further magnifying the disproportion which now exists between the economic development of the United States and that of Canada.

On that basis, Mr. Speaker, I am content to rest my case; and I appeal to this House of Commons, which showed that it is sensitive to public opinion and which, as a matter of fact, I think showed a good deal of patience when, last year, we were advocating principles to which at that time the majority of the members were not sympathetic. I do appeal now to hon. members of this house, since I am encouraged to believe they appreciate more fully the importance of the principle of the national interest to be served, to assert themselves on this occasion in the interests of Canada in connection with this line, and refuse to give their consent to the incorporation of any company which does not give its undertaking to build its line in such a way that it will serve Canada first.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I do not know which clock is right, but in case the two clocks are not right and my watch is—

Mr. Sinclair: Look at the calendar.

Mr. Cruickshank: As happened last year, Mr. Speaker, I am to get a certain amount of moral support in my effort not only for the people of my riding on the Pacific coast but for my colleagues who adjoin it.

We are reasonably fortunate in this house that we have some people who not only understand oil, gas lines and wells, but have oil wells. I never owned an oil well. Possibly if I had an oil well there would be a gas well beside it. I understand that some individuals own wells in Alberta. I say to you, Mr. Speaker, that I think we should broaden the laws of Canada in order that they could compete on an equal basis with those equally fortunate in other lands who have oil wells. I hold in my hand a clipping. I understand it was published in Toronto. But unlike some other clippings that were produced, this one has the date on it. It is a clipping from the *Globe and Mail* and is dated March 12, 1951. The reason I am bringing this up, Mr. Speaker, is that I want those who own oil wells in Canada to be just as fortunate as others who own oil wells. The heading of this clipping is:

> Sheik of Araby collects $40,000 daily from oil-rich desert

If the sheik of Araby can have that, there is no reason why any hon. member or anybody else could not have one in Alberta or Saskatchewan, and even in Ontario. But I want to make clear what goes with an oil well. I quote:

> An Arab sheik who reigns over a 50-by-70-mile sandy waste called Kuwait on the hot and humid Persian gulf rakes in tax free every day some $40,000 in oil royalties.
>
> The money—in rupees—rolls into the private bank accounts of 55-year old Sheik Abdulla Al-Salim Al-Sabah.
>
> Sheik Abdulla is a genuine sheik. He lives in a palace—

This is the point, Mr. Speaker. I want my colleagues who may be fortunate enough to own oil wells in other parts of the world to have the same privilege. I want them to have not only $40,000 a day—but wait until I read the rest of what he has:

> Sheik Abdulla is a genuine sheik. He lives in a palace, has a harem and wears the flowing white, gold-embroidered kaffiyeh of the desert Arab.

I do not see any reason why anyone owning an oil well in Alberta should not have all of the privileges of the sheik of Araby.

Mr. McIlraith: All of them?

Mr. Cruickshank: I will admit that we westerners would be in a more fortunate position than some from the central provinces in caring for a harem in more ways than one.

Last year, Mr. Speaker, as the previous speaker said, we were accused of staging what they called a filibuster in connection with pipe lines. Those of us who took part in the debate felt that we were unfairly accused of carrying on a filibuster, but we are extremely proud of the fact that we took part in those debates, and I shall tell you why. We are proud of the fact, if for no other reason than that certain of my colleagues both from the glorious province that I come from and even from the lesser provinces now realize the fact so eloquently portrayed by the hon. member for Vancouver South (Mr. Laing) the other night when he introduced a bill, backed I presume by very responsible people, if I understood him correctly, and I think I did. I congratulated him when he introduced his bill the other night and I do so again tonight for the same reason, namely, that he implied, and I have every reason to believe he will back it up when it comes before the committee, that the amendment referred to by the hon. member for Kamloops (Mr. Fulton) would be accepted. It is of such vital importance that I shall put it on the record again. This is the amendment moved last year by the hon. member for Vancouver-Quadra (Mr. Green):

> Provided that the main pipe line or lines, either for the transmission or transportation of oil or gas, shall be located entirely within Canada.

That, Mr. Speaker, is all that we are interested in. I had better take a moment

to congratulate the sponsor of the bill tonight on the excellent attempt he made in putting a very poor case before the members of this house. If he will say tonight that he will adopt the amendment, go further than that and have it inserted into his bill, as one company has done already owing to the magnificent effort of a few of us last year, providing for an all-Canadian route, there would be no difficulty about it.

Some of my colleagues may not as yet appreciate what Canada means now or what it could mean in the future. I am going to read all of this, Mr. Speaker, before I am through this session. I do not know of any better authority that I can quote when speaking, particularly in this house, but in so far as I am concerned, when speaking before the people anywhere in Canada, than our present Prime Minister (Mr. St. Laurent). I will be glad to quote him in full but I do not want to take up too much time tonight, Mr. Speaker. I shall quote a part of his remarks as follows:

> It is not only the people of Quebec and New Brunswick who have deplored the fact that the Canadian Pacific had to run through Maine to get to New Brunswick; that was something which concerned the people of the whole dominion. It was because of their feelings in that respect that the Canadian National took the long course through the valley of the Matapedia adding a great many miles to the distance. Nevertheless they provided an all-Canadian route. It was for that reason that the route traced for the transcontinental railway when it was built some forty years ago goes through the county of Temiscouata and into New Brunswick without departing at any time from Canadian soil. That is a thing which I think is of satisfaction to us all.

That is exactly what we endeavoured to do last year in connection with pipe lines, and what a few of us at least intend to do this session. I might quote something about the sheik of Araby, but I do not think you would want me to. Those who are fighting for an all-Canadian route are doing so to benefit their own province and Canada as a whole. No threats or inferences or anything else will deviate us one inch from the path we are following in an endeavour to build up our own province first, along with the entire economy of Canada.

We would like our friends, not only from our own province but from the other provinces, to support this amendment. I should like to hear any member of any party from any province get up on a platform in British Columbia and repudiate this amendment. From the political point of view there is no candidate representing any party who could appear in British Columbia and say that he opposed this amendment. We are not doing this for that reason; we are doing this because we know it is going to build up British Columbia.

Last year it was suggested by the president of a company which wanted to build a United States route—his name was either Nixon or Dickson, a promoter from the United States—that industry does not follow a pipe line. Yet ten days later the Minister of Trade and Commerce (Mr. Howe) stated that the United States munitions board or those entrusted with trying to speed up the production of munitions in that great country had asked him to expedite the export of gas into Idaho and Washington. Does that not prove that industry does go with a pipe line? Does not that prove that we should use this gas to promote industry within our own country in these trying times, to build up stockpiles of munitions and other things needed for defence?

I do not think there should be a dissenting voice in this house, irrespective of where the member comes from, when this amendment is put before it. There is one thing to the credit of this company and that is that they have admitted openly that they are going through Kingsgate, down to Spokane, thence to Seattle and then to Vancouver. No doubt I shall have an opportunity to speak again on pipe lines before this session is over. I do not want to take one minute after nine o'clock to press this matter unduly.

I want to salute the premier of Alberta as a Canadian for having stated that no gas or oil will be permitted to be exported until the needs of Canada are met. He deserves every credit for making that statement. I would like to have some of the money coming from the oil wells. I do not understand the money they suggest in Alberta, but I certainly would like to know something about the money that comes from these oil wells.

There is not a solitary soul in British Columbia who wants this United States route. Everyone realizes that hundreds and hundreds of millions of dollars are at stake. Every time four or five men can get $80 or $100 together to buy a few pieces of stationery they apply for a charter. The Rockefeller fortune was not made from oil that came from the ground; it was made from the transportation, distribution and sale of oil.

It is inconceivable to me that anyone would want to build up the great country to the south before our own needs are met. It was said last year that some of us do not want gas or oil exported to the United States. That is an argument you would expect to be advanced from the corner from which it was advanced. In a gathering of

262 there is bound to be at least one who cannot understand anything at all. We want to export our surplus to the great country to the south, but we do not want to send our gas to the United States and then back into the great port of Vancouver.

This matter could be easily solved by this company doing what the Trans-Canada company did. I do not see how they could do otherwise. I am sure that the hon. member for Vancouver South (Mr. Laing) will speak after me on this particular bill and with his usual eloquence. When he spoke so eloquently the other night in connection with another pipe line bill he said he was interested in the welfare of his own province. I am proud that he comes from the great city of Vancouver. He has told us that the company whose bill he is sponsoring is going to bring its gas and oil into that great city. This will be greatly appreciated at a time when it is needed for national defence purposes.

I move the adjournment of the debate.

Motion agreed to and debate adjourned.

Mr. Speaker: The hour for private and public bills having expired, the house resumes the business under consideration at six o'clock.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Mr. A. C. Stewart (Yorkton): Mr. Speaker, after the eloquent speech we have just listened to I am afraid that my dissertation on wheat will not be particularly interesting to this house. It was stated on a previous occasion, and I think it should be repeated, that of the 262 members there are only 42 who indicated themselves as farmers on their ballot papers. There are roughly only 52 members who are either wheat farmers or who represent wheat farmers. Despite that fact hon. members in every corner have been listening to what has been said on behalf of the western farmers and I trust they will forgive me for taking a little more time in this debate.

I happened to be on the train that came down to Ottawa in February of 1942. I think I was the only member of this house who was on that train which carried a delegation down here to ask the government under the late Right Hon. Mackenzie King to give us $1 per bushel for our wheat. In fact, there were two trainloads of delegates. The hon. member for Swift Current (Mr. Whiteside) is now a sitting member but at that time there was no other member of any house, provincial or otherwise, who was on those trains. We received splendid treatment in Ottawa. We put forward a case at that time asking for one dollar wheat, and we finally got 90-cent wheat. I think it is just as well that we refresh our memories about what happened on that occasion. There was not a C.C.F. member of parliament on either of those trains, not one of them, and they had C.C.F. members of parliament at the time.

I want to say further, and I am going to bring you up to date now, that after listening to the different speakers in this debate I shall quote my friend—and he is a friend of mine with a splendid war record—the hon. member for Souris (Mr. Ross). I shall bring you right up to date, right up to March 13, 1951, when he said that the fact is that the western farmers accepted the wheat board as the agency to sell their wheat. That is correct. At page 1168 of *Hansard* for March 12, the Minister of Trade and Commerce (Mr. Howe) stated:

> I intend to show that the arrangements in effect during the five years under discussion were in the interests of the western wheat farmer, and that without these arrangements the situation today would be very much less satisfactory than it is. I intend to show that the Canadian and British governments entered into an agreement that was beneficial to both the Canadian producer and the British consumer, and that the terms of that agreement were fully observed on both sides.

In addition I quite agree with the Minister of Trade and Commerce (Mr. Howe) when he says that the advantage of hindsight upon which members of the opposition rely so heavily in this debate is far better than any foresight. After all the government did carry Canada through one war, and even though we may disagree with certain ministers of the government at times, they have handled matters since the war in a very capable manner.

Mr. Ferguson: Purely a matter of opinion.

Mr. Stewart (Yorkton): You have a right to express your opinion in the same way that I have the right to express mine, and we always have that right in this House of Commons. In addition the Prime Minister (Mr. St. Laurent), who I think has the respect of every member of this house regardless of party, said in answer to a question at page 1023 of *Hansard* for March 8:

> The government has taken the position that while there was no further obligation on the United Kingdom in a legal sense, the United Kingdom

authorities should realize that the wheat growers of Canada and most of the community of the prairie provinces believed that there was a continuing obligation under the "have regard to" clause which had not been discharged.

I am not one who flatters anybody but I happen to have a considerable law practice and I think I know something about the law. As I said, I think the Prime Minister has the respect of this house. He has the respect of the lawyers, and he is serving in a capacity where he is earning only one-third of what he could earn outside of this house. I am also satisfied as a westerner born in Saskatchewan of Ontario stock on both sides for five generations that if the wheat crop had been sold under the auspices of the Winnipeg grain exchange—and I am looking at the hon. member for Souris now—it would have been sold over the five-year period at lower prices.

That is my conviction because of trips I made to the city of Winnipeg when I was a boy in knee pants. I visited some of the fine streets, Wellington crescent, and so on—and members from the city of Winnipeg know that city as well as I do and better—and every other place on some of those streets was a hundred thousand dollar home that had been built by some member of the Winnipeg grain exchange. Who paid for it? The farmers of western Canada.

Westerners who have travelled east for many years feel that the cities of Winnipeg, Fort William, Port Arthur, and clean through to Montreal have benefited from the production of western wheat. Sometimes I think that this legislature should conduct a travel trip of easterners from all parts of eastern Canada through the three prairie provinces. I think they would be inclined to agree with me. The Minister of Trade and Commerce would not be in this house and his worthy confrere from the adjoining city would not be here because there would be no Fort William and Port Arthur if it had not been for western Canada. It would not have been possible to elect members from either of those cities.

In so far as the United Kingdom is concerned, if I may be pardoned for saying so, I served with the first division overseas, went through Ypres, the first gas attack, and so on. I am not saying this personally but to show that I certainly cannot be attacked in this house by anyone as being an enemy of Great Britain. The records are all available. I was the first Canadian soldier in the castle of Edinburgh. In the Guildhall they sat me in the Lord Mayor's chair because I was the first Canadian soldier there. You can find that on record. My only brother was killed overseas. I do not think anybody can say that my remarks from now on will be against Great Britain or anti-British. However, as a westerner I am not satisfied that Great Britain under its socialistic government has played ball, nor am I satisfied with the attitude of the leader of the C.C.F. (Mr. Coldwell) who, if I may be pardoned for saying so, never visited Great Britain during any war and in addition never answered certain questions I was desirous of asking him with respect to the agreement under discussion in this house.

When the final analysis is made the public of Canada will have intense respect for the Prime Minister of this country. They will also have respect for the Minister of Trade and Commerce who demonstrated in one war what can be done in the organization of Canadian industry. In so far as the Minister of Agriculture (Mr. Gardiner) is concerned, he and I were political opponents at times, and we even got down to a lot of personal terms when we debated. Most of the personal terms came from the Minister of Agriculture, not myself. I think even the hon. member for Souris will agree, however, that if you remove the Minister of Agriculture from public life out west and try to elect somebody else to represent western agriculture you are going to have one fine job replacing him. While I have not at times agreed with him politically, I think everybody in the house knows that he knows his department and that he is quite capable of answering questions connected therewith.

I would label him a professional politician, and we are simply amateurs at the game. I think I speak for western opinion in my constituency. I have carried my constituency both as an independent on several occasions and as a Liberal on the final occasion when I removed the C.C.F. fellow who was there before. I was also interested in the remarks made this afternoon by the hon. member for Temiscouata (Mr. Pouliot). I do not think the hon. member has ever been out west, so I am giving him an invitation now to come out and let me show him around.

Mr. Pouliot: Thank you. This is the first time I have been invited.

Mr. Stewart (Yorkton): We will give you a good time. I tried to make a note of what the hon. member said; he will correct me if I am wrong, but I understood his remarks to be to this effect: "Be reasonable. You have had enough at the expense of the people of Canada,"—referring to the western provinces. "When will the western farmer be satisfied? If I were the member for a western constituency I would say we were satisfied." The hon. member also mentioned that Ontario and Quebec pay 80 per cent of the taxes paid in Canada. In connection with the returns

on western grain he went on to say that the farmers of Manitoba, Saskatchewan and Alberta were crying for additional money just as babies cry for castor oil.

Mr. Pouliot: No, I said Castoria.

Mr. Stewart (Yorkton): Well, I asked the hon. member to correct me if I was wrong; they have the same result, anyway. He went on to say that the farmers of the west are never satisfied and never contented. Well, I do not know; I am merely expressing my view as a former independent and now a Liberal in this house. Perhaps our western farmers are not completely satisfied, but we are rather aggressive people out there. When I went through the maritimes with the hon. member for Cumberland (Mr. Black) I saw more ox teams than I ever saw out west, and my father was with General McNaughton's father as a settler in 1882. When I drove around the Gaspe peninsula twenty years ago—

Mr. Black (Cumberland): You must have been a Conservative in those days.

Mr. Stewart (Yorkton): No, I was an independent. I have never been a Conservative, though I see the press labelled me as one the other day. But there are worse things than Conservatives. You have them sitting away to your left and I do not know why you handle them so gently. As a matter of fact I would like to see a much stronger opposition in this house; then you would give us something to fight about. Now I should like to file a table showing farm prices for wheat in the United States and Canada, as obtained from the dominion bureau of statistics, together with a table showing prices of wheat from 1907 to 1950, which gives a long-term average of $1.27 a bushel. These figures will demonstrate to anyone in the house that the prices paid for wheat in the last five years were the highest during any five-year period in the history of Canada.

Mr. Speaker: Has the hon. member consent to have the tables appear in *Hansard*?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Stewart (Yorkton): Who objects?

Mr. Speaker: Unless there is unanimous consent the tables may not appear.

Some hon. Members: Agreed.

Mr. Fraser: What is the table?

Mr. Stewart (Yorkton): I explained it a moment ago. If you still object I can read the whole thing, but it will only take that much more time. It is correct; it is from the bureau of statistics.

Mr. Speaker: Does the house agree that the table may appear in *Hansard*?

Some hon. Members: Agreed.

Mr. Stewart (Yorkton): The first table is as follows:

Farm Price of Wheat—U.S.A. and Canada

Year	U.S.A. United States currency cents per bushel (a)	Canada Canadian currency cents per bushel (b)
1930-31	67	49
1931-32	39	38
1932-33	38	35
1933-34	74	49
1934-35	85	61
1935-36	83	61
1936-37	102	94
1937-38	96	102
1938-39	56	59
1939-40	69	54
1940-41	68	57
1941-42	94	61
1942-43	110	77
1943-44	136	113
1944-45	141	124
1945-46	149(a)	161(b)
1946-47	190(a)	160(b)
1947-48	229(a)	162(b)
1948-49	199(a)	166(b)
1949-50	186(a)	162(b)

(a) Source "Wheat Situation" U.S.D.A. Years 1945-50 "Wheat Situation" U.S.D.A. (July-August, 1950).

(b) Includes estimated 8·3 cents final payment on 5-year pool.
Source—Dominion Bureau of Statistics, March 5, 1950.

The second table is as follows:

Prices of Wheat—1907-1950

Year	High	Low	Difference
1907-08	112	92	20
1908-09	130	111	19
1909-10	111	93	18
1910-11	102	90	12
1911-12	107	94	13
1912-13	97	80	17
1913-14	109	80	29
1914-15	159	112	47
1915-16	149	94	55
1916-17	270	169	101
1917-18	224	221	03
1918-19	229	224	05
1919-20	315	230	85
1920-21	273	176	97
1921-22	148	111	37
1922-23	120	100	20
1923-24	143	93	50
1924-25	197	142	55
1925-26	159	127	32
1926-27	162	133	29
1927-28	157	119	38
1928-29	160	117	43
1929-30	150	92	58
1930-31	78	54	24
1931-32	67	53	14

Year	High	Low	Difference
1932-33	83	42	41
1933-34	86	60	26
1934-35	88	78	10
1935-36	102	77	25
1936-37	146	104	42
1937-38	149	77	52
1938-39	65	55	10
1939-40	89	70	19
1940-41	77	70	07
1941-42	89	72	17
1942-43	112	89	23
1943-44	137	125	12
1944-45	143	125	18
1945-46	...	175	...
1946-47	...	175	...
1947-48	...	175	...
1948-49	...	175	...
1949-50	...	175	...

Long-term average price—127.

Of course it is very easy for any westerner to make himself popular at home and in this house by advocating western rights, but in my opinion we have to consider Canadian unity; and in western Canada we must make our decision on the matter of remaining within confederation. If hon. members are inclined to disagree with the statements that have been made by three responsible ministers of the crown, they had better bear in mind the alternative, which is the possible disruption of Canadian unity.

Mr. Ross (Souris): They were not very united.

Mr. Stewart (Yorkton): The tables I have filed will disclose that the prices south of the line during the five year period were not so high compared with the Canadian prices in other years, as the Minister of Agriculture (Mr. Gardiner) has made plain already. It is interesting to note that during the course of this debate the leader of the C.C.F. party (Mr. Coldwell) had this to say, at page 1174 of *Hansard* for March 12:

> I want to say to him that when this agreement was initiated, when it was before the house, we supported it. We believed, as the minister has said tonight. that it would give the western farmer some stability in his price.

Well, I always say hindsight is better than foresight.

Mr. Ferguson: Stop reading your speech.

Mr. Stewart (Yorkton): If you want to make a speech get up and make it.

Mr. Ferguson: I would not have to read it.

Mr. Stewart (Yorkton): How else would you give a quotation? At page 1176 I questioned the leader of the C.C.F. as follows:

> Will the hon. member permit a question?
> Mr. Coldwell: I do not mind.
> Mr. Stewart (Yorkton): Did you as leader of the C.C.F. party at any time protest to your fellow socialist government in Great Britain that a better price should be paid under the wheat agreement? That is question number one.

[Mr. Stewart (Yorkton).]

> Mr. Coldwell: Just a moment. I do not believe it is the privilege of any hon. member of the Canadian parliament to approach the government of any country on a question of this kind except through the government of his own country.

That statement is ridiculous and incorrect. The hon. member has a perfect right to write to the government of any country, as I have written to the government of Australia, where I was, and as I have written to the government of New Zealand, where I was. Of course it is up to that government whether or not it wants to give you the information. I would also say to the hon. member that it is always the privilege of the hon. member to privately ask the government of another country questions in connection with their administration. I agree that the question of courtesy as between governments comes in, so that there is no misuse of this privilege. However, I am satisfied from the answer of the hon. member that he never made any attempt to persuade his fellow socialists in the government of Great Britain to pay the western producers of wheat one cent more a bushel. If he wants to deny this statement he may rise in his place and do so.

In conclusion may I say that many of our western farmers, particularly those who went through the hungry thirties, may not be completely satisfied with the final payment. However, having regard not only to the "have regard" clause accepted by the British Labour government and later disregarded by that same government, apparently with the implied approval of their counterpart in this country, the C.C.F., labourites will still contend that wheat prices should be kept up and the price of flour kept down. In this case I think the government have exercised good judgment, and I therefore marvel at our Conservative friends, who do not even support the Conservative opposition of Great Britain as against the socialist government over there. If they are really sincere—as I am sure the hon. member for Souris and the hon. member for Cumberland are—instead of riding the government on this wheat agreement they had better get busy and get behind the next British government, and then possibly we will arrive at a proper understanding with Great Britain. We will never get it under a socialist government in that country, which will repudiate as socialists always believe in the repudiation of agreements.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, my first words tonight will be words of appreciation to the member for Provencher (Mr. Jutras) for the way he presented the case of the western farmers this afternoon. He handled it so well that I shall not attempt to repeat anything he said. I did not intend to take any part in this debate but owing

to the reference made to me by one of our socialist friends across the way—I believe he referred to me as the bluff member for Springfield—I feel I must say a few words. I believe I shall refer to that member as the boisterous, bellicose curator and pretender of the socialist party, better known as the hardware merchant from Moose Jaw. This member referred to me in connection with a statement made in the House of Commons on June 5 last by the Minister of Trade and Commerce (Mr. Howe). The member for Moose Jaw (Mr. Thatcher) knows as well as I that backbenchers on this side of the house have no say in drawing up government policy, except in government caucus. I think the remarks he made at that time were not in order at all.

In my opinion and in the opinion of many members in this house, the announcement by the Minister of Trade and Commerce on June 5 was very vague.

Some hon. Members: Hurrah! Proceed.

Mr. Sinnott: In my opinion, and in the opinion of many members in this house, it was not completed. The farmers of western Canada believed that after they had given the British people wheat at prices much lower than the world price they were entitled to at least another nickel a bushel from the government of Great Britain. In the west we were always hopeful that this payment would come through. Following the visit of the Minister of Agriculture (Mr. Gardiner) to Great Britain the other day, we were told that the government of Great Britain would not make a payment under the "have regard to" clause. I believe that we in this house, and the people of western Canada, can be very thankful that this government, with only three western members in a cabinet of sixteen, has elected to make a payment of $65 million to the western farmer. It is something to be thankful for.

Mr. Speaker, I should like to refer to the amendment moved by the member for Souris (Mr. Ross) at page 1057 of *Hansard*. The amendment reads:

> That this bill be not now read a second time but that further consideration thereof be deferred until this house has had an opportunity to record its opinion on the government's announced decision with respect to the final settlement of the five-year wheat pool and on the government's mishandling of the sale of wheat and other grains covered by the Canadian Wheat Board Act.

I should like to refer also to the member for Dufferin-Simcoe (Mr. Rowe), and if my socialist friends will keep quiet for a moment I shall possibly be able to help them. At page 1088 of *Hansard*, the hon. member said:

> I well recall that many on this side of the house proclaimed as vigorously as they could that this bulk trading policy was unsound in practice and would be a colossal blunder in the marketing of our wheat.

This afternoon the member for Souris asked a question of the member for Provencher. Here you have the two Conservative stalwarts saying in this house that the bulk trading policy should be discarded. In other words, we should go back to the open market and the grain exchange.

Mr. Ross (Souris): On a question of privilege, Mr. Speaker, neither I nor the member for Dufferin-Simcoe mentioned the open market or the grain exchange.

Mr. Sinnott: Possibly I should read again what the member for Souris said. Perhaps he can understand his own words. His amendment reads:

> That this bill be not now read a second time but that further consideration thereof be deferred until this house has had an opportunity to record its opinion on the government's announced decision with respect to the final settlement of the five-year wheat pool and on the government's mishandling of the sale of wheat and other grains covered by the Canadian Wheat Board Act.

When I couple those words with the words used by the hon. member for Dufferin-Simcoe, it is just about as plain as it possibly could be.

Mr. Ross (Souris): Read it; do not put words in his mouth, you read it.

Mr. Sinnott: I read this twice, and if the hon. member for Souris still does not understand it he can spend the rest of the evening reading it. The hon. member for Souris has gone to great pains to show that the farmers of western Canada lost $330 million. I believe his colleague, the hon. member for Dufferin-Simcoe, stressed an imaginary sum of $700 million. These two hon. members should get together on these things so they would be able to agree.

Mr. Ross (Souris): Would you read the portion in which the hon. member said anything about $700 million?

Mr. Sinnott: I want to refer to the results obtained under the open marketing system for ten years, and then refer to the 600 million bushels of wheat sold to Britain under these agreements. Then we can readily understand how much we would have lost had we carried on under the open market system. Like the hon. member for Yorkton (Mr. Stewart), I have the figures here from 1935-36 up to 1944-45. If it is the wish of the hon. members I could put them on *Hansard*; otherwise I shall read them.

Some hon. Members: Read them.

Mr. Sinnott: During 1935-36 the western farmers sold 214 million bushels of wheat.

The high price at that time was $1.02 and the low was 77 cents, making a difference of 25 cents.

Mr. Argue: Under a Liberal government.

Mr. Sinnott: Under an open market. In 1936-37 we find the farmers sold 165 million bushels of wheat at a high of $1.46 and a low of $1.04, making a difference of 42 cents. In 1937-38, 126 million bushels were sold at a high of $1.49 and a low of 77 cents, a difference of 72 cents. In 1938-39, 291 million bushels of wheat were sold at a high of 65 cents and a low of 55 cents, making a difference of 10 cents. In 1939-40, 427 million bushels of wheat were sold at a high of 89 cents and a low of 70 cents, a difference of 19 cents; in 1940-41, 458 million bushels of wheat were sold at a high of 77 cents and a low of 70 cents, making a difference of 7 cents; in 1941-42, 228 million bushels of wheat were sold at a high of 89 cents and a low of 72 cents, making a difference of 17 cents; in 1942-43, 268 million bushels of wheat were sold at a high of $1.12 and a low of 89 cents, making a difference of 23 cents. In 1943-44, 327 million bushels of wheat were sold at a high of $1.37 and a low of $1.25, making a difference of 12 cents. In 1944-45 there were 353 million bushels of wheat sold at a high of $1.43 and a low of $1.25, making a difference of 18 cents.

When the hon. member for Souris (Mr. Ross) spoke, he said that the farmers had lost $330 million. I wonder how they could have lost $330 million when they never had it? They never had it to lose.

Mr. Rowe: You never let them get it.

Mr. Sinnott: If this wheat had been sold under the system of the grain exchange which the *Free Press* has advocated for years and the hon. member for Souris has never put on the record until he moved this resolution where he stood, it goes to prove that this $330 million which we may have got would have gone into the pockets of the speculators and not into the pockets of the farmers in western Canada.

Mr. Ross (Souris): It might have gone back to the Liberal kitty.

An hon. Member: What is that?

Mr. Speaker: Order.

Mr. Sinnott: One has only to look at the market for flax in this last six months. In the month of October, flax was selling at about $3.15 a bushel and today it is around $5.32. I will venture to say that sixty days after the flax is harvested most of it is in the hands of the speculators and the rising price goes to the speculator every time. That is why I believe that the wheat board should handle not only wheat and barley but also oats, rye and flax.

[Mr. Sinnott.]

An hon. Member: And rye.

Mr. Sinnott: I am glad the hon. member said "rye"; and I do not refer to rye in the bottle. Rye fluctuated last year from around $1.92 a bushel to $2.42 a bushel.

An hon. Member: That is caused by the excise tax.

Mr. Sinnott: If any hon. gentleman purchased a bottle of rye he would know that it was $4.25 a bottle then and that it is still $4.25 now. It does not make any difference.

An hon. Member: Cheap rye.

Mr. Ross (Souris): That was pretty well watered down.

Mr. Speaker: Order.

Mr. Sinnott: Mr. Speaker, some people wonder why the Liberal party have so many friends.

An hon. Member: Explain.

Mr. Sinnott: They wonder why there are 182 Liberals here.

Some hon. Members: Oh, oh.

Mr. Sinnott: I will tell you why. At any time that any part of Canada has had any difficulty, the Liberal party has always come to their rescue. I want to tell the hon. member for Assiniboia (Mr. Argue) that I will be here a long time longer than he will.

Mr. Argue: That depends on how you vote.

Mr. Sinnott: We should not be alarmed at paying $65 million to the western wheat growers. We have had a few hot speeches here by some of the members from the east. We appreciate that. Our friends back in the west will say: Well, those fellows down east opposed us all the way. We are appreciative of getting what we got. I want to point out that it is not only the western farmers who have had a handout. As I said before, when other parts of the country were in trouble, the Liberal party always came to their rescue.

An hon. Member: Apples in Nova Scotia.

Mr. Sinnott: Yes; they gave half a million dollars I think to the apple growers of Nova Scotia; and they gave $2 million to the apple growers of British Columbia.

Mr. Higgins: What for?

Mr. Speaker: Order.

Mr. Sinnott: And as to those people who are feeding stock down in eastern Canada, they also gave freight subsidies to the eastern farmers of $154 million.

Mr. Cardiff: What did the western farmer get?

Mr. Sinnott: The Liberal party has been generous wherever there has been a disaster. I never heard any man in this house object to the help that the Liberal party gave to the Fraser valley at the time of the flood.

Mr. Fraser: It was not the Liberal party. It was all the people of Canada.

Mr. Sinnott: I never heard anyone oppose the contribution made to the Red river valley. I never heard anybody in this house complain about the amount this house contributed for the help of those affected by the Cabano and Rimouski fires. All those are contributions which were necessary. If the Liberal party saw that this $65 million was necessary to the western farmer, all well and and good.

Mr. Rowe: It looks like another fire sale.

An hon. Member: It all comes out of the Liberal party.

Mr. Sinnott: I have heard the hon. member for Winnipeg North Centre (Mr. Knowles) plead the case of every Tom, Dick and Harry.

Mr. Ross (Souris): And Johnny.

Mr. Sinnott: At the same time I have never heard him say one solitary word for the farmers of western Canada since I have been here. I want to ask the hon. member for Winnipeg North Centre if he ever went out and milked a cow or if he ever went out and did a day's work on the farm. If he never has, and he does not know what it takes to produce a pound of butter or a pound of pork, I will tell you what I will do. I will take him out to my farm and let him put in a day's work with me. Then he will know what a day's work is.

Mr. Argue: That would be your first day.

Mr. Sinnott: When the hon. member for Winnipeg North Centre pleads for eight hours, shorter work and more pay, I want to tell him that in half of this country today the labour force is working eight hours, shorter work, more pay, and more holidays. On the other hand, they are now complaining because the butter price is rising. The people who produced butter many years ago have the very same things to go through today. If the hon. member for Winnipeg North Centre can tell me how he can tell those farmers to work eight hours or shorter hours and get more pay, and produce more butter, I should like him to do so.

Mr. Speaker: Order.

Mr. Sinnott: I think I should throw out a challenge to the hon. member for Moose Jaw (Mr. Thatcher) as well.

He has been punching the empty packing cases of the farmers, because I do not believe he ever put up a stook in his life.

Our genial friend the hon. member for Temiscouata (Mr. Pouliot)—I refer to him in a kindly way, because he has always given this house some very anxious moments.

Mr. Pouliot: Hear, hear.

Mr. Rowe: Did he ever milk a cow?

Mr. Sinnott: The reason I refer to him in a kindly way is that he did not say he was going to vote against the $65 million for the western wheat growers.

Mr. Pouliot: Wait and see.

Mr. Sinnott: I did not catch the remark. I should like to remind him that the human mind sometimes forgets too soon. I want to remind him that this house voted not too long ago to take over the defunct and decrepit railway which is in his riding, and we are still operating it I believe at a considerable loss.

Mr. Pouliot: No, no.

Mr. Sinnott: Therefore I close with these remarks. When we come to vote these poor western farmers what is coming to them because our socialist friends over in England did not see fit to help us out, it would be a kindly gesture on the part of both the Conservatives and the C.C.F. to withdraw their amendments so that we could make it unanimous.

Mr. E. G. Hansell (Macleod): I do not expect to entertain the house so hilariously as the previous speaker, but I do feel that I should just say a word before this vote is taken on account of the fact that I represent the wheat growing farmers in a large part of my constituency, and by virtue of the fact that I, as well as many others, have received numerous letters and telegrams from individuals and farm organizations asking that we press for a final payment of at least 25 cents a bushel.

I listened with a good deal of interest to the previous speaker, as we all did. He is quite entertaining at times, but sometimes I do feel that his arguments are a little weak. I could not help thinking that when he was asking some of those who represent city constituencies whether they had ever been on a farm or whether they had ever milked a cow. I wondered whether a requisite for debating this subject should be that you

had to have the qualifications of pulling—what do you call it? Well, yip yanks, whatever you want to say.

As a matter of fact, Mr. Speaker, I looked at the Minister of Trade and Commerce (Mr. Howe) who was partially responsible for all this, and I had to ask myself a question. I wonder how many yip yanks he has pulled in his lifetime, because he is not registered as a farmer either. And even the Minister of Agriculture (Mr. Gardiner), while probably he has had some little experience farming, I do not know, is described in the Parliamentary Guide as a teacher and for the most part of his life has been either in the legislature or in the House of Commons. And as I look over the entire cabinet—I have not scrutinized them one by one—I doubt whether there are any farmers in the cabinet at all. But that does not disqualify them for the positions which they hold, even though some of them have to deal with matters of trade and commerce, agriculture and so forth.

I do have a little sympathy with the government. I am not so hard-hearted that I cannot begin to look at two sides of the question. It is not easy in these very complicated times to negotiate trade agreements that are going to be one hundred per cent satisfactory all round. We are living in difficult days. We are living in days when we do not know what the value of the dollar and the value of the pound are to be next year or even a few months from now. We notice in today's paper that there is quite a run on the New York stock exchange. It may be just a temporary affair, but who knows what might happen in the next little while? We are living in complicated times.

When the government goes out to negotiate a trade agreement, especially if they desire to look into the future four or five years ahead, and negotiate an agreement on the basis of what might happen in four or five years, they have a difficult task. I do believe that the government might have relied a little bit more on the wheat board to do this trading for them. What has actually happened of course is that the government tied up five years of wheat marketing by a trade agreement signed by them; consequently leaving the wheat board as simply a machine, a rubber stamp, for five years.

The next thing I should like to say is that if the government's case in respect of what might happen two, three, four or five years from the time they signed on the dotted line did not turn out as they expected it would, then they cannot escape the responsibility. That is all there is to it. And if the western farmer was given to understand that he would get a better deal than he got, then the baby is immediately placed upon the doorstep of this government where it belongs.

I should like to quote one or two views that have been expressed by some prominent men in Canada. The premiers of some of the provinces cannot be wiped aside when it comes to the expression of their opinions with respect to this final wheat payment. The premiers of the provinces are nobody's fools. They are men who have to deal with big business and some of the provinces are dealing with business almost as large as some of the things with which the Ottawa government has to deal with. Let me quote what Premier Manning said respecting the announcement of the final wheat payment of 8·3 cents, as follows:

> The figure announced for final settlement (8·3 cents a bushel additional for the five year period) was a surprise and keen disappointment, and by no stretch of the imagination can be regarded as a fair and equitable settlement.
>
> No matter what the extenuating circumstances, the fact remains that the farmers of western Canada suffered a loss of hundreds of millions of dollars to supply wheat to Britain under the Anglo-Canadian wheat agreement at a figure below prevailing world prices.
>
> The farmers were led to believe that what is known as the "have regard to" clause in the agreement would protect their interests and assure an equitable adjustment to offset any loss sustained.
>
> If the government of the United Kingdom disclaims any obligation to offset this loss, there is an inescapable moral obligation on the government of Canada that negotiated the agreement, to see that our primary producers are not now left to absorb the loss involved.
>
> The meagre adjustment payment now proposed goes but a very short distance toward correcting the wrong.

Next I should like to quote the statement of the premier of Saskatchewan, Mr. Douglas. Although Mr. Douglas is not a farmer, as the hon. member for Springfield (Mr. Sinnott) may have desired him to be, I will say that I sat in this house at the same time Mr. Douglas was a member and I could not help but notice that he paid particular attention and gave a great deal of study to the matter of the Canadian wheat board, its operations and the subject of wheat generally. I believe he became more or less an expert for we heard him debate the subject many times when he was here. Mr. Douglas said this:

> The farmers will be bitterly disappointed at the amount of the settlement. Two things seem to have been overlooked by the federal government. First, the farmers had $49 million coming to them on the basis of wheat used for domestic consumption which was given the millers at a low price to maintain the price ceiling. This would work out to about 3½ cents a bushel. Second, Mr. Gardiner and the federal government agreed in 1946 that if, as a result of the removal of price controls, the cost of production made the price guaranteed

under the agreement inadequate, then some compensatory adjustment would be made in the same manner as was provided under the Agricultural Prices Support Act.

Had these two principles been kept in mind the farmers, in my opinion, would be entitled to anywhere from 15 to 25 cents a bushel on the five-year pool.

That is Mr. Douglas' comment. I should like to read another comment by another man whom some in this house may regard as worthy of speaking on this subject. I refer to Mr. Tucker, the leader of the opposition in the Saskatchewan legislature, who sat in this house as a member. When people make statements in legislatures or in parliament there is sometimes a slight political tinge to them. Human nature being what it is, we have to grant that. Regardless of the fact that the Minister of Trade and Commerce (Mr. Howe) last night absolved the British government from any responsibility in the matter, a news report quotes Mr. Tucker as follows:

Opposition Leader Walter Tucker said he was glad to hear Ottawa had decided to pay $65 million to the wheat board to bring the final payment to 8·3 cents, but he was disappointed the payment was not going to be considerably higher.

"Unfortunately," said Mr. Tucker, "the British government has finally refused to recognize any further obligation under the 'have regard to' clause. Had the British government paid the same price for wheat supplied under the British contract as other countries paid for Canadian wheat it would have had to pay over $400 million more than it did."

Considering the sacrifices of the British people in the war, Mr. Tucker said he hesitated to speak as strongly about the situation as perhaps he should. But he was satisfied that if the British people knew the exact facts of the case they would repudiate the action of their government in refusing to live up to the spirit of the contract under which they had benefited so greatly.

Mr. Tucker and the Minister of Trade and Commerce had better get together to iron out their differences. There is another thing I want to say in order to keep the record straight. I have not a great deal of use for socialism or for the policies of the British government. But I do not think we can blame the British government for everything. There is one thing that many people do not recognize, that the socialist government of Great Britain inherited a very bad situation. I am not saying whether they made that situation any better or not, but I do say that no matter who had taken over the reins of government in Great Britain at the time Mr. Attlee did they would have had a mighty tough job.

There were forces in the world that were out to wreck Great Britain no matter how they did it. They have done a fair job of wrecking Great Britain economically. That was the situation inherited by the socialist government. Therefore I do not blame them for everything. Financial circumstances have compelled them to do many things, whether they wanted to or not. I say further that the British people and the British government historically have been known throughout the ages to meet their obligations. I say that their word is still as good as their bond, and when Mr. Tucker talks this way he is doing a grave injustice to a great race of people. My hon. friend, the hon. member for Winnipeg North Centre (Mr. Knowles), reminds me that Mr. Tucker is doing an injustice to Canada. No doubt he thought he was doing it to protect the Liberal government here. He did not protect it which is evidenced by one of the best things that could have happened and that was the frank statement made by the Minister of Trade and Commerce (Mr. Howe) last night which absolved the British government from blame.

With reference to the 8·3 cents a bushel we know that the government is digging up $65 million. I might ask the question: How did they arrive at $65 million? I know their answer. However, I would ask further: Why did they not make it $105 million? Why did they not make it $205 million? The answer might be: Well, you know when we do that we have got to tax the people. Let us not fool ourselves with respect to this matter. Eventually of course if our great national debt has to be paid then of course it has got to be paid out of taxation under the present financial policy of the government. Of course if they want to utilize the Bank of Canada and change their policies that is a different matter.

As a matter of fact they could have made the figure $205 million or $265 million. They could have given the farmers a better price than 8·3 cents per bushel. With respect to all the hollering about the east having to pay the western farmer, the east is not paying the western farmer anything. It is a misconception. When the government begins to make payments for these things it just goes into the debt structure of the country. The whole country may be called upon eventually to sacrifice in order to remove that debt.

An hon. Member: Of course.

Mr. Hansell: Do not say "of course". Of course they will if this government stays here. But do not make any mistake about it. There is no guarantee that this government is going to run the country for the next two or three centuries. As a matter of fact sometimes changes can come very fast. All you want in Canada is something to capture the imagination of the people, and believe me this government will go out just as quickly as a good many governments have gone out in the past.

An hon. Member: You will not be here.

Mr. Hansell: If the financial policy were changed it might alter the entire picture.

and that is what is needed in Canada today. However, even under the policy of the present Liberal government, if they had paid $265 million it would have simply gone into the debt structure, and no one would have known the difference. Let me ask my hon. friends from eastern Canada not to think for a moment that if the government paid $265 million they would have to rush around everywhere with a hat and say: Come on, you eastern people, fork out; build up the pile. That is not the way it is done.

It simply goes into the debt structure of the nation, which some time or other might have to be paid off. When it will ever be paid the Lord only knows.

An hon. Member: And he ain't talking.

Mr. Hansell: He has already spoken. I am afraid if he did do a little talking out loud something would surely happen. I do say, Mr. Speaker, that if the government had desired to do so, if they had desired to play fair with the western farmers, even though they did not pay the 25 cents that farm organizations all over the country were demanding they could have paid 12 cents, 15 cents or a little more. It would have been a much more satisfactory situation than offering them a pittance of 8·3 cents per bushel when they expected double that or more. I say that is what they should have done.

Of course they missed their guess when they signed the agreement. They expected that the price of wheat would go down because that is what usually happens after a war. Instead there was an accelerating of prices throughout the world, an inflationary period throughout the world. Let not the government say that they are not partially responsible, because there has been inflation in Canada as well as in other nations. They have been part and parcel of the inflationary rise in prices throughout the world because they adhere to the same financial policies that some other nations follow.

Because the price of everything began to boom they of course missed their guess. Instead of prices going down they went up, and of course that meant that the diagnosis of the future, or shall I say the prognosis, was wrong. Therefore I say if it was wrong then it is their responsibility to make it right with the farmers. I am going to vote for these amendments. When the government have made a statement that they will pay 8·3 cents I suppose they consider it would be a catastrophe for them to change their minds, but if they would I can tell them that it would be very pleasing to the agricultural industry of Canada.

[Mr. Hansell.]

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, after listening to the hon. member for Springfield (Mr. Sinnott) this evening I must confess that I have more reasons than I previously knew of for regretting that I have been unable to attend the sessions for the past few days, because one could only ask: How long has this been going on? It was difficult enough to understand some of the explanations that were given on reading them in the press and hearing condensations over the radio, but they were certainly easy to understand compared with the explanation we received from the hon. member for Springfield as to the reasons which should guide members in dealing with this problem tonight.

The discussion which I have been reading in *Hansard*, because of my inability to be in the house for the past few days, has related to other matters than those directly in issue on the second reading of the bill before the house which amends the wheat board act. There might be some difference of opinion as to whether a great deal of that discussion has actually been within the ambit of the motion before the house. Nevertheless once the Minister of Agriculture (Mr. Gardiner) took advantage of this debate to make his explanation of the reason for the payment that had been decided upon, and the Minister of Trade and Commerce (Mr. Howe) later decided it was appropriate that he should give another explanation, then obviously this debate took a form which is now established; and we cannot disregard the fact that the main subject under discussion, no matter what may be the contents of the bill now before us, is the contract between the government of Canada and the government of the United Kingdom and the statements that have been made in regard to that contract, its fulfilment or otherwise by the government of the United Kingdom and the arrangements that have been made by this government to meet whatever losses have resulted to the farmers of western Canada.

If there is one thing that has emerged very clearly from the discussions in the house today—and they are the first discussions I have actually heard in this debate—it is that there is the utmost confusion as to what is really in issue. The discussion has related to the contract, whether it has been carried out by the government of Great Britain, and whether the arrangements being made are adequate having regard to the terms of the contract. It seems to me essential that we keep clearly in mind that the payment announced in this house last week by the Prime Minister (Mr. St. Laurent) is not a payment under the contract at all. The

announcement made it perfectly clear that the payment of $65 million is to wind up the five year wheat pool. How that figure was arrived at he did not explain. Reference was made to the fact that a balance of $65 million remained of the loan to Great Britain, which the government of Great Britain had not taken up. However, there was no attempt to explain the process by which that figure was arrived at. Surely before the members of this house should be asked to express an opinion as to whether that or any other sum is an appropriate figure the government should place before this house the basis upon which they made their computations and the calculations which resulted in the figure they have adopted. It is meaningless to suggest that it is adequate or inadequate so far as the government is concerned unless we know how they worked it out, unless we know how they arrived at this arithmetical calculation.

The Minister of Trade and Commerce and the Minister of Agriculture are as far apart as two ministers of the same government ever could have been in explaining the same transaction. The Minister of Agriculture has given one explanation regarding what has happened; the Minister of Trade and Commerce has given another. In the explanation of the Minister of Agriculture the implication was clear that the government of Great Britain had failed to live up to its agreement. In fact the implication went further than that and even suggested that consideration had been given to carrying this question to the international court of justice. There would have been no reason for a reference to the possibility of taking this before the international court of justice unless that had been considered by this government. That is an extremely serious imputation. It is an extremely serious charge. It leaves an impression in the minds of the members of this house and in the minds of the people of Canada that our oldest partner, the nation upon which we have looked as the model of integrity under our form of parliamentary government, cannot in fact be relied upon to carry out its word. For that reason I think the members of this house and the people of Canada generally will welcome the statement last night by the Minister of Trade and Commerce that in his opinion the British government had in no way defaulted under the terms of this contract. But the members of this house and the people of Canada are left in the unsatisfactory position that they do not know which minister is making the statement on behalf of the government that we are supposed to accept.

I hope it will not be suggested that any uncertainty has been removed, because in this house this evening we have heard the suggestion repeated that there has been default. The hon. member who repeated that did so with appropriate safeguards to his own reputation for belief in the integrity of the government of the United Kingdom; but he made it perfectly clear that in his opinion there had been some substantial measure of default. Reference was made by the last speaker to a statement made only a few days ago in Saskatchewan by the leader of one of the parties in that province, which indicated quite clearly that he had gained the same impression and that in his opinion there was default under the terms of this contract.

If there was no default, if there was no obligation, moral or otherwise, on the part of the government of Great Britain to make any further payment than has been made, then naturally it is necessary for hon. members to know the principle under which that payment is being made, and also the principle under which substantially larger amounts are being claimed. At this point let me say I am convinced that every hon. member of this house is anxious to do what can be done to see that the farmers of western Canada and in fact all agricultural producers in Canada are dealt with fairly whenever the government assumes a direct measure of responsibility for the amount of money they shall receive. The obligation of this government would not end even if no further payment were due under this contract. Unquestionably there is a moral obligation on the part of the government. It must be remembered that the wheat taken over for the purpose of fulfilling this contract was taken over under compulsion. I find it difficult to believe that, at a time when this government is assuming such sweeping powers to take over any material that may be required under the present emergency, in fact to demand any services which may be regarded as necessary to meet the requirements of this emergency, members would not wish to be sure that those services and those materials are going to be paid for fairly and justly by this government. For that reason we should recognize the moral obligation that must always exist where the government compels the delivery of any commodity or any service to pay what properly should be paid for that commodity, that material or that service.

Therefore, no matter what the terms of the contract with Britain may have been, a contract between the government of Canada and the government of Great Britain and not a contract between this government and the

farmers of Canada, it is the duty of the government of Canada to recognize its moral obligation to compensate the farmers fairly for what has been delivered to the government. The farmers did not negotiate this contract. That fact seems to be overlooked in a great deal of the discussion. The farmers had nothing whatever to do with the terms of this contract. Whether or not they approved or otherwise at a later date, individually or through any of their organizations, is apart from the point. The contract was negotiated between the government of Canada and the government of Great Britain. The Canadian government took the responsibility of compelling delivery of the wheat which would be necessary to carry out the terms of that contract.

What is the figure that would properly compensate the farmers of western Canada? What is the moral obligation? Mr. Speaker, I submit that nothing has been placed before the hon. members of this house to show what that figure is. Is it fifty cents a bushel? Is it twenty-five cents a bushel? Is it ten cents a bushel? Is it five cents a bushel? Certainly there has been nothing put before this house to show how the figure of 8·3 cents per bushel was arrived at. This is not something to be dealt with in a casual manner. At a time when the people of this country are being asked to pay large sums in taxes, the government, which has already taken such sweeping powers over personal services—as well as materials and products of this country, should give us a great deal more information about this than we have today.

Last night the Minister of Trade and Commerce (Mr. Howe), in a speech which was carefully prepared to place before this house and the people of Canada his position in regard to that contract for which he has quite willingly assumed at all times the major responsibility so far as can be discerned in this house, presented argument after argument to show why in his opinion this was a good contract. At no point in the speech he made, which I have read quite carefully today, did he even suggest any reason for a payment beyond the payment provided for by the contract itself. Does the Minister of Trade and Commerce believe that the western farmers have received all that they should receive? So far as his speech last night is concerned, we have no evidence that he believes that anything further should be paid. But his speech went a great deal further than that. Over and over again last night he not only explained why he thought this contract, under all the circumstances, was a contract that was eminently fair to the farmers of western Canada, but he also emphasized the fact that the British government had fully lived up to the terms of that contract; that they were in default in no way.

If that is so, then there seems to be only one member of the government from whom we can receive the information which we should have, and that is the Prime Minister (Mr. St. Laurent). We have the extraordinary situation of the two senior members of this government, other than the Prime Minister, giving to this house and the people of Canada an entirely different interpretation of the reason for the course that is being followed by the government at this time. In fact I believe the Minister of Trade and Commerce in his closing words left an impression which could well have been left in the first place on behalf of the government, if in fact that is the position that the government takes. These were his words, and I quote from page 1173 of *Hansard* for March 12:

> . . . I am very happy the agreement was made. I am happy the way it has worked out, and I deplore the suggestion that the British government has not played fair with the Canadian people.

If that is his position, and he has made it clear on a number of occasions that it is the position he wishes this house to accept, then surely the Minister of Trade and Commerce would not be the one to explain to us just how this figure was arrived at, and just what the governing factors were which led to the arithmetical calculation. The Minister of Agriculture, of course, did refer to the figure of $65 million, as did the Prime Minister. The Minister of Agriculture recently went over to Britain, and certain discussions were reopened. The Minister of Trade and Commerce has pointed out that, while there was no obligation under the contract involved, the Canadian government considered it advisable to inform the United Kingdom government of the views of certain producer groups who felt that sufficient account had not been taken in the final settlement of the so-called "have regard to" clause. He went on to explain that the Prime Minister in London and here had discussed this subject within the past few months with the representatives of the British government and that then the Minister of Agriculture (Mr. Gardiner) had recently gone to London to extend those discussions. It has been stated in this house and it has been stated outside the house that the Minister of Agriculture went over with a definite proposal. It has been stated that he presented to the government of Great Britain a proposition that they should take up the remaining $65 million of the loan made by the government of Canada on behalf of the people of Canada and made available to the government of Great Britain, and that

this $65 million should then be paid by the government of Great Britain as their apparent computation of the final payment under this contract. Either that is correct or it is not. The statement has been made and it has not been challenged. I believe that this house should be informed by the Prime Minister whether that is correct. I think that the members of this house have a right to know—

Mr. St. Laurent: Mr. Speaker, if the leader of the opposition (Mr. Drew) wishes the information, he might perhaps look at the official answer which was given to a question put by the hon. member for Assiniboia (Mr. Argue). It may be found in *Hansard* at page 1023. There is a statement there that was filed in answer to a question put by the hon. member for Assiniboia; and that statement is entirely correct.

Mr. Drew: No, Mr. Speaker; that does not answer the question at all.

Mr. Rowe: It does not prove it is correct, either.

Mr. Drew: No, that does not answer the question.

Mr. St. Laurent: On a point of privilege, Mr. Speaker, I would ask the hon. member to withdraw the insinuation that a statement made by the Prime Minister, in answer to a question in the house, does not prove its own correctness. That is an improper imputation.

Mr. Fulton: The leader of the opposition said it does not answer the question.

Mr. St. Laurent: I am not asking for the withdrawal of the assertion that it does not answer the question; but I ask the hon. member to withdraw the imputation that I have made an incorrect answer to the question.

Mr. Drew: Mr. Speaker, have we reached the point where the Prime Minister makes a statement and no one can make any contrary statement? There is no imputation here of good faith or otherwise. I said, and I repeat, that the answer to which the Prime Minister has referred me does not answer this question at all. I will read the whole question into the record, since it has been brought in at this point. The question that was asked, as reported at page 1023 of *Hansard*, is as follows:

Mr. Argue:

1. Did the Minister of Agriculture make a visit to the United Kingdom in February, 1951?

2. If so, what was the purpose or purposes of this visit and what was the result of same?

3. Did the Minister of Agriculture take with him on this visit any official government documents or proposals relating to the purposes of his visit?

4. If so, what was the nature of such documents or proposals?

5. Has the government at any time since June 5, 1950, made any statement contrary to the position taken on that date by the Minister of Trade and Commerce in reference to the final settlement of the "have regard to" clause?

6. If so, in what manner, when, and by whom was any such statement made?

Mr. St. Laurent:

1. Yes.

2. The purpose and the result have already been announced.

3. No.

Mr. St. Laurent: That answer "no" was to the question: Did he take any official proposal from the government? And the negative answer is correct.

Mr. Drew: No, Mr. Speaker. The question was this:

Did the Minister of Agriculture take with him on this visit any official government documents or proposals relating to the purposes of his visit?

Mr. St. Laurent: And the answer was no.

Mr. Drew: I am not talking about what he took with him in the form of official documents or official proposals in written form or otherwise. What I am asking is whether the Prime Minister will say that the statement made in this house yesterday that the Minister of Agriculture had gone there with a proposal that the British government take up the balance of this loan amounting to $65 million for the purpose of making a final payment under the "have regard to" clause to that amount is or is not correct. That is the whole point. If the Prime Minister wishes to answer that, I shall be happy to hear him do so.

Mr. Ferguson: That is a different question.

Mr. Rowe: Nobody is charging bad faith there.

Mr. St. Laurent: The Minister of Agriculture has already denied that. As reported at page 1066 of *Hansard*, he said:

When it was suggested that there was a shortage of dollars, it was pointed out that there was $65 million left in the loan which might be utilized and save dollars for the present. It was suggested both in this house and outside that the government had announced agreement with the British in their contention that they had met their obligations. That was not the case, and in the hope that a removal of that opinion might change the decision the re-opening of the discussions was pressed.

There was no proposal by the government that they draw this amount and pay it over. There was the statement that they could do so if they saw fit to do it. But there was no request at all made by the government to the British government to make any further payment. It was always recognized that there was no further legal obligation upon them. But I felt that it was only fair that

I should point out to the Prime Minister of the United Kingdom when he was here that there was a prevailing feeling that they had not carried out the "have regard to" clause in the manner in which it had been expected they would carry it out; and those expectations were a result of statements that had been made in this country by one of his colleagues after listening in this house to discussions taking place here and having gone out to Winnipeg to make the position clear. I felt that they should know that those expectations existed; that they should know how they had come about, and should know that there would be serious disappointment if they did nothing further about the "have regard to" clause. I told the prime minister of the United Kingdom that we had accepted as their position in May or June their statement that they had done all they intended to do under the "have regard to" clause, and I said: "I am not asking you to do more, but I am asking you if you do not think, in view of what I am saying to you now, that I should bring those facts to the attention of the chancellor." He agreed that I might bring them to the attention of the chancellor. When I went over in January, I did so.

Mr. Drew: Mr. Speaker, the Prime Minister has now stated that it was pointed out to the British government that there was remaining $65 million which they could—

Mr. St. Laurent: I understand that was pointed out to them. I do not think I pointed it out; but I understand that it was pointed out to them; it was something that was well known and it had been discussed here; and although many felt that it would be an insufficient amount to meet these expectations it was an amount that was available and that they could draw upon at any time up till the end of 1951 and use in any way they pleased.

Mr. Drew: Mr. Speaker, it is not much wonder the statement was made that was made here in the house last night; because, as the Prime Minister has pointed out, it was perfectly well known that there was a balance of $65 million, and for that reason more must have been intended when the British government was reminded that $65 million was there, other than just the reminder that they should not overlook the fact that they still had $65 million that they could claim.

This, after all, is something that seems to follow a reasonably well defined pattern of diplomacy. It was pointed out that there was a balance of $65 million, and they did not choose to use that for this purpose, and to engage in a subterfuge of that kind. That is the situation with which we are confronted, and the Minister of Agriculture has certainly succeeded in leaving in the minds of many hon. members, as evidenced by speeches made here tonight, as well as this afternoon, to say nothing of the impression that has been left throughout the country, that the British government did not live up to its obligations in this case.

Mr. Ferrie: They did not.

Mr. Drew: Well, Mr. Speaker—

Mr. Ross (Souris): The hon. member for Mackenzie has just said that they did not.

Mr. Drew: The Prime Minister who was not here will now understand part of our difficulty when he hears one of his supporters say, "They did not", because that is the position that has been emphasized by some of the hon. members, in keeping with the position that was put before the house by the Minister of Agriculture.

Mr. Knowles: Which was contrary to the position taken by the Minister of Trade and Commerce (Mr. Howe).

Mr. Drew: That being so, we in this house certainly are entitled to a great deal more information than we now have in regard to a subject that has come up in this way.

As I said before the Prime Minister came in, there might have been some question as to how appropriate it is that this subject be discussed as fully as it is being discussed on the second reading of this particular bill. But any question about that was ended when the Minister of Agriculture himself chose the second reading of this bill as the time to make his statement in regard to this subject. From that point on the discussion of the contract and the payment that was to be made became a proper discussion in relation to the statement on behalf of the government by the Minister of Agriculture, and it is for that reason I am directing my remarks to this subject tonight. We have a right to know what it is that the government is really placing before us, if the contract has been fully lived up to in every way, as stated by the Minister of Trade and Commerce. But if, in fact, this is a contract so satisfactory as he seeks to impress upon us, then obviously the payment that is to be made is a payment based upon some other basis than any claim arising out of the contract itself.

That being so then it seems that, with the divergence of opinion between his two senior

ministers, the Prime Minister should tell us exactly what the principle is under which the payment is being made, and we all should know whether the basis of their computation is one that may be understood by parliament, and whether it would appear to be adequate or not, depending upon the principle that is actually put forward.

The Prime Minister is inclined to take some exception to expressions of opinion that are raised on this issue, but the situation before us is something that goes far beyond the question of the amount to be paid to the farmers of western Canada, so far as the members of this house are concerned. Just as much in issue before this house is the honour of this government. If there is one principle which is the very foundation of our parliamentary system—well, Mr. Speaker, we heard the suggestion earlier by one hon. member that he could not understand why hon. members had to listen to some of these remarks. It is interesting to me to hear from the government side that they will not stand for statements of that kind. Mr. Speaker, this parliament is a parliament which follows certain clearly defined rules, and the greater the majority which supports the government in this house the more scrupulously these rules should be observed if we are to retain the reality as well as the form of responsible government in this country.

Mr. Viau: Why don't you name the hon. member on this side of the house who has made such foolish statements as you do?

Mr. Drew: The hon. member who has just spoken will probably make a speech afterwards, which will display his intelligence, as I feel sure he would wish it to be displayed.

Mr. Viau: I have been waiting all evening.

Mr. Drew: Mr. Speaker, one of the basic and fundamental principles upon which our parliamentary system depends is that the members of the house can rely upon statements on behalf of the government in dealing with questions before this house. That is so deeply embedded in the traditions of our system that a member of the government speaks on behalf of the government collectively, or he must be disavowed by the government itself.

The Minister of Agriculture has made one statement in this house, and through this house to the people of Canada, and the Minister of Trade and Commerce has made another, and those two statements are entirely different in their basic proposition. Those two statements are statements which can only be reconciled by the Prime Minister himself explaining to us exactly what the situation is, and exactly how the government has arrived at the figures which it has put before this house.

Mr. Howe: Perhaps my hon. friend will tell us in what way they differ.

Mr. Drew: Mr. Speaker, the best way to answer that is to compare the statements in *Hansard* of the Minister of Agriculture and the Minister of Trade and Commerce, and in no single point are these statements more at variance than in the closing words of the Minister of Trade and Commerce, which I have already read:

> I deplore the suggestion that the British government has not played fair with the Canadian people.

—because the impression that was left by the Minister of Agriculture was the very contrary to that.

Mr. Howe: Perhaps the leader of the opposition will read that statement as well. He is making assertions that are not based on fact.

Mr. Fulton: They certainly are.

Mr. Howe: And he is simply making them as assertions. He declines to give chapter and verse. Suppose he do that.

Mr. Drew: Mr. Speaker, the Minister of Agriculture in speaking in this house on March 8, 1951, at page 1065 of *Hansard* made it perfectly clear that the impression—

Some hon. Members: Read it.

Some hon. Members: What did he say?

Mr. Drew: —made it perfectly clear that he wished the impression left that the government of Great Britain had not carried out its undertaking.

Mr. Ferrie: The farmers said that they did not.

An hon. Member: The farmers said they did not.

Mr. Drew: I have difficulty, not only in answering those who question my statements but with Liberal members who insist that I am right in the interpretation I am placing upon what has been said. I think that at the appropriate moment it would be well for the members of the Liberal party who have such divergent views to engage in an active debate on this subject. Perhaps we might leave it at the point where the hon. member for Springfield (Mr. Sinnott) left it and carry it only to the door of the caucus.

Mr. Maybank: Why not name that point you were going to name?

Mr. Drew: That has been made perfectly clear and what has been carried right across the press of this country—

Mr. Maybank: Get it out.

Mr. Rowe: Make your own speech.

Mr. Drew: There was no question about what was intended when reference was made to the international court of justice. The fact that they would not carry the reference that far—

An hon. Member: Read it.

Mr. Drew: The hon. members of this house are not in any doubt as to the views that were expressed, and they are not in any doubt whatever as to the impression that was left both in this house and across the whole of this country by the press and the radio reporting the speeches that were made here.

An hon. Member: Read it.

Mr. Drew: The Prime Minister might well explain to this house tonight the basis upon which the computation has already been made. Then the members of this house will better know whether, with the facts put before them by the government, the figure should have been a higher or lower one. Certainly there has been nothing yet placed before this house to show by what strange coincidence the government happened to decide upon exactly the same figure as was the remaining balance of the loan not yet taken up by the British government.

Surely there was some more exact, some more precise and some sounder basis of computation than merely the fact that there was a figure of $65 million then left? The Prime Minister in fact has given a key to the way that this was arrived at when he tells us that it was pointed out to the British government that there was $65 million remaining, a fact which, as he has already said, they well knew. Obviously that was pointed out to them for a particular purpose, and they did not see fit to carry forward the suggestion implied in that remark.

The hon. members of this house are anxious to make sure that whatever the moral obligation may be to the wheat producers of western Canada, that moral obligation shall be fulfilled. I am sure that that applies to hon. members in every part of the house. However, they must know the basis upon which the computation is to be made and the principle that is to apply in arriving at that figure.

If the Minister of Trade and Commerce, who has made the last formal statement on behalf of the government, is to be taken as interpreting the views of the government at this stage in regard to the contract, then there is nothing owing under the contract.

Mr. Howe: Mr. Speaker, I stated definitely that the government felt there was. I discussed the "have regard to" clause. I said that the United Kingdom took the view that no more was owing. The government did not share that view and they have paid an amount that they thought appropriate.

Mr. Drew: When was that statement made?

Mr. Howe: You said that you read my statement carefully. If you read it carefully you would have come across it.

Mr. Drew: May I ask the Minister of Trade and Commerce if that is contained in the speech he made last night?

Mr. Howe: Yes.

Mr. Drew: Because that is not—

Mr. Howe: Just read the speech.

Mr. Drew: —contained in the *Hansard* I have in front of me. The *Hansard* which I have refers to this as follows, and I am reading from page 1172. I am quoting the Minister of Trade and Commerce:

> As I have said, the British government has discharged its legal obligations under the agreement and is not in default. Subsequently, however, the Canadian government considered it advisable to inform the United Kingdom government of the views of certain producers' groups to the effect that sufficient account had not been taken in the final settlement of the so-called have regard to clause.

An hon. Member: Go on.

Mr. Drew: Those are the words.

Mr. Howe: Read on.

Mr. Drew: I have referred already to the fact that the Minister of Trade and Commerce then went on to say that accordingly the Prime Minister discussed this matter with the Prime Minister of Great Britain when he was here and also when our Prime Minister was in London. I shall go on to quote the words of the Minister of Trade and Commerce immediately after that. They are:

> It was never suggested to the British government at any time that they were in legal default under the agreement.

That is clear and explicit. That being so—

Mr. McIlraith: Read the next sentence.

Mr. Drew: Certainly; I shall read what follows. It is:

It was pointed out, however, that the existence of dissatisfaction among wheat producers in Canada about the results of the agreement could have unfortunate consequence for future trade relationships between our two countries and that the British government might wish to reconsider their earlier decision. My colleague, the Minister of Agriculture (Mr. Gardiner), made similar representations a few weeks ago. As the house knows, however, the British government did not see fit to make any further payments.

That was a perfectly legal and proper decision for them to make under the agreement.

Mr. Howe: Carry on.

Mr. Drew: I am quite happy to read the whole speech:

The Canadian government, while recognizing that the legal obligation of the British government under the agreement had been fulfilled, took a different view of the over-all results and decided to pay into the five-year pool the $65 million that remained under the United Kingdom loan act.

That is exactly what I said at the outset of my remarks, that the payment was a payment winding up the pool and was not a payment under this contract. I move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow is private members' day.

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

HOUSE OF COMMONS

Wednesday, March 14, 1951

The house met at three o'clock.

INDIANS

EDUCATION—REFERENCE TO REPORT IN "THE ENSIGN" OF MARCH 17, 1951

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I rise on a question of privilege. On February 27, 1951, I made the statement in this house that certain Indians wished education divorced from the churches. This statement has been misrepresented in one publication, and in consequence may be widely misunderstood.

What I stated was merely fact. I refer to, first, the brief of the protective association for Indians and their treaties, addressed to the minister in September, 1945, at pages 26, 33, and 34; second, to the memorial on Indian affairs presented by the Indian association of Alberta in September, 1945, at pages 5 and 7. In my speech on February 27 I paid tribute to the work of the churches and their missionaries in the field of education. That will be found in *Hansard* of this session at page 725. In my speech on federal aid to education on February 22—

Some hon. Members: Order.

Mr. Knight: I said at page 601—

Some hon. Members: Order.

Mr. Speaker: Order. I think the hon. member should be allowed to state his question of privilege.

Mr. Knight: I said at page 601:

> We believe of course that a child should be grounded in the faith of his father.

My point of privilege is that *The Ensign*, dated March 17, 1951, and circulated just yesterday, whose representative I understand sits in our press gallery, used the following words in reference to my remarks:

> His remarks were termed astonishing by the Progressive Conservative member for St. John's West, W. J. Browne, who challenged Mr. Knight's statement that religious education should be done away with.

Neither did I say those words nor do I believe any such thing. The impression created by those words in regard to my own attitude is completely false. I hope and indeed feel confident from the nature of this newspaper that it will be fair, that it will correct its statement and give to such correction as wide a circulation as it gave to the original statement.

PARLIAMENT HILL

RESPONSIBILITY FOR MAINTENANCE OF ADJOINING STREETS

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Simcoe North (Mr. Ferguson) asked who was responsible for the maintenance of Wellington street facing the government buildings. The answer is that the federal district commission has the responsibility for the repair and maintenance of sidewalks on the north side of Wellington street from the plaza to Bank street. This includes the boulevard on the north side, and on the south side in front of government-owned property only. It also has responsibility for the removal of snow from the sidewalks on the north side of Wellington street and on the south side in front of government property only. The maintenance, repair and removal of snow from the street proper is the responsibility of the city.

Some hon. Members: What about the sand?

PAINTING BY HOBBEMA

PRESENTATION TO CANADA BY THE NETHERLANDS —ADDRESSES AT UNVEILING CEREMONY TO BE PRINTED IN HOUSE OF COMMONS DEBATES

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I think you and other hon. members will feel as the leader of the opposition (Mr. Drew) and I do, that it is desirable that there should be a permanent record of the appreciation felt by the government and people of Canada of the generous gift presented to our country by Her Majesty Queen Juliana, on behalf of the people of The Netherlands, of the beautiful painting, "The Two Water-mills", by Hobbema, which was unveiled today in the Hall of Fame of our parliament buildings by General H. D. G. Crerar in the presence of His Excellency the Governor General, His Excellency the Ambassador of The Netherlands, and the members of both houses of parliament, and which will hang there as a tribute to the valour of our Canadian forces who participated in the second great war, and particularly of the Canadian troops who, under the command of General Crerar, took such a brilliant part in the liberation of Holland.

I accordingly move, seconded by the leader of the opposition (Mr. Drew):

That the addresses delivered at the unveiling ceremony by His Excellency the Governor General, by General Crerar, and by His Excellency the Ambassador of The Netherlands, be appended to the official report of today's debates.

Motion agreed to.

(For text of addresses see appendix, pages 1262-3.)

CONSUMER CREDIT

TABLING OF ORDER IN COUNCIL SETTING FORTH FURTHER RESTRICTIONS

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I wish to table a copy of order in council P.C. 1249 dated March 13, 1951, and made under the authority of the Consumer Credit (Temporary Provisions) Act, 1950. The initial regulations made under this act were published late in October and became effective on November 1 last. The terms and conditions laid down by these regulations respecting minimum down payments and maximum periods of credit were generally more restrictive than prevailing business practice, but were not as severe as those which we had during the war, nor have they been as restrictive as the revised American regulations which became effective a few months ago.

As hon. members are aware, there have been discussions recently between the Bank of Canada and the chartered banks regarding the most effective means of restraining the inflationary expansion of bank credit. As a result of these discussions one of the steps the chartered banks have taken is to call a halt to further expansion of loans on the security of instalment finance paper.

In conjunction with this move, and with the same purpose of restraining inflationary credit expansion, the consumer credit regulations have been amended by the order in council which I have just tabled. The new regulations will come into effect next Monday, March 19.

The principal changes being introduced are:

First, in the case of motor cars the minimum down payment is increased from one-third of the cash price to one-half of the cash price.

Second, in the case of all other commodities affected by the regulations the minimum down payment is increased from one-fifth to one-third of the cash price.

Third, in all cases the minimum down payment will be not less than $10 instead of $5 under the former regulations.

Fourth, the maximum period of credit has been reduced from eighteen months to twelve months, and the minimum size of instalment payments has been increased to $10 a month or $2.50 a week, as compared with $5 a month or $1.25 a week under the previous regulations.

Fifth, under what is known in the trade as a revolving credit plan, the minimum initial down payment is increased to $10, and wherever new purchases are made under existing credits the minimum monthly instalment is increased to $10.

Finally, as a result of varied representations and a further review of the effects of the present regulations we have decided that the consumer credit restrictions should not apply to the sale of books.

In their net effect the new regulations will be much stiffer than those now in effect, but except in the case of motor cars they will be no stiffer, and in some cases not quite so stiff as those in effect during the war. During the war we required a one-third down payment for cars, and if the amount remaining to be financed exceeded $500 the purchaser had fifteen months in which to complete his payments. Now we are requiring fifty per cent down and the balance spread over twelve months. Hon. members will realize, of course, that where an old car is being turned in, its trade-in value will normally constitute the greater part if not the whole of the required down payment.

In the case of other commodities our new regulations require one-third down and the balance over twelve months. During the war the same down payment was required, but the balance had to be paid in ten months, unless the amount to be financed exceeded $500.

Mr. Macdonnell (Greenwood): I wonder if the minister could say whether it has been possible to trace the effect to date of the restrictions on consumer credit made following the legislation of last September?

Mr. Abbott: No, it is not possible to do that, Mr. Speaker. I think one could say, speaking in general terms, that the restrictions so far have only been moderately effective. They have not made any serious change in the volume of instalment sales.

YUKON TERRITORY

INQUIRY AS TO DECISION TO MOVE SEAT OF GOVERNMENT

Mr. Speaker: Yesterday, before the orders of the day were called, the member for Vancouver East (Mr. MacInnis) asked a question which I thought was one that should have been placed on the order paper. Upon reading the question in *Hansard*, it seems to

me there is some urgency in connection with the matter which he has raised. In view of the fact that today we are not likely to reach orders of the day, may I suggest that the hon. member for Vancouver East ask his question at this time.

Mr. Angus MacInnis (Vancouver East): Thank you, Mr. Speaker. I had an idea that when you saw my question in print you would approve my judgment. My question was to the Minister of Resources and Development, and was based on a telegram I received yesterday morning from Dawson city. The question is, has the government decided to move the seat of government for the new territorial council from Dawson to Whitehorse, and if so, is that being done in consultation with the Yukon territorial council?

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, the population of Whitehorse has been increasing steadily for some years. It is now a much larger centre than Dawson city. The development of Whitehorse, together with its geographic location, have made it the centre of economic activity and communications for the territory. Although the population of Dawson city is now not large, historic interest and tradition still make it an important tourist attraction. Moreover, it is the centre of an active gold mining industry. However, the greater development in the southern part of the territory made it inevitable that consideration should be given to establishing the seat of government in Whitehorse.

This matter has been under consideration and discussion with the commissioner of the Yukon territory for some time, and it has now been decided that the change should be made in order to enable the territorial government to give more efficient and expeditious administration of the affairs of the territory.

Mr. Pearkes: Will the minister permit a supplementary question? Is there any danger of the seat of government of British Columbia being moved from Victoria to Vancouver for the same reason?

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOUSING UNITS, BARRACKS, ETC., FOR SERVICE PERSONNEL, 1939-45

Mr. Noseworthy:

1. How many housing units and how many barracks and other buildings used to accommodate service personnel during the war (1939-45) have been (a) sold; (b) demolished, since 1945?

2. What is the estimated number of service personnel that could be accommodated at one time in all the housing units, barracks, etc., sold or demolished, since 1945?

3. What is the estimated cost of construction during the war of housing units, barracks, etc., sold, and demolished, since 1945?

4. What amount has been realized on the sale of such units or barracks sold since 1945?

Mr. McIlraith: Mr. Speaker, to obtain such information as is available to answer this question would involve a detailed examination of some 2,500 files. In addition to that, the answer to part 4 of the question cannot be obtained because many of the materials sold from particular buildings had lost their identity.

There is some information, however, that can be obtained on this subject. I have spoken to the hon. member who asked the question, and I have agreed to make available such information as can be obtained and to help him frame another question that could be answered. I would therefore ask that this question be dropped.

Mr. Speaker: Question dropped.

WHEAT—SELLING PRICES AND PAYMENTS TO GROWERS

Mr. MacLean (Cape Breton North and Victoria):

1. What was the average selling price per bushel for No. 1 wheat, during each of the years 1936, 1937, 1938, 1939 and 1940?

2. What was the average price per bushel paid through the wheat pool to the wheat growers in the prairie provinces for their No. 1 wheat, during each of the years 1946, 1947, 1948, 1949 and 1950?

Mr. McIlraith:

1. According to the annual "Reports on the Grain Trade of Canada", published by the dominion bureau of statistics, the following are the average Winnipeg open market closing prices for No. 1 northern wheat in store Fort William/Port Arthur for each of the crop years ended in 1936, 1937, 1938, 1939 and 1940:

1936	$ ·84⅝
1937	1·22⅝
1938	1·31½
1939	·62
1940	·76½

2. The total price paid to date in the form of initial and adjustment payments, to wheat growers in the prairie provinces who delivered No. 1 northern wheat to the Canadian wheat board during each of the crop years ended in 1946, 1947, 1948, 1949 and 1950 was $1.75 per bushel in store Fort William/Port Arthur or Vancouver.

WHEAT—SHIPMENTS THROUGH CHURCHILL

Mr. Wright:

1. What amount of wheat shipped through the port of Churchill during the 1950 season was sold (a) under the world wheat agreement; (b) as class II wheat?

Questions

2. What premium, if any, over the Port Arthur, Fort William price, was received for wheat shipped through the port of Churchill during the 1950 season under (a) the world wheat agreement; (b) class II wheat?

Mr. McIlraith:

1. Shipments through Churchill under I.W.A., 6,767,743 bushels; shipments through Churchill under class II, nil.

2. Outside of the wheat supplied to the United Kingdom under the terms of the Canada-United Kingdom agreement, the premium over the Fort William/Port Arthur price received for wheat shipped through the port of Churchill during the 1950 season ranged from 2 cents per bushel to 4 cents per bushel.

KRUPP WORKS—REPRESENTATIONS AS TO CARRYING ON BUSINESS IN CANADA

Mr. Herridge:

1. Have representations been made to the government, or any department thereof, by the German Krupp company or any of its members, employees, associates or agents with a view to carrying on business in Canada, either directly or through some other firm or individual?

2. If so, has the government made any decision in the matter, and of what nature?

Mr. McIlraith:

1. A representative of the firm Friedrich Krupp called on officials of the Department of Trade and Commerce in the early part of March, 1951, with a view to exploring the possibility of finding markets in Canada for the products of his company.

2. No decision required.

NAVAL SERVICE—BARRACKS AT DARTMOUTH, N.S.

Mr. Balcom:

1. Were plans and specifications prepared and tenders invited for (a) standard unit supply building, type A, Greenwood, Nova Scotia; (b) construction of fireproof barracks, H.M.C.S. *Shearwater*, Dartmouth, Nova Scotia?

2. What are the names and addresses of firms invited to submit tenders for these projects?

3. Have contracts been awarded?

4. If so, what are the names and addresses of successful firms?

Mr. McIlraith:

1. (a) Yes. Standard unit supply building type A, Greenwood, Nova Scotia; plans and specifications prepared and tenders invited February 8, 1951; tenders closed March 9, 1951.

(b) Construction of fireproof barracks, H.M.C.S. *Shearwater*, Dartmouth, Nova Scotia; plans and specifications prepared and tenders invited February 6, 1951; tenders close March 14, 1951.

[Mr. Wright.]

2. Public tender call was issued. In addition the following were advised that tenders would be called:

(a) Greenwood, Nova Scotia

Fosberg & Mitchell Reg., Halifax, N.S.; F. J. Raskin Inc., Montreal, P.Q.; the Canadian Fairbanks-Morse Co. Ltd., Halifax; Wm. V. Spencer & Son, Moncton, N.B.; Mr. Percy Ritchie, Upper Kent, N.B.; Bayside Construction Co. Ltd., Campbellton, N.B.; Sumner Propane Gas Ltd., Moncton, N.B.; Eastern Woodworkers Ltd., New Glasgow, N.S.; Tower Co. Ltd., 1411 Stanley St., Montreal, P.Q.; Diamond Construction Co. Ltd., Fredericton, N.B.; Modern Construction Co. Ltd., Box 516, Moncton, N.B.; Rodney Contractors Ltd., Yarmouth, N.S.; Terminal Construction Co. Ltd., 1012 Dominion Sq. Bldg., Montreal, Quebec; Raworth & Mollins Ltd., South Brookfield, N.S.; E. G. M. Cape & Co., Phillips Sq., Montreal, P.Q.; Acadia Construction Co. Ltd., Bridgewater, N.S.; M. F. Schurman Co. Ltd., Summerside, P.E.I.; J. H. Hicks & Sons, Bridgetown, N.S.; Kenney Construction Co., Yarmouth, N.S.; B. T. Weeks & Sons, Truro, N.S.; H. R. MacMillan Sales (Quebec) Ltd., Montreal, P.Q.; Municipal Spraying & Contracting Ltd., Halifax, N.S.; Lawrence Construction Co., Halifax, N.S.; LeBlanc Construction Co., Halifax, N.S.; Lyman E. Patton, Wellington, N.S.; Wallace Manufacturing Co. Ltd., Sussex, N.B.; Fundy Construction Co. Ltd., Halifax, N.S.; A. W. Allen & Sons, Middleton, N.S.; James P. Kelly, 11 Hemlock St., Halifax, N.S.; Ashfield Brothers, Fredericton, N.B.; North Shore Construction Co., Newcastle, N.B.; Worden Paving, Saint John, N.B.; Annapolis Valley Construction Co., Halifax, N.S.; R. Ian MacDonald, Halifax, N.S.; Stephen Construction Co.; Saint John, N.B.; B. A. Tozer, Chatham, N.B.; Foundation Maritime Ltd., Halifax, N.S.; Enamel & Heating Products Ltd., Sackville, N.B.; Eastern Builders & Sales Ltd., Halifax, N.S.; O'Dell Construction Co., Fredericton, N.B.; Planet Construction Co., Fredericton, N.B.; Hammond Bros. Ltd., Halifax, N.S.

(b) Shearwater, Dartmouth, N. S.

Mr. Percy Ritchie, Upper Kent, N. B.; Bayside Construction Co. Ltd., Campbellton, N.B.; Sumner Propane Gas Ltd., Moncton, N.B.; Eastern Woodworkers Ltd., New Glasgow, N.S.; Tower Co. Ltd., Montreal, Quebec; Diamond Construction Co. Ltd., Fredericton, N.B.; Freeman Construction Co. Ltd., Woodside, N.S.; Modern Construction Co. Ltd., Moncton, N.B.; Rodney Contractors Ltd., Yarmouth; Terminal Construction Co. Ltd.,

Montreal, Quebec; Raworth & Mollins Ltd., South Brookfield, N.S.; E.G.M. Cape & Co., Montreal, Quebec; Acadia Construction Co. Ltd., Bridgewater, N.S.; M. F. Schurman, Co. Ltd., Summerside, P.E.I.; J. H. Hicks, & Sons, Bridgetown, N.S.; Kenney Construction Co. Ltd., Yarmouth; B. T. Weeks & Sons, Truro, N.S.; H. R. MacMillan Sales (Quebec) Ltd., Montreal, Quebec; Municipal Spraying & Contracting Ltd., Halifax, N.S.; Lawrence Construction Co., Halifax, N.S.; LeBlanc Construction Co., Halifax, N.S.; Mr. Lyman E. Patton, Wellington, N.S.; Wallace Manufacturing Co., Sussex, N.B.; Fundy Construction Co., Halifax, N.S.; A. W. Allen & Sons, Middleton, N.S.; Mr. James P. Kelly, Halifax, N.S.; Ashfield Bros., Fredericton, N.B.; North Shore Construction, Newcastle, N.B.; Worden Paving, Saint John, N.B.; Annapolis Valley Construction, Halifax, N.S.; Mr. R. Ian MacDonald, Halifax, N.S.; Stephen Construction Co., Saint John, N.B.; B. A. Tozer & Sons, Chatham, N.B.; Foundation Maritimes Ltd., Halifax, N.S.; Enamel & Heating Products Ltd., Sackville, N.B.; Zeller Contracting Co. Ltd., Hamilton, Ont.; Eastern Builders & Sales Ltd., Halifax, N.S.; O'Dell Construction Co., Fredericton, N.B.; Planet Construction Co., Fredericton, N.B.; Hammond Bros. Ltd., Halifax, N.S.; Fosberg & Mitchell Reg. Halifax, N.S.; F. J. Raskin Inc., Montreal, Quebec; The Canadian Fairbanks-Morse Co. Ltd., Halifax, N.S.; Wm. V. Spencer & Son, Moncton, N.B.

3. No.

4. See answer to No. 3.

CANADIAN ARMED FORCES—INCOME TAX—DEDUCTIONS FROM PAY AND ALLOWANCES

Mr. Nowlan:

1. Since December 1, 1950, has there been any change in the rate on which is based the income tax deductions from pay and allowances of members of the armed services of Canada?

2. If so (a) when did such change become effective; (b) to what branches of the armed services does it apply; (c) what is the change in such rate; (d) what was or is the authority for making such change?

Mr. Blanchette:

1. The rate of income tax deductions was not changed. However, due to the increased rate of pay and allowances effective December 1, 1950, the amount of income tax deducted at source was increased effective January 1, 1951, and the increased pay and allowances for December was reported as taxable income for the year 1950.

2. (a) The amount of taxable income and therefore the amount of tax payable increased effective the date of the increase in pay and allowances, i.e., December 1, 1950.

(b) To all branches.

(c) The change in income tax would depend entirely on the taxable income of the individual which is governed by total income less exemptions.

(d) The Income Tax Act and the income tax tables of deductions provided by the Department of National Revenue, taxation division.

CANADIAN ARMED FORCES—ENLISTMENTS

Mr. Fulton:

1. What were the numbers of enlistments in the Royal Canadian Navy, the Canadian Army (active force), the Canadian Army (special force) and the Royal Canadian Air Force respectively, during each of the months of January and February, 1951?

2. What were the totals of all releases from each service as above for the same months?

Mr. Blanchette:

	January, 1951 Enlistments	Releases
Royal Canadian Navy	288	156
Canadian Army (active force)	1606	198
Canadian Army (special force)	81	234
Royal Canadian Air Force	1321	66

	February, 1951 Enlistments	Releases
Royal Canadian Navy	448	159
Canadian Army (active force)	1171	200
Canadian Army (special force)	29	286
Royal Canadian Air Force	1226	56

COASTAL PROTECTION FACILITIES—INTERDEPARTMENTAL COMMITTEE

Mr. Higgins:

1. Has the interdepartmental committee set up by the government to study Canada's existing coastal protection facilities (coastguard), and to recommend means of unifying and improving these services, made a report?

2. If so, when will this report be available?

Mr. Benidickson:

1. Yes.

2. On July 7, 1950, a joint announcement was made by the Minister of National Defence and the Minister of Transport, outlining the findings of the interdepartmental committee and stating the government had adopted the recommendations of the committee.

Questions

PORT OF HALIFAX

Mr. Balcom:

1. How many vessels arrived at the port of Halifax during each of the years 1946, 1947, 1948, 1949, 1950?
2. How many vessels sailed from the port of Halifax during each of the years 1946, 1947, 1948, 1949, 1950?
3. What amount of grain was handled at the port of Halifax during each of the years 1946, 1947, 1948, 1949, 1950?
4. What amount of lumber was shipped through the port of Halifax during each of the years 1946, 1947, 1948, 1949, 1950?

Mr. Benidickson:

In so far as the national harbours board is concerned:

1.

Year	Arrivals number of ships
1946	2,409
1947	2,319
1948	2,579
1949	2,827
1950	3,012

2.

Year	Departures number of ships
1946	2,414
1947	2,319
1948	2,577
1949	2,788
1950	3,027

3.

Year	Receipts Bushels	Shipments Bushels	Total Bushels
1946	6,368,152	6,849,256	13,217,408
1947	7,329,657	7,183,720	14,513,377
1948	8,614,307	7,475,750	16,090,057
1949	9,987,343	9,380,906	19,368,249
1950	5,009,257	6,530,185	11,539,442

4. Lumber (not including logs, pit props or railway ties).

Year	Inward Tons	Outward Tons	Total Tons
1946	30	88,813	88,843
1947	28	177,622	177,650
1948	107	57,089	57,196
1949	270	68,698	68,968
1950	1,874	43,696	45,570

KOREA—CANADIAN ARMY SPECIAL FORCE—MEDICAL OFFICERS—R.C.A.M.C. UNITS

Mr. Pearkes:

1. What R.C.A.M.C. units are part of, or have been assigned to the special force?

[Mr. Benidickson.]

2. Will these accompany the special force to Korea?
3. How many qualified medical officers are there at the present time in the special force proceeding to Korea?
4. How many of these are active R.C.A.M.C. officers?

Mr. Blanchette:

1. R.C.A.M.C. units in the special force consist of a field ambulance, two field surgical teams, a field transfusion team, a field dressing station, and a medical liaison detachment.

2. A field ambulance, a field surgical team, and a field transfusion team will accompany the special force to Korea. The other units will complete organization and will only proceed upon the firm establishment of a definite need for them in Korea.

3. Sixteen qualified medical officers.

4. Fourteen of the sixteen medical officers are officers holding active force commissions in the R.C.A.M.C.

LEGATIONS—NAVAL ATTACHÉ AT STOCKHOLM

Mr. Balcer:

1. Is the Canadian government sending a naval officer to Stockholm, Sweden, as naval attaché?
2. If so, who is he?
3. What is his rank and age?
4. Is he a Canadian citizen by birth?
5. If not, how long has he been living in Canada?
6. Is he a member of the Royal Canadian Navy?
7. If so, over what period of time?
8. Has he ever visited the ten Canadian provinces?
9. If so, when?

Mr. Blanchette:

1. Yes.

2. E. C. St. John Green.

3. Acting Commander. Age, 41 years.

4. No. Born in London, England.

5. Since August, 1930.

6. Yes.

7. Since September 5, 1940.

8. To the knowledge of naval headquarters, he has visited all provinces east of Manitoba.

9. Since September, 1940.

POSTAL SERVICE—MAGAZINES

Mr. Noseworthy:

1. What is the current postage rate on magazines?
2. What is the difference in rate as between Canadian and American magazines?
3. Does the Post Office Department estimate that it has a profit or a deficit on this branch of its business?
4. What was the amount of that profit or deficit for the year ending March 31, 1950?

Mr. Langlois (Gaspe):

1. No special postage rates are accorded magazines as such. The rates provided under the Post Office Act for recognized newspapers and periodicals are as follows:

(a) When published not less frequently than monthly and mailed by publishers to bona fide subscribers, (i) if under 10,000 circulation, 1 cent per pound; (ii) if over 10,000 circulation, 1½ cents per pound.

Note: When advertising portion of the newspaper or periodical exceeds 50 per cent of the total space, the rate on the advertising portion of the publication is 4 cents per pound.

(b) When published less frequently than monthly but at least quarterly and mailed by publishers to bona fide subscribers, 2 cents per pound.

(c) When mailed by newsdealers, 2 cents per pound.

2. None.

3. A deficit.

4. Estimated deficit incurred in the handling of newspapers and periodicals for the fiscal year ended 31st March, 1950, $11,800,000.

MOTIONS FOR PAPERS

WHEAT—AGREEMENT WITH UNITED KINGDOM

Mr. Coldwell:

For a copy of all letters, telegrams, memoranda, or other documents between any minister, department, official, or the government of Canada and any minister, department, official, or His Majesty's government of the United Kingdom, relating to the final settlement of the four-year agreement, 1946, for the sale and purchase of Canadian wheat, including correspondence and other documents relating to the price agreed to be paid during the last two years of the agreement.

He said: May I ask the Prime Minister when permission for this tabling was asked, and if any reply has been received?

Mr. St. Laurent: I would not like to say from memory on what day the permission was asked; but I inquired this morning about an answer and I was told that the high commissioner had been communicated with again last night, that he had not yet received instructions but that I would be informed just as soon as he receives instructions.

Mr. Coldwell: Which commissioner was that? Was that our high commissioner in London?

Mr. St. Laurent: No, the high commissioner at Earnscliffe. It was through him that the application was made.

Mr. Speaker: Stand.

FEDERAL AID TO EDUCATION

Mr. Knight:

For a copy of all correspondence exchanged between the government of Saskatchewan or any minister or department thereof and the federal government or any minister or department thereof in reference to the question of federal aid to education, dated at any time since January 1, 1947.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. St. Laurent: Subject to the usual condition that the acquiescence of the government concerned will be sought.

Mr. Speaker: Carried, subject to the remarks of the Prime Minister.

NATIONAL COUNCIL ON PHYSICAL FITNESS

Mr. Noseworthy:

For (1) a copy of any suggested amendments to the National Physical Fitness Act submitted by the national council on physical fitness, since 1943, to the Department of National Health and Welfare; (2) a copy of any recommendations made, since 1943, by the national council on physical fitness to the Department of National Health and Welfare in regard to expenditure of funds for carrying out the purpose of the act; (3) a copy of all correspondence, legal or otherwise, exchanged since 1943, between the national council on physical fitness and the Prime Minister and/or the Minister of National Health and Welfare regarding the status of the council as an executive body.

Mr. St. Laurent: I would ask that this motion stand, in view of the fact that it concerns the Department of National Health and Welfare and that both the minister and the parliamentary assistant are away today on other official business.

Mr. Speaker: Stand.

MIGRATORY BIRDS CONVENTION ACT

PROPOSED AMENDMENT WITH RESPECT TO CAPTURING OR TAKING OF TURRS

Mr. G. F. Higgins (St. John's East) moved:

That, in the opinion of this house, appropriate steps should be taken to seek an amendment on behalf of Canada to the migratory birds convention, and to amend the Migratory Birds Convention Act, so as to eliminate the prohibition, in so far as it prohibits the people of the province of Newfoundland killing, capturing or taking turrs, which are a species of murres, hown, sea-duck, ticklace, stearn, which are a species of tern, shellbirds and divers, which are a species of duck, and thus place the province of Newfoundland in the same position as before the passing of the act to confirm and give effect to terms of union between Canada and Newfoundland, 1949.

He said: Mr. Speaker, there is an old saying that every dog has his day. I suppose one

therefore can say that every bird has its day. I trust that today will be recognized as turr day in this house. To mark that day I have taken the liberty of having distributed to hon. members copies of a recent book on Newfoundland issued by the tourist development office. I believe all hon. members have received a copy of this little booklet. I might say that the booklet was compiled by Mr. Ewart Young, publisher of the *Atlantic Guardian*, of Montreal, in collaboration with Miss Margaret F. Godden, of the Newfoundland tourist development office. I believe those hon. members who have read it—or rather, who have looked at it, because it is chiefly made up of pictures—will recognize real merit when they see it.

In submitting this resolution I wish hon. members to know that this is a serious matter indeed and one of the greatest importance to the province of Newfoundland. Some hon. members have been joking with me about it. To hon. members who have been doing so, and whose only interest in birds apparently is in those that fly on one wing, I may say that I have no interest in such birds, at least at the present time. But to hon. members who are interested in and inclined to discuss the propensities of these peculiar one-winged birds, I may say that I am prepared, after the Easter recess, in my office or in any other suitable place they may choose, to discuss the matter in full measure with them. But until that time I have declared a closed season on discussing such peculiar birds.

This resolution, I say, deals with a serious matter. In order that hon. members may understand the problem, I will attempt to explain it to them. The legislation dealing with the subject is the Migratory Birds Convention Act of 1917, which appears as chapter 130 of the revised statutes of 1927. The original act was passed to ratify a convention made between Canada and the United States on August 16, 1916. The United States ratified the convention in 1918. By article IX of the convention it is provided that the convention shall take effect when ratified by both countries. Upon ratification the convention was to remain in effect for fifteen years from the date of ratification; and if neither party to the convention gave notice within twelve months of its intention to terminate the operation of the convention, it was to continue to remain in force for one year, and so on from year to year.

The original period of fifteen years expired in 1933 without notice of termination having been given by either party. Consequently the present position is that the convention remains in force from year to year until, I presume, twelve-months' notice is given by either party of the desire to terminate it. By the convention certain birds described therein are enumerated under three categories: migratory game birds, migratory insectivorous birds, and other migratory non-game birds. The seasons in which such birds can be hunted are detailed. These details are set forth at pages 2768 and 2769 of volume III of the Revised Statutes of Canada, 1927.

In order that hon. members may be able to understand the description of these birds, as stated in the convention, as compared with the birds named in the resolution, may I say that the description in the resolution is the form in which we know them in Newfoundland. Hown is known by the wildlife division of the Department of Resources and Development as old-squaw duck. Sea-duck is known as eider duck; divers as scoter duck and shellbirds as merganser duck.

These four forms of duck are described in subparagraph (a) of paragraph 1 of article 1 of the convention under the generic term name of wild duck, and are stated to be in the category of migratory game birds. The remaining three varieties of sea birds named in this resolution, namely, turrs, ticklaces and stearns, are described in the case of turrs as murres, stearns as terns and ticklaces as kittiwake gulls. These names are the same as the names in the convention, with the exception of ticklace, which is described as a gull, and which is known to the wildlife division as the kittiwake gull. These are classed as migratory non-game birds, and there is no open season for them at any time in the territories of the United States or of Canada.

Of these three varieties, by far the most important to the people of Newfoundland is the turr, and it is chiefly in connection with the permission to take and kill for food this bird that I am asking the consideration of the house today. It is not the purpose of the resolution to give the right to sell with respect to the other birds which I have mentioned, and which are included in the resolution namely, hown, sea-duck, diver and shellbird. Certain seasons are proclaimed yearly in which they may be taken. This year the seasons have been set forth, and, Mr. Speaker, with the consent of the house I should like to put the table on *Hansard* rather than read it, as it is fairly extensive.

Mr. Speaker: Has the hon. member the consent of the house that the table appear in *Hansard*?

Some hon. Members: Agreed.

Mr. Speaker: Agreed.

Mr. Higgins: The table follows:

Migratory Birds Convention Act

Local Newfoundland name	Ordinary name elsewhere	Open season at present: Avalon and Burin peninsulas	Remainder of Newfoundland	Labrador
Hown	Old-squaw duck	Dec. 5-Feb. 28	Dec. 5-Feb. 28	Oct. 2-Dec. 26
Sea-duck	Eider duck	Dec. 5-Feb. 28	Dec. 5-Feb. 28	Oct. 2-Dec. 26
Divers	Scoter duck	Dec. 5-Feb. 28	Dec. 5-Feb. 28	Oct. 2-Dec. 26
Shellbirds	Merganser duck	Oct. 2-Nov 1	Sept 15-Nov. 8	Sept. 7-Oct. 31
Turrs	Murres	These birds are classified as migratory non-game birds and there is no open season for them at any time in territories of the United States and Canada.		
Ticklace	Kittiwake gull			
Stearn	Terns			

All these birds feed on fish, which means that as soon as ice comes to the northern coast of Newfoundland the birds move away from that coast in great numbers; consequently the seasons in which they may be hunted are not of great value to the residents of the northern shores of the province. Moreover, there are not anything like the numbers of these birds as there are turrs; and I am told by those who know that they are not regarded in the same class as food.

Prior to the union of Newfoundland with Canada, Newfoundland had no such restriction against shooting and taking these birds as that which exists at the present time by reason of the convention and the act, as Newfoundland was not a party to the convention, being a separate country at the time of the enactment.

So far as I know the matter was never discussed by either of the two delegations that came to Canada from Newfoundland in 1947 and 1948, prior to the settlement of the terms of union. However, I have been told quite recently by Dr. Harrison F. Lewis, the chief of the wildlife division of the Department of Resources and Development, with whom I have been able to discuss this matter through the kindness of the Minister of Resources and Development (Mr. Winters)—and I may say, I found Dr. Lewis very helpful and very courteous indeed—that a Newfoundland representative, Captain Harry Walters, chief game warden of Newfoundland, had been in attendance at the conference between representatives of the United States and Canada in June of 1948, but that the matter had not been discussed at that time because it was of no interest to Newfoundland, that country not being a part of Canada at the time.

The first time the matter appears to have been discussed by this joint conference of the United States and Canada was in June, 1949; union became effective in April of that year. And here I quote from Dr. Lewis' conversation with me, as I had it recorded with his consent:

At the June, 1949, meeting the problem was raised and the general application of the act to Newfoundland was discussed at considerable length. A resolution was adopted by the conference, urging the federal authorities to exercise patience and leniency in introducing this new legislation to Newfoundland. Everyone was in great sympathy with the peculiar situation in Newfoundland.

That resolution reads as follows, Mr. Speaker. I am not going to read it all, but I would ask that it be placed on *Hansard*, if there is no objection.

Mr. Speaker: Is it acceptable to the house?

Some hon. Members: Read it.

Mr. Speaker: If the hon. member would like it to appear in *Hansard* he will be required to read it, because there is not unanimous consent to his placing it on *Hansard* without reading it.

Mr. Higgins: It reads as follows:

Whereas a considerable portion of the population of Newfoundland has for generations been compelled by economic necessity to rely largely upon certain species of sea birds, described as migratory non-game birds in the migratory birds treaty, for their subsistence during certain seasons of the year;

And whereas immediate strict application of the migratory birds regulations, as they apply to other provinces, within Newfoundland would cause serious hardship to the above residents of that province;

Therefore be it resolved that this conference recommends that in extending the provisions of the Migratory Birds Convention Act and regulations to Newfoundland, sympathetic consideration be given to the situation of the Newfoundland residents above mentioned; and that, within the obligations imposed by the migratory birds treaty, the greatest possible patience and leniency should be exercised in enforcing the regulations in that province during the period considered necessary for adjustment.

There is a note that it was carried unanimously. I do not want to put anything on *Hansard* that is objectionable. I was merely trying to save some time here.

Mr. Speaker: May I suggest to the hon. member I do not think the objection was

to what the hon. member was proposing to put on *Hansard*. I understand a number of members in the house wanted to know the contents of the resolution at this time.

Mr. Gauthier (Portneuf): That is right.

Mr. Higgins: Dr. Lewis then continued his conversation with me by saying:

In August, 1949, I went to St. John's and set up our district office, and interviewed the premier, the Hon. J. R. Smallwood, and the minister of natural resources, the Hon. Mr. Russell, and discussed this problem with them. All with whom I spoke recognized the problem which existed.

Dr. Lewis then informed me that as a result of his visit to St. John's in August, 1949, Mr. Leslie M. Tuck was appointed by the civil service commission as dominion wildlife officer for Newfoundland. He started work on October 1, 1949. Dr. Lewis continued his conversation with me by saying:

We had Mr. Tuck issue an authorized statement on behalf of the department on November 8, 1949.

And here, Mr. Speaker, if hon. members would consent to my reading the most important parts of the statement and putting the remainder of it on *Hansard*, I would appreciate it.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed.

Mr. Higgins: This statement is dated November 8, 1949, signed by Leslie M. Tuck, dominion wildlife officer, Newfoundland, and reads as follows:

Following the union of Newfoundland and Canada, the migratory birds treaty, which was adopted by Canada and the United States more than thirty years ago, came into effect in this province. This outstanding conservation treaty was approved by the governments of the individual provinces, as well as by the dominion government, and the application of its provisions is a matter of close dominion-provincial understanding. The original concept was to provide similar and adequate conservation of valuable migratory birds throughout North America, as the best means of protecting birds that annually migrate across international boundaries. It is widely accepted as the greatest single act of wildlife conservation ever inaugurated, and is implemented throughout Canada by the Migratory Birds Convention Act.

This legislation recognizes that the protection of migratory birds is an international question, as well as a local one. It is only by international agreement under federal auspices that we can be assured that protection equivalent to that extended in one country will be given migrant birds by other countries that they annually visit. Under this agreement, certain sea birds, and all the shorebirds except two species, are absolutely protected throughout the year in all parts of Canada and the United States. The shooting season for migratory game birds is definitely limited in each locality, and all spring shooting is prohibited. A secondary effect, but one of the greatest importance to the species concerned, has been the stopping of the sale of migrant game birds throughout the United States and the provinces of Canada.

The open seasons for ducks, geese and Wilson's snipe are set each year by agreement between the dominion and provincial authorities after full discussion of the conditions relating to the subject. In Newfoundland this year the open seasons for these birds began on various dates, but all terminated on October 31, except that the open season for the various kinds of eider ducks and scoter ducks will continue, throughout the coastal waters of the province, until November 30.

It is recognized that many people around the coasts of Newfoundland are accustomed to depend on the meat of the murre, or turr, as it is locally called, for food, and have made no substitute provision for the winter. Hardship might be experienced by these families if those birds could not be obtained. While the migratory birds treaty does not provide an open season for the turr, since it is not one of the game birds, the authorities do not for the present propose to interfere with residents of Newfoundland who, because of need, take and possess turrs for their own use and that of their families. This does not, however, apply to bull-birds, ticklaces, noddies or bawks, which the treaty protects throughout the year.

The sale of wild birds, because of the unnecessary and excessive destruction to which it leads, has become widely outlawed. Consequently, the sale of migratory birds is generally prohibited in the island of Newfoundland and its adjacent islands, as in other provinces and in the United States. However, as a special concession scoter and eider ducks may be sold in Newfoundland during the open season for these birds, which is from October 1 to November 30 in the Avalon peninsula and September 15 to November 30 in the remainder of the island.

There are two species of eider ducks in Newfoundland during the above mentioned season. The male of the common eider duck is a distinctive bird with a black belly, a white back and a black crown. The female is brown, as are the females of both eiders and scoters. The other species of eider is the king eider, or king bird, as it is called in some localities. The male of this species has its foreparts white and its hind parts black. On the water it looks something like a saddle-back gull. A further means of identification of the king eider is the large orange shield on its forehead. Its female is a brown duck similar to the female of the common eider.

There are three scoter ducks found in these waters. The scoters are the large, chunky, blackish ducks, commonly seen flying low over the waves. The white-winged scoter, sometimes called the white-winged diver, is the largest of the three, and is easily identified by its white wing patch. The surf scoter (bottle-nosed diver or skunk head) is all black except for one or two white patches on its head. The American scoter (black-winged diver) is the only duck with entirely black plumage. This and the bright orange base of the bill are good identification marks.

Mr. Maybank: Would the hon. member permit an interruption? Would he allow me to have Dr. Lewis' letter, to which he has just referred, and if he has finished with it?

Mr. Higgins: It is a conversation I had with Dr. Lewis, at which time the doctor told me I could quote him in this connection. I had it taken down at the time.

[Mr. Speaker.]

Mr. Maybank: I am not objecting at all. I only wished to know if the hon. member would permit me to read it now, if he has finished using it. I am not raising any objection.

Mr. Higgins: Yes, certainly.

An hon. Member: You will soon have a chance to speak.

Mr. Higgins: I hope, Mr. Speaker, that you will not take time off from the time allotted to me while the parliamentary assistant is reading it.

Mr. Winters: There is lots of time; go on.

Mr. Higgins: Then Dr. Lewis continued:

Early discussions indicated that murres were the principal birds concerned. We took the responsibility in connection with allowing the lenience referred to in the news release.

Then quoting further from the conversation with Dr. Lewis:

At the time this resolution was spoken of, in June, 1949, there were senior United States officers of the particular department concerned under the treaty present at the meeting, so they were aware of what we proposed to do and of the need for it. I presume that, if United States consuls and other departmental officials do their duty, the authorities in Washington are informed of any such action. They have not said anything, so they apparently recognize the need of patience and lenience and have not felt like protesting against the steps taken so far although they could have done so.

And he continued further:

The present arrangement was only on a temporary basis. It was obviously necessary to advance somewhat the following year. The first year this applied to all parts of Newfoundland.

At this point Dr. Lewis was referring to the fact that for the first year of confederation there was no restriction against the shooting and taking of turrs at all. Dr. Lewis then said:

Last fall—

He was referring to the fall of 1950—

—the matter was discussed again with the provincial authorities of Newfoundland. Our officer, Mr. Tuck, discussed it in St. John's with officials of the department. They considered what should be the next step in tightening up the terms of the treaty, recognizing that it would involve discomfort.

At this conference last fall, after some discussions and correspondence, it was finally decided to remove that special statement of lenience.

That is the statement referred to in the news release of November 8, 1949. He continues:

It was felt that the best place to remove the privileges which had been allowed was in the southern part of the province for several reasons: it contains all the larger communities, St. John's, Corner Brook and some others which might be classed that way; also it has, in general, open harbours; is not blocked by ice; other food was available, migratory birds could be obtained; there was year-round steamship service, and the fishing crews cruise in open waters. It was decided, therefore, that this was the best place to start putting the terms of the treaty in force. Accordingly in the region from Grate's Point around by the south to Cape St. Gregory, absolute prohibition against the shooting and taking of turrs was put into effect.

This area includes a great part of the riding of the hon. member for Trinity-Conception (Mr. Stick).

Mr. Stick: No, it does not—not the greater part.

Mr. Higgins: I said "a great part"; all of my own riding, all of the riding of the hon. member for St. John's West (Mr. Browne), all of the riding of the hon. member for Burin-Burgeo (Mr. Carter), and part of the riding of the hon. member for Humber-St. George's (Mr. Kent). The only areas left out, and concerning which there is no prohibition at the present time, are the ridings of the Secretary of State (Mr. Bradley) and the hon. member for Grand Falls-White Bay (Mr. Ashbourne).

Recently the residents of Port aux Basques and Channel, two small towns in the constituency of Burin-Burgeo, sent in a petition to the premier of Newfoundland which contained 578 signatures, and stating that, except for inclement weather, another 700 names would have been obtained. I might add that since this resolution has appeared on the order paper I have received about 6,000 names by letter and telegrams from various parts of the island. The hon. member for Burin-Burgeo informs me he has the equivalent of another 7,500 names. It will be realized therefore that there is great interest in this matter. The districts from which I have had letters include all the ridings represented in the House of Commons, and from all parts of those ridings, including Labrador itself.

An hon. Member: Are they in support?

Mr. Higgins: Oh yes, they are in support. I would hope to have time to read brief extracts from some of those letters which show that they very definitely require that the restrictions be lifted.

An hon. Member: Read them.

Mr. Higgins: I shall not read them now, because I wish to see if I have the time. This petition was sent to the premier of Newfoundland who said, replying in a letter to the petitioners:

I must explain that in this matter of shooting seabirds the government of Newfoundland has no more power or authority than the government of Korea.

He said that the matter comes entirely under the control of the dominion government at Ottawa. It was the premier's understanding, that Canada, the United States

and Mexico had made a treaty in connection with the shooting of these birds, and that no provincial government or state government in the United States has any authority whatsoever in the matter. I do not know how the premier got Mexico into the treaty business, because Mexico is not concerned, so far as the treaty is concerned. Then the premier added in his letter:

It is news to me that anything has been done in this matter in White bay, or in fact, in any part of Newfoundland.

He means, in other words, that it was news to him that the people of White bay were allowed to shoot birds in this present year. That is an extraordinary statement, to my mind, because if Dr. Harrison Lewis is correct—and I have every reason to believe he is—then the premier was fully aware of what had been done, and was fully aware of the fact that in one-half the island prohibition is strictly enforced while in the other half it does not apply at the present time. He should have been aware of it, anyway—whether he was or not. Whatever knowledge he had or did not have, his departmental officials certainly had it.

I would add in that connection that whatever knowledge the departmental officials of the Newfoundland government had prior to confederation of the fact that Newfoundlanders would not be allowed to shoot these sea birds, as they had had a right to do for four hundred years, it was not known to the people of Newfoundland prior to the referendum which dealt with confederation with Canada. I venture to say that if that fact had been known, not only is it my opinion but it is the considered opinion of many people including—and I do not think I am taking chances when I say this—the hon. member for Burin-Burgeo who is now in his seat, that confederation would not have had the majority it did have. In fact, we would not be here today if the people were not allowed to shoot turrs—and hon. members from Newfoundland know it. As I say, I have received letters from all over Newfoundland in this connection, but to further buttress my argument on this point I should like to quote from a resolution which I am told was adopted unanimously at the national convention of the Young Liberal Federation of Canada meeting in Montreal on October 12, 13 and 14, 1949. This reads:

Whereas there are many people in Newfoundland particularly in the north and south areas depending entirely for their supply of fresh meat on the numerous sea birds which frequent our shores, and whereas at present the federal laws have forbidden the shooting of these birds, be it resolved that the federal authorities take immediate steps to amend the present act to allow the people to take these birds for local consumption.

That should have some effect upon the minister. I may say that I have been informed in conversation with the hon. member for Burin-Burgeo (Mr. Carter) that following the special session last year he made a tour of his riding last fall, during which he received numerous written representations asking that the restrictions be removed. He received many petitions asking for the removal of the present restrictions. I understand from the hon. member that it is his contention that the turrs or murres which are hunted in his riding are the species known as the Brunnich's murres, as distinct from the Atlantic murres. The murres breed in Greenland during the summer months and migrate to the waters off the south and north coasts of Newfoundland during the winter months from November to March inclusive. It is the hon. member's belief that there is no proof whatever that this species ever migrates as far south as the coastal waters of the United States. The species which migrates south, the hon. member tells me, is the Atlantic species. It is said that less than one per cent of that species approach the international boundary between Canada and the United States and very few, if any, cross it.

From my discussion with the hon. member I understand that it is his belief that Newfoundlanders have been shooting these birds ever since the days of the first settlers. They have come to rely upon them as a source of food supply, particularly in the winter months when other foods are impossible to obtain, because of the lack of roads and other means of communication. As a result of lack of communication in winter these people cannot visit the larger supply firms and they must obtain their food from every possible source at hand.

The hon. member tells me that in most of his riding it is impossible to purchase fresh fruit or garden produce at any time, and this is especially so in the winter months. The little that is grown locally in his riding in the gardens is consumed long before December. Therefore the food available during the winter is deficient in vitamins and for this reason it is submitted that these birds should be allowed to be taken for food, not only to offset deficiency in vitamins but to provide a welcome variation in the staple diet of salt meat and salt fish.

The hon. member tells me that besides providing food these birds provide bait for codfish. During the winter it is too risky

for the fishermen to leave their herring nets out overnight, the herring being used as bait, and the entrails of these birds provide a very efficient substitute. Many of the fishermen in the hon. member's riding are able to keep their boats in operation all winter as they can launch them quite easily and as a result many quintals of fish are caught with this kind of bait. Consequently the prohibition against the killing of these birds works a double hardship on a great many residents in his riding, first, by depriving them of essential food supplies and, second, by depriving them of the opportunity of obtaining bait and thereby reducing their production and their income.

As hon. members are aware, we are faced with a great problem in Newfoundland because of the incidence of tuberculosis. I have been the president of the Newfoundland Tuberculosis Association since its inception in 1945 and I am fairly familiar with the fact. My belief is that proper diet is of the greatest importance in the prevention of tuberculosis. That is not only my opinion; it has the endorsation of that well known authority, Dr. G. J. Wherrett, secretary of the Canadian Tuberculosis Association. He has given me his permission to quote him as saying that "fresh foods and vitamins are necessary for a proper diet, and proper diet has a definite relationship to the incidence of tuberculosis."

As proof of the gravity of the tuberculosis problem in Newfoundland I might point out that the death rate is 82 per 100,000 of population as compared with 30 per 100,000 in the rest of Canada, with a slightly lower figure in the United States. While this figure appears to be high, it is much lower than it was before our economic conditions improved during the last war as a result of the tremendous expenditures made by the United States in connection with the construction of bases as well as expenditures by Canada and Great Britain.

I also must give credit to our department of public health under the very able direction of Dr. L. A. Miller, assisted by Dr. J. M. McGrath, for this reduction. I feel justified in saying, moreover, that very valuable work has been done by the Newfoundland Tuberculosis Association as well, under the enthusiastic and capable leadership of our executive secretary, Mr. Walter Davis.

In line with the general contention that a proper diet is essential in waging the battle against the white plague, it is necessary that the people of Newfoundland be permitted to take these birds for food and not for sale. It is my understanding that the majority of turrs killed along the southern coast of Newfoundland are killed outside the three mile territorial limit. I am told also that the birds closer in are in poor condition because they are partly covered with oil discharged from diesel operated vessels. Therefore they are not considered fit for eating when in that condition.

Under the present law it is permissible to kill these birds outside the three mile limit, but it is not permissible to bring them ashore. That means that if a man living on the south coast of Newfoundland wants to give his family a meal of these birds he must put the family in his boat, take them out past the three mile limit, kill the birds out there, cook the birds out there, and then wait for the food to digest. Technically speaking if they are brought in in the stomachs of his family he would be strictly guilty of a breach of the law.

Section 3 of article II of the convention permits Eskimos and Indians to take sea birds, which would include turrs. They are also permitted to take their eggs but they are not permitted to sell them. We have the ridiculous position of the Indian and Eskimo of Labrador being allowed to take these birds whereas the local Newfoundlander is not allowed to do so.

Mr. Cruickshank: They are a little different.

Mr. Higgins: That is right. The wildlife convention never interfered with the rights of these people who were here before the white man.

In Newfoundland, as distinct from Labrador, we have no native Indians and no Eskimos. The few Indians we have on the island are comparative newcomers from Nova Scotia. I might add that we have taken these birds for hundreds of years, in fact from the time John Cabot discovered the island, which was some twenty years before Jacques Cartier sailed up the St. Lawrence. St. John's was a settled city when the Indians were still occupying New York. Have we no rights at all? Are these rights that existed from 1497 to April 1, 1949, to be completely disregarded? And for what purpose; so these birds may continue to multiply while people go hungry? The birds are not regarded as a source of food in any other part of Canada. I ask any member from the maritimes or any other part of Canada if he has ever eaten one of these birds, if any member of his family has eaten one, or if he ever had a friend who ate one.

An hon. Member: I have. We called them murres.

Mr. Higgins: You have? You have eaten them?

An hon. Member: Yes, sir.

Mr. Higgins: When did you eat them?

Mr. Knowles: He is one of those Indians from Nova Scotia.

Mr. Higgins: I shall take up this controversy with my hon. friend later. These birds have no value for plumage; their only value is for food, yet Dr. Lewis tells me the main purpose of the treaty is the preservation of the species. He informed me: "The terms of the treaty will apply no matter how numerous the birds may become." Further Dr. Lewis informed me that during the past thirty years hunting has not decreased the number of birds in Newfoundland and he had no knowledge of the position previous to that. His contention is that the reason the birds have not decreased in number is that the people of United States and Canada have not been shooting them. To me that is just shooting a lot of bull, but there it is. I ask how many members from the maritimes have shot and eaten any of these birds in their lifetime. Some hon. members outside the chamber have asked me why I am making such a fuss about this, why we do not just go ahead and shoot them anyhow. The answer, so that hon. members may understand, is that outside St. John's the policing of the island is done by that splendid force, the Royal Canadian Mounted Police; and under the provisions of this act they are ex officio game officers. Even if they disregarded their oath, which is unlikely, under section 8 of this act they would be liable to a fine of up to $500 or to six months' imprisonment "for conniving at breaking the law" if they did close their eyes to it. Anyone breaking the law by shooting such birds is liable to a penalty of up to $300 or six months' imprisonment or both fine and imprisonment, while subsection 2 of section 12 provides that a prosecutor who is not a game officer shall be entitled to one-half the penalty imposed. There are always informers, so there is no possibility that you could get away with shooting these birds without having someone tell on you. Certainly the mounted police are not going to take chances like that.

Another argument advanced by Dr. Lewis was that while it was difficult for people to change their habits, Newfoundland was in the position where it was necessary. My answer to that is in the words of Samuel Johnson, who said, "The chains of habit are too weak to be felt until they are too strong to be broken". The chains of Newfoundland's habits in this respect have been forged over a period of four and a half centuries.

The minister's idea is to have the dominion wildlife officer for Newfoundland co-operate with the agricultural authorities to develop the production of meat for local consumption in and near the more remote localities of the province. To this my answer is that the theory is excellent, but I challenge him to carry it out. Cows or any other edible beasts cannot feed on rocks, and along many parts of the coastline of Newfoundland that is all there is. Moreover I understand the minister's attitude is that while he would like the convention amended for the purpose of permitting Newfoundlanders to take these birds for their own consumption, he is unable to do so because of the necessity of securing United States consent. My reply is that when the United States wished to establish bases in Newfoundland we did not ask any payment; and it is well to remember that the bases in Newfoundland were no part of the destroyers-for-bases deal. We gave up sovereignty over those portions of our country at that time freely, without any consideration whatsoever, and I think it would be a very small *quid pro quo* now to ask the United States government to give Newfoundlanders the right to shoot these turrs in seasons, which will be limited under the game regulations. When the bases were set up in Newfoundland we had to go through a great deal of disturbance. Our people were moved out of localities where they and their parents before them had made their homes. Their family lives were disrupted, their homes were torn down, and all the sentimental attachments that go with a home were destroyed forever in many cases. So we feel we are asking very little and that this would be very small compensation indeed for what we have had to put up with. There is no suggestion on my part of any ill will toward the Americans. We are very happy to have them there. They have brought a lot of good money and a lot of good will with them, and the relationships are pleasant indeed. But certainly there is no reason why we should not ask this small concession on their part.

I believe I have a few minutes left, and I should like to back up my contentions by reading one or two short extracts from letters which are really very much in point, in order to show that I am not just talking for love of hearing my own voice. The first is a letter from Mr. K. M. Brown of King's Cove, in the riding of the Secretary of State (Mr. Bradley), and indeed a great friend of the minister. Mr. Brown was a member of the old parliament of Newfoundland; he was a member of the national convention, and but for an unfortunate cerebral hemorrhage he probably would be in this house today representing one of the federal ridings. This is what he says:

To those of us who are so well acquainted with the living conditions of Newfoundlanders it is

evident that fishermen, particularly in the northern area of the province, where many of the smaller settlements are isolated during winter months, depend almost entirely on sea birds as a source of meat.

It will be remembered that for decades our forefathers hunted and killed these birds by the thousands, but indications are that the flock has not depleted, and year after year millions return to their favourite haunts along our entire coastline.

Having represented various electoral districts of the province in former years, I speak with some authority on this issue, and am familiar with the hazardous conditions with which the average Newfoundlander has to cope. I therefore predict that to deprive many of our fishermen of this source of food would not only upset the family budget, but also invite unrest among our people.

The next letter comes from another part of Newfoundland:

My home for the last seventy-five years has been at St. Lunaire, White bay district, except six winters spent at Cupid's and Clark's Beach. And I am speaking from experience when I say that the most of the people of the east coast and Belle isle area have mostly to depend on sea birds for fresh meat during the winter months to keep them in a healthy condition. And we the undersigned wish you success in your undertaking.

(Signed) Albert Bussey
Herbert Spracklin
Maxwell Sellars

Mr. Speaker, I have a letter from a very good sportsman in Grand Falls, who has given me permission to quote him. It is from George Hicks, an official of the Anglo-Newfoundland Development Company. He says:

I have watched the migrations of these birds for more than forty years and their numbers are certainly increasing. I have seen many places where they breed, especially the Funk islands. I am told by the people who visited the Funks only last summer that the sky is literally darkened with them as they fly over the island bringing food to their young.

In the years from 1900 to 1906, when I fished with my father in his schooner, we often visited the Funks and its surrounding grounds fishing cod. In those years these birds were there in their tens of thousands. There is, therefore, no lessening of their numbers as far as I can observe, and I have had ample opportunity. Nearly every year I go to Twillingate to have a shoot when they are migrating, usually between October 20 and November 10, and from what I have seen during the past twenty years at least I can conscientiously say they are on the increase.

The following is a vivid picture which my friend, Ken Goodyear, can substantiate:

In 1940 about November 1 we were just northwest of Twillingate Long Point at dawn; he was in one boat and I in another. There were, of course, scores of boats in the vicinity. The wind was northeast and squally, with occasional snow flurries. From dawn till dusk the sky was filled with flocks, all hastening south.

It would be fantastic to suggest any sort of an accurate figure, but undoubtedly millions flew around the point that day, for as far as the eye could reach there was nothing but flock after flock. One had the time of one's life shooting, but if all the birds secured on that day were counted they would not represent 1/1000 of one per cent of the millions that flew down Notre Dame bay.

I shall not read too much of the letter, but there are two or three paragraphs I should like to quote.

I have killed these birds every year. I plan my holidays so that I can secure a few of them not only for my family but for my friends. While I admit I, myself, can readily get along without them, yet thousands of our people along the coast look forward to them as the only source of fresh food for the winter. Many families pickle them and when they are watered they are almost as tasty as when fresh.

When this treaty was signed between the States and Canada, it is very doubtful if its signatories or the people they represented had the slightest idea that the turr was such a delectable dish, and it is also doubtful if it is such in the waters around the New England coast or the coasts of Nova Scotia.

As a sportsman I love turr shooting, for to wing a single bird coming down wind is no fool's game. It is most exhilarating, and, as a delicacy, there is no other bird I know (when properly cooked) can take its place.

Now, this letter is from another section, Mr. Speaker.

Mr. Blackmore: Will the hon. member permit a question?

Mr. Higgins: Yes.

Mr. Blackmore: The hon. member has mentioned that these birds were migrating. Could he give us any idea as to where they would be migrating if they were not going to the United States?

Mr. Higgins: As I understand it the migration to which reference is made is from Greenland to Newfoundland. I believe the hon. member for Burin-Burgeo (Mr. Carter) will speak in this debate, and he will probably be able to explain it more fully than I can. The migration is only from Greenland to Newfoundland and I understand the birds do not go away from Newfoundland except to go back to Greenland.

I understand that my time is up, Mr. Speaker, but if I could have three or four minutes I would be able to finish.

Mr. Speaker: Is it the desire of the house to permit the hon. member to continue?

Some hon. Members: Agreed.

Mr. Higgins: I could speak for hours on this matter, but I believe my remarks can best be summed up by a Newfoundland ballad entitled "The Shooting of the Bawks", which was written by Mr. A. R. Scammell, who is now engaged in the teaching profession in Montreal. At the time he wrote this ballad he lived at Pinchard's island in the riding of the Secretary of State (Mr. Bradley). He informed me that it was around 1938 when he wrote it, and at that time a restriction had been imposed against the shooting of sea birds. I understand he bases his ballad on the talk he heard amongst the fishermen in

the various settlements in that area. I have a record here and a recording machine, Mr. Speaker; am I permitted to use it at this point?

Mr. Speaker: I would suggest to the hon. member that he may use the machine and the record in his office. I am sure hon. members would attend.

Mr. Higgins: Very well, I shall do that. Any member who wants to hear it is welcome to come, and I shall play it for him. I shall quote a few verses.

Some hon. Members: Sing it.

Mr. Speaker: Order, does the hon. member propose to read a few verses?

Mr. Higgins: Yes, Mr. Speaker, even though it is approaching St. Patrick's day I do not think my voice is in good enough condition to warrant imposing it on the members of the house. I shall read a couple of verses, and if hon. members will remember that the tune is the "Wearing of the Green", they may sing it for themselves at a later date. It reads as follows:

O Mary dear and did you hear the news I heard today?
We're only 'lowed to kill a bird up to the middle o' May.
Now isn't it a cruel shame, this thing that they have done!
And so says Tom, and so says Bill, and so says everyone.
I met with Skipper Neddy, and he took me by the hand,
And he said: "Now what's the news, my boy, and how's poor Newfoundland?
Says I, "Next summer, Neddy, we'll have to live on hawks,
For theres' a bloody law agin the killin' of the bawks."

But as I'm a law-abiding man, as you may understand,
I'll have to fire beach-rocks at the king-birds from the land.
They're tryin' to starve an honest man who has the nerve and pluck—
For there's a bloody law agin the killin' of the duck.

The ones who made this law can sit, eat chicken, drink port wine,
But what about the poor old ghost who hauls a fishing line?
He has to watch the bawks flock 'round, upon a foggy day
And watch them rob his trawls of bait, and watch them fly away.
He's not allowed to shoot them or someone sure will squawk;
For there's a bloody law agin' the killin' of a bawk.

The last verse is the one I shall read now, Mr. Speaker.

But if they keep this law that's passed, they will not get a taste
Of hawk or noddy, tinker, turr, and not a ticklace.
So you who made this law prepare and send us all a meal
From time to time of good fresh beef, or mutton, pork and veal.
And don't forget, my bully boys, a chicken now an' then.
As yet there's neither law agin the killin' of a hen.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, as this is my first address from the floor of this historic chamber, I should like my first words to be words of thanks to the people who sent me here. With your permission, sir, before proceeding to discuss the resolution before the house, I should like to express my heartfelt gratitude to my constituents for the confidence they have placed in me, and for the honour they have bestowed upon me in selecting me to represent them in this national parliament.

The subject matter of the resolution introduced by the member for St. John's East (Mr. Higgins) is one of great concern to all my constituents. I would be failing in my duty to them if I did not present their wishes here today. The numerous petitions and telegrams which I have received from all parts of my riding make it quite plain that my constituents want me to support this resolution. Although several species of sea birds are mentioned in this resolution, the importance of one species known scientifically as the murre, and locally as the turr, overshadows the importance of all the others. All the telegrams and petitions which I have received refer only to this one species, the turr. The economic value of this bird has already been pointed out by my friend the hon. member for St. John's East (Mr. Higgins), as well as its importance as a factor in the health and nutrition of our people. To understand this it is necessary to know the isolated conditions under which so many of our people live.

In my own riding of Burin-Burgeo there are 260 settlements, of which only 33 have a population of over 300. Of those 260 settlements only about 45 are connected by roads, and 73 are connected by the Canadian National Railway coastal service. This leaves about 150 settlements without any organized system of communications whatever, either with each other or with the outside world. The only way to get from one place to another is by means of small fishing boats. In stormy weather, especially in the winter months, these settlements are completely isolated for weeks at a time.

Few communities have sufficient land for gardens or for the raising of livestock. Consequently only a tiny fraction of the food supply can be produced in the community. The nearest store is usually located in one of the larger settlements several miles away.

Because of this isolated condition which I have just described, the people are forced to supplement their food supply from natural sources. In this respect they are in much the same position as the woodsmen and the trappers. The only difference is that for our people nature provides a food supply in the form of sea birds instead of in the form of land birds and small animals. Our fishermen have been dependent upon this source of food from the time of the earliest settlers, and it came as rather a shock to them when they learned that confederation had deprived them of this right which they had exercised for so many years.

Their first reaction was that something had been put over on them; because it is logical to assume that the application of federal game laws would be taken up by the departments concerned when the terms of union were under discussion. Yet no mention was made of this restriction when the issue of confederation was placed before the people. Their second reaction was one of vexation and resentment at losing a right which they had enjoyed for so many years, and particularly one which affected their lives in so many ways. Resentment is always a bad thing in any form. It is a sort of cancer of the spirit which grows by feeding on itself. One of its effects is to prevent us from thinking about the question objectively.

As I understand it, my duty in this house is not only to make known the views of my people but to search for the truth and to present that truth as I see it both to my constituents and to this parliament; not only that, but also to point out the direction in which I believe the truth impels us to move. In this connection there are a few points to which I should like to direct attention. The first point is that there is available altogether too little authentic information for us to be able to make a definite decision as to what is the right thing to do in this case.

The restriction that brought about this resolution arises out of an international treaty which affects other nations and other provinces. We do not know to what extent the numbers of these sea birds have increased during the time that the treaty has been in force. We do not know whether the rate of increase is sufficient to withstand the slaughter which might result if all the Atlantic provinces insisted on exercising their right to kill these birds, as legally they would be able to do should the treaty be amended.

In the second place, there is some doubt in my mind at least as to whether these birds known as turrs or murres should properly be included in the terms of this international treaty at all. In my opinion, turrs are not migratory birds. To my mind, a migratory bird is one whose natural habits, food supply and body temperature compel it to move from one country to another to seek climatic conditions essential to its natural existence and the propagation of its species. This definition certainly does not apply to the turr. Only a small percentage of these birds actually cross the international boundary, and I believe that those either drift southwards with the ocean currents or are blown southwards by the prevailing winds. These birds are not built for flying. They have relatively small wings and they can fly only a short distance at a time before coming down on the water. They are therefore different in this respect from other migratory birds. The fact that a few of them may drift or be blown across the international boundary does not, in my opinion, make them migratory birds.

Mr. Speaker, I should like to see this question settled on a basis of what is right; that sentiment applies not only to this question but to every question that comes before this house. In no other way can we effectively serve the interests of our people or of our nation. We can determine what is right only if we are guided by the moral principles involved. The first principle that comes to my mind is that democracy must concern itself with the needs of the people, or else it ceases to be democracy. The second principle is that we are our brother's keeper and we should care for each other enough to put the needs of others before our own. In this respect we must bear in mind the fact that our Indian and Eskimo brothers need these birds even worse than do our Newfoundland fishermen, because they have a total meat diet and they live on what they can catch and kill from day to day. For their sakes, therefore, these birds must not be permitted to become extinct. If that should happen, our Indians and Eskimos would suffer far greater hardship than anyone else; and for this very reason the birds must be protected. Whether total protection is necessary, however, is quite another matter. The number of birds killed by the Newfoundland fishermen is relatively small, as they do not appear in any numbers until from December to March; and at that time of the year the weather is so stormy that the fishermen can get out in their boats only about once or twice a week to kill them. Far more destruction is caused by foxes, which devour their eggs and kill the young, and also by crude oil pumped out by ships at sea, which destroys thousands of adult birds at a time. However, if some protective measures are necessary, our people will be the first to agree to a limitation of the shooting season,

and on the number of birds to be taken. But the overriding factor, as I see it, is that of human need. This principle is already recognized by the treaty, which grants exemption to the Indians and the Eskimos. I believe that this principle should be extended to our Newfoundland fishermen in those areas where a definite need exists, and to other provinces as well where the need can be established. I believe that if proposals are put forward to the countries and to the provinces concerned on this basis they will agree to an amendment.

It is because I view the resolution in this light that I give it my wholehearted support.

Mr. W. J. Browne (St. John's West): Mr. Speaker, first of all I should like to congratulate my colleague, the hon. member for St. John's East (Mr. Higgins), on the comprehensive presentation of the case which he put forward here this afternoon; so much so, that he has left little for anyone who follows him to say. I should like to congratulate him also on the strong and impassioned plea that he has put forward to the government and to the house to alter the law in relation to the birds to which we are referring. I believe that he has, by the extracts that he has given from representative people in Newfoundland, faithfully portrayed the feelings of a great majority of the residents around the coast of Newfoundland.

It is obvious to everyone that my colleague has gone to great pains to prepare this presentation, and I feel sure that the people concerned will be most grateful to him for the forceful manner in which he has put their case forward.

I should also like to take this opportunity to congratulate the hon. member for Burin-Burgeo (Mr. Carter) on his maiden speech. If he approaches all the questions before this house in the same broadminded manner in which he has tackled this question, then he will deserve to receive the praise of all hon. members.

As a member, sir, of a riding which, outside the city of St. John's, has 300 miles of coastline where there are 20,000 people living in a hundred settlements, and living in houses the front doors of which face upon the ocean to show that the sea is their highway, I feel I must support my colleague from St. John's East in recommending to this house the adoption of this resolution. But I think a case should be put forward so that the proposal could be accepted on its merits, and not from any show of sympathetic consideration to the people in Newfoundland.

We are not looking for any special favours in this. I believe we have a case. While this subject is very important to thousands of people in Newfoundland, we must also recognize that there is a class of persons who have another regard for the birds, and who regard the question of preservation and conservation of birdlife as very important, too. I refer to the almost unknown group of men, naturalists and ornithologists, and here I should like to pay a tribute to that class of men who have taken such a deep interest in the life of birds over the years, and to whom we all owe a great deal for their preservation. If we could only imagine what life on this planet would be without having birds we would realize what a debt we all owe to these men through the past centuries. Imagine spring without the robin or blackbird or thrush! Imagine summer without the swallow or the skylark, or early morning in the forests without the whistling of the birds! Imagine a ship at sea without the friendly following gulls! How much poorer the world would be without the beauty of the humming bird, the soaring eagle, or the song of the nightingale. The birds of the air play an important part in the Divine plan of creation.

To those lovers of birds, like the late Jack Miner, not only the people of Canada, but the people of the whole world, owe a great debt of gratitude, and it is surprising and even shocking to realize that just south of Jack Miner's sanctuary in southwestern Ontario at the time the birds take their flight to go south hundreds of people line up with shotguns, sportsmen, and shoot into the mass of birds darkening the sky. The naturalists and the ornithologists therefore, by their patience, by their perseverance, by their studies and their experiments, have accumulated a mass of valuable information of great benefit to mankind. They have succeeded in identifying the birds, noting their habits and portraying them even so that outside the places of their habitat we can see what they look like and learn all about them. There may be little doubt that those men have great influence on the government, and the government will act upon their advice. There is little doubt that it was largely due to their work that the birds to which we are referring today have not only not decreased in number, but have actually tended to increase in recent years. But, of course, it must be understood that even without the protection afforded these birds under the terms of the migratory birds convention it would not be possible to extinguish this class of birds. There is no danger of extinction of the turr as there was

of the great auk because they have greater mobility and there are far greater numbers of them.

In the case of the great auk, Mr. Speaker, which became extinct nearly a hundred years ago in Newfoundland, its wings by constant use in the water had become a sort of flipper. The bird had become entirely aquatic, so that when it was being hunted it could not fly away, and therefore was shot in great numbers. In fact at times the fishermen used to put down planks from the land to the ship and drive the auks, which were very much like penguins, on board ship and take them away in that manner.

Nor is there serious danger of any great depletion in the flocks of those birds; and those who heard that letter which my colleague read this afternoon will agree that from testimony of a high character there seem to be millions upon millions of these birds. I know that on one island off Witless bay, which is a part of my riding, about 21 miles south of St. John's, there are many thousands of those birds. You can look at that island and you can see those birds lined up in ranks like troops, hundred of thousands of them. Every little ledge is covered with birds. Anyone who has seen them there would hardly think that they could be easily extinguished.

What I believe is a more serious cause of destruction of birds of that kind is the pollution of water by the oil-burning steamers.

It is the practice of many engineers on the steamers, after the tanks have been exhausted of oil, to fill them up with water; and when they are approaching port they discharge this water, so that they can refuel when they go into port. When they discharge the water large quantities of oil waste and sludge go into the sea; and since the oil is lighter than water it floats on top of the water and spreads out over great distances so that all the birds within the neighbourhood get coated with this oil. It permeates their plumage so that they cannot rise from the water, and they cannot dive for food. Therefore they become thin and die.

I believe that attempts have been made to control the deposit of oil on the surface of the water in this manner. And although many people have co-operated, there are still some who do not, and the oil from these steamers and the oil from wrecks along the coast escaping into the water kills thousands of birds every year.

The question comes to my mind as I suppose it comes to many hon. members; and my colleague dealt with it this afternoon: Why do naturalists work so hard to preserve and propagate these species? It is hardly for the purpose of giving us pleasure. The answer which Dr. Harrison Lewis is supposed to have given my hon. friend and colleague is that it is done just to see them increase and multiply. It seems to me that is not a justification. It is not a sound reason.

These birds are like other game birds, such as partridge, plover, snipe or the brown duck, which have been created by God for the benefit of man. People who live in places where these birds congregate have the right to shoot them, in the appropriate season, just the same as sportsmen have the right to go out to shoot partridge, caribou or moose.

A wise exception was made in the convention referred to by the hon. member in respect of Eskimos and Indians, who have been accustomed to taking these birds and using the eggs as well, from time immemorial. It is appropriate to point out that at the conference which took place shortly after April 1, 1949, between the representatives of the provincial department of natural resources and the federal government officials, it was recognized as set out at page 29 of the report of the Department of Resources and Development for 1950 that "in the economy of Newfoundland migratory birds were of great importance".

As a result of that decision, for the first year the closed season was not extended to Newfoundland. This winter, however, for the first time, half of the island, beginning somewhere north of St. John's—about forty miles I believe—and extending down south along the south coast, and then north again as far as Cape St. Gregory on the west coast of Newfoundland, the southern half of the island was brought within the closed season, and fishermen along that stretch of coast are not allowed to shoot birds this year. Next year the remainder of the island will be covered by the closed season. After that the birds can multiply in their millions and laugh heartily at the fishermen.

It is this sudden change of policy which has caused surprise and consternation, and even bitterness among large numbers of people in Newfoundland. So general and so intense are the feelings of the people on this subject that it has been said by many supporters of the federal government, and supporters of confederation, that if the people had known they were not going to have the right to shoot these birds, confederation would have been defeated by a substantial majority.

Hon. members from other parts of the country, especially from inland parts, may find it hard to understand why there is so much commotion over this subject, and why people are so concerned about wild game. I

shall try to explain why. We have a coastline six thousand miles in length on which there are about twelve hundred settlements. During the winter months there is no communication at all with many of those settlements. People cannot get to the stores; no butcher comes around, and it is easy to see that in small villages, where there is very little arable land, it is impossible to raise sheep or cattle. Some people raise pigs and have what they call a barrel of pork put down for the winter. But often they are not able to get young pigs in the spring, and the result is that they have not the pork to eat when the winter comes along. To a large extent they rely upon the supply of meat they can get from shooting birds.

People in those outports spend a great deal of time gathering firewood. Throughout the country, except in the larger centres, wood is burned. The people go into the forest and collect the firewood—a year's supply. On suitable days they will go out to shoot turrs or duck. People in those isolated settlements are bound to take advantage of everything nature offers to keep the wolf from the door, and to live until their normal trade relations open in the spring.

It is easy to remind hon. members that the price of meat today is prohibitive, almost, to any ordinary workingman in a city such as Ottawa. I have heard working people in the United States as well as in Canada complain about the high prices they have to pay for fresh meat. In those isolated settlements which are so far away from the great centres of production, accordingly, the people in Newfoundland rely to a very large extent —much greater than the people in other parts of Canada—upon wild game such as rabbits, caribou, moose and wild birds.

Some may ask: Why do they not raise poultry? I have asked myself that question. I have said, "Why do not the people have eggs and poultry?" It was pointed out to me that it is not practicable to have a poultry farm if there is no market nearby. One has to make an outlay for equipment to run the farm. He must pay for feed, which would have to be imported over long distances. Then, if there is no ready market nearby in which to sell poultry and eggs, one cannot dispose of any surplus. What are the people to do?

You will say to me, "Eat them." But there is no need for such a large quantity, with the result that they have become discouraged. They have seen large poultry farms in the vicinity of St. John's become failures, and there is very little encouragement for individuals in the isolated outports to follow that practice. I believe that through the co-operative methods to which I have referred several times in the house, but which have not yet been practised sufficiently in Newfoundland, in time that difficulty will be overcome. In a large part of Newfoundland however individualism still rules and retards progress and development. The agitation therefore to procure the repeal of this regulation draws attention to a great problem still to be solved, namely that of enabling the people of Newfoundland to possess a sound year-round economy, outside the great industrial centres.

I can well recall my first introduction to the wild migratory non-game birds. Back in the spring of 1923 I was engaged in an election, and when we went into the village of Branch we were met with open arms—and I might add that the people who opposed us were met with open arms later. We were taken to a boarding house, and I remember well how clean and comfortable the place was. The *pièce de résistance* was wild sea duck—and anyone who has not tasted wild sea duck or turr has a treat in store. Unless the government has this regulation rescinded, he may never have that privilege. I ask hon. members to consider the fair and reasonable proposition put forward by my hon. friend, namely that of granting to the industrious and hardy people who have worked so hard the same rights granted to Eskimos and Indians in connection with taking these birds for food.

The reason that privilege is given the Indians and Eskimos is not only that they have had it from time immemorial, but that it is a means of obtaining food. It is the natural method for them to do so. As my hon. friend from Burin-Burgeo (Mr. Carter) pointed out, the people who live along the seacoast where the birds congregate in great numbers should be granted the same rights. Such rights could be restricted to a certain period of the year—I do not think there would be any objection to that. I suggest that this would not seriously deplete the great stock of birds, and would assure to the people of Newfoundland the food necessary to help carry them over the long winter months.

Mr. J. W. Noseworthy (York South): Mr. Speaker, before the question is put I want to say that I support this resolution. I want to congratulate the mover, the hon. member for St. John's East (Mr. Higgins), upon the able manner in which he has presented this resolution. As one who was born in an outport of Newfoundland and who as a youth had to depend to a large extent upon wild sea birds for fresh food, I can corroborate everything that has been said by the three hon. members

from Newfoundland with regard to the importance of these birds to the people of that province.

It is unfortunate that Newfoundlanders should have to rely to such a large extent upon these birds as a source of food. It is also unfortunate that the incidence of tuberculosis should be so high. If this debate has done one thing, I am sure that it has impressed upon every hon. member and the government the nature of the task which is before us in raising the standard of living in Newfoundland and providing its people with the opportunity to earn a livelihood and to reach a status where they will no longer be dependent upon such an uncertain source of food supply.

There are one or two things we should keep in mind in connection with the convention which is the subject of this debate. Until Newfoundland came into confederation the convention was not observed in that province as they were not a party to the convention. Newfoundlanders were free to take these birds as occasion arose. From all the evidence available this practice has had no effect upon depleting the birds.

The second fact to be kept in mind is that Newfoundland is probably the only part of any country which is a party to the convention where this matter is of such grave importance. The matter is not of significance to other parts of Canada or to the United States because these birds frequent the coast line and bays of Newfoundland.

Since there is no evidence that these birds are likely to become extinct even when taken for food, as they have been for centuries, there is no common-sense reason why this resolution should not be adopted and the Canadian government seek to make some arrangement with the other parties to the convention whereby Newfoundlanders may continue to exercise a privilege they have enjoyed for centuries.

I can see no sound reason why this particular species, which is of significance only to Newfoundland, should be protected to the point where there is no open season. Other wildlife of interest to people in all parts of Canada is protected, but the protection is limited in that there are open seasons. This particular species can serve no other purpose than to provide food, and therefore I strongly support the previous members in urging that this resolution pass.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I should like to congratulate the hon. member for St. John's East (Mr. Higgins) upon the admirable presentation of this resolution he has made to the house. The people of Newfoundland have reason to be proud of him and other hon. members who have participated in the debate. They have indicated that they have learned rather fast since reaching the house because their debating seems to be quite up to the standard which ordinarily prevails in the house.

The first thing we need to do in respect to this problem is what we should do in respect to all other problems which confront Canada. We live in a great country where varying conditions prevail. Problems which are of vital concern to one area may hardly have been heard of in other parts of the country. The result is a slight inclination on the part of many members to treat lightly the problems of areas remote from their own. We must teach each other with the utmost speed to refrain from any tendency to discount the seriousness of a problem facing another part of Canada with which we do not happen to be familiar. That is the only way in which we shall be able to make this country as mighty and as great as the Creator evidently intended it should be.

I listened with much interest to the discussion of this problem in respect of turrs. I must confess that three weeks ago I did not know that there were such things as turrs and at first I wondered whether they were really worth considering. The hon. member for St. John's East suggested that I give the matter more than passing thought, which I did, and I find that after all it is a serious problem and one worthy of consideration.

Therefore I do not hesitate to rise this afternoon for a few moments to express my ardent sympathy with the people of Newfoundland and to indicate my support in the attempt to solve this problem. In saying that, I think I can speak for the whole of the Social Credit group and the province of Alberta. We have plenty of problems of our own and therefore we can give the most sympathetic attention to this problem faced by our sister province. We shall be prepared to give equally sympathetic consideration to every problem that affects this dominion from one coast to the other.

In respect of this problem of turrs, I am deeply interested in what we are going to do to find a solution. After what I have heard today and the study I have given the subject I am convinced that it is a problem which simply must be solved in the way Newfoundland wants it solved. They have a perfect right to have this concession obtained for them and granted to them, because from what has been said here the matter of turrs is evidently of vital importance to their health and economy. What we are going to do about it is the great question. It occurs to

me, Mr. Speaker, that probably three lines of attack on this problem are open. From the experience I have had with him I am sure the minister does not need any suggestion from me that it will be necessary to attack this problem with the utmost energy and resourcefulness. I am sure that he is going to do that, and his department with him. Nevertheless I am assuring him that he has my support in so doing.

It seems to me we could probably establish that the turr is not properly classified as a migratory bird. We have a migratory birds convention. The evidence I have obtained thus far and the information adduced in this discussion indicate quite strongly that without too much in the way of mental gymnastics one could establish the fact that the turr is not a migratory bird in the sense in which that expression is used in the convention. I fancy that we would find considerable sympathy for this approach to the problem in the minds of enlightened and well informed people in the United States. If they did object to classifying this bird as non-migratory, then possibly we could prevail upon the United States to look at this matter from the angle that when Newfoundland entered confederation she was not aware that in doing so she would be depriving her people of the privilege of shooting turrs, and because of that fact special consideration ought to be given that province. When we bear in mind that for generations Newfoundland was a self-governing sister dominion in the British commonwealth, I think consideration ought to be given that approach and a special allowance made in the case of that province. This line of attack might be successful.

If the United States authorities were not prepared to grant the validity of those two arguments, however, it seems to me they should be prepared to grant concessions on the following ground. Here is a bird which enters vitally not only into the sporting life of Newfoundland as a migratory bird under the convention, but which enters into the very economy of the province. In the first place it constitutes an important food during considerable periods of the year over a wide area of Newfoundland; in the second place it is useful and necessary as bait for codfish.

If none of these three arguments taken separately should be sufficient, I would certainly think the three arguments taken together ought to constitute arguments that would carry sufficient weight with the United States authorities to cause them to grant us the privilege of making the exception in the case of Newfoundland, which obviously the situation requires.

[Mr. Blackmore.]

With these three suggestions as to possible methods of approaching the matter I shall conclude, merely observing once more that Newfoundlanders can count on the Social Crediters of Alberta, anyway, being right behind them in all their efforts to obtain the rights they believe they should enjoy.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in supporting what has been placed before this house so clearly and in such forceful terms by the hon. member for St. John's East (Mr. Higgins) I wish to refer to some aspects of this discussion relating more to the legal phases of the problem than to the questions involved in consideration of the birdlife itself. While I cannot claim that direct association which has been put forward by the hon. member for York South (Mr. Noseworthy), at least I can claim with some pride to be one of those in this house with very direct family associations with Newfoundland.

The subject has been well placed before hon. members, and the importance of the birds mentioned in this resolution has been sufficiently emphasized so there is no necessity of repeating to hon. members the arguments in favour of consideration being given this resolution and an appropriate amendment of the act itself, which of course would involve discussion with the government of the United States. One point that has emerged from some of the correspondence that has been exchanged in regard to this subject is the suggestion that there are difficulties in the way of making exceptions in a particular case. I submit there is no practical difficulty in the way of appropriate amendments to the act following discussion with the proper authorities representing the United States government. The Migratory Birds Convention Act, which is chapter 130 of the revised statutes of Canada, 1927, makes it clear that there can be exceptions. It makes it clear that those exceptions need not be general, relating to the whole of Canada, but that they may be specific exceptions made in relation to a single province. That is shown by the various exceptions in the act itself, as well as in the appendices to the act. I would point out that in addition to the exceptions already mentioned by those who have spoken there is a group of exceptions starting with section 20 of the regulations which relate not to birdlife itself but which indicate that the provisions of this act be made to apply to different provinces of Canada in different ways. Section 20 reads:

> In the province of Newfoundland, no person shall hunt, kill, or attempt to kill a migratory game bird by the use of an automatic firearm, including a firearm loaded by recoil or "auto-loading."

I submit, Mr. Speaker, that the very fact that there is a separate exception in regard to the firearms to be used in connection with the birds covered by this convention and the statute itself indicates that any provision of the act which is regarded as desirable and appropriate could be used, after steps have been taken which should be taken to produce that result. The sections immediately following this deal with exceptions in other provinces in Canada in connection with the use of firearms.

Then section 30 is an exception in relation to the birds themselves, and that is under the heading "Permits for Scientific Purposes." Section 30 provides that special permits may be given to kill, hunt, capture injure, take, molest, buy, sell, ship, transport or possess migratory birds or their eggs or nests for any scientific purpose. The section then goes on to explain how those permits shall be issued and to whom. I mentioned section 30 because the very fact that there can be an exception for scientific purposes demonstrates beyond all argument that there could equally be an exception for the purpose envisaged by this motion, namely the provision of necessary food to those parts of Newfoundland which have been accustomed to this particular food.

As I pointed out, the very fact that a number of exceptions are made to apply to particular provinces indicates that such a provision could relate to Newfoundland alone, or to any part of Newfoundland, without violating the general intent or purpose of this act. Following the act itself there are a series of schedules, and those schedules differ for each of the different provinces of Canada. Those schedules cover the open seasons for different kinds of birds, including some of the birds covered by this resolution. There again we see clearly demonstrated that there is an established practice for dealing with this subject in relation to the particular problem which each province presents.

There is also evidence contained in those schedules that the government has indicated its willingness to deal with the various aspects of this problem in relation to limited areas in separate provinces. The act itself makes it clear, therefore, that if the government is convinced that there should be an exception in the interests of the people of Newfoundland, there is nothing to prevent that exception being made.

In examining this subject, and considering what the United States would be likely to do if proper and sufficiently vigorous representations were made by the Canadian government concerning the subject, it is important to look at the convention under which both the Canadian and United States legislation was passed. The convention recited the reasons for the agreement reached by the governments of the United States and Canada to limit the shooting, trapping and other activities in connection with a number of migratory birds. The convention starts with the recital:

> Whereas many species of birds in the course of their annual migrations traverse certain parts of the Dominion of Canada and the United States; and
>
> Whereas many of those species are of great value as a source of food or in destroying insects which are injurious to forests and forage plants on the public domain, as well as agricultural crops, in both Canada and the United States, but are nevertheless in danger of extermination through lack of adequate protection during the nesting season, or while on their way to and from the breeding grounds; . . .

I have read the exact words of the convention to that point. The convention then goes on to recite that the governments of Canada and the United States have reached certain agreements, and it is under those agreements that Canada then proceeded to adopt the legislation at that time, which legislation has been amended from time to time since then.

In the paragraphs following the reference to the agreement between the governments, it states that these governments are, and I quote, "desirous of saving from indiscriminate slaughter and of ensuring the preservation of such migratory birds as are either useful to man or are harmless." I am informed, Mr. Speaker, that there is no danger of the extermination of these particular birds now under discussion, particularly of the turrs, which it has been explained are the most important of the birds. After all, these birds have been shot or captured for a great many years, in fact for centuries, without any evidence of any danger of extermination. Certainly, if there were danger of extermination, then it would be necessary to modify one's views, and to advocate such measures of conservation as would preserve the species. It might then be necessary to limit the shooting or capture of these birds in an appropriate way, as is done in other cases.

I would point out that in the case of many birds, which are not migratory and which come under ordinary provincial legislation, the species survives under protective laws. Those laws do permit a certain amount of shooting or capturing, but do not permit a bag of a size that would lead to the extermination of the species. I have mentioned these points, Mr. Speaker, because it seems to me that the case that has been made in this connection suggests that there is no strong reason why this motion should not be supported. If the motion were adopted there is no reason why the government should not

proceed to discuss with the government of the United States the terms of the agreement under which our own act could be amended to permit the people of Newfoundland to continue to use these birds for food, as they have over so many years in the past.

Might I point out that, while it is desirable that we should carry forward the conservation of bird life, we must also recognize long established practices which have to do with the dietary resources of any particular part of Canada. We should remember that there has not yet been an opportunity to extend those transportation facilities which may, over the years, make it unnecessary to continue any exception which might now be made. I should imagine that, as transportation facilities by road, by air, and by other means, are extended to the outports and to the most remote settlements of the province of Newfoundland, the need for this food would diminish. That, however, is to be dealt with at some future time. We are dealing now with what has been shown to be an urgent need of people who have become partners with us in the business of making this a united nation not only in name but in spirit as well. For that very reason I urge the government to avail themselves of the established practice of making exceptions, which has been demonstrated already by the act itself, and that they support this legislation and then proceed to discuss this subject with the government of the United States.

Mr. Ralph Maybank (Parliamentary Assistant to the Minister of Resources and Development): Mr. Speaker, I made a few notes for the purpose of speaking on this subject; but before I even glance at them and discuss the subject from the point of view they indicate to me, I should like to deal with the argument the leader of the opposition (Mr. Drew) has just made to the house. I believe that, on consideration, he will find that some of the statements he has made were not quite accurate. If he meant us to understand that it is not impossible to change this situation—if that was the intent—then of course there could be no disagreement because there is a way of getting away from this treaty. But if, on the other hand, he meant that under the treaty we could make the change in the law which is desired then I submit that he is not right; and I believe that on consideration he will agree that he is not right.

Mr. Drew: Mr. Speaker, I do not wish to interrupt—

Mr. Maybank: I have no objection.

Mr. Drew: —but perhaps it would avoid unnecessary discussion if I were to do so. I thought I had made it clear and I hope the record will show that I did. I sought to emphasize the fact that the amendments that we should make would be amendments which could only follow discussion with the United States and consent to appropriate changes in the convention itself and their agreement with the amendments that we would make.

Mr. Maybank: The point really was this. The leader of the opposition indicated that the law shows that exceptions can be made. It is not the law that shows that exceptions can be made. That is a matter of treaty. The treaty makes it quite clear that exceptions, such as those the hon. gentleman mentioned, can be made. The treaty makes that clear. The treaty likewise makes it clear that with regard to these birds, which are called murres in the treaty and which are apparently called turrs locally, the prohibition of shooting or otherwise killing is absolute. So that actually to draw an inference from the Canadian law that a change can be effected is to draw a wrong inference. But of course no person will dispute the fact that it is always possible to open up discussions with a foreign country.

With respect to the whole question of the problem of the Newfoundlanders, there is no one but who must approach and view it with the greatest of sympathy. Here are people, we learn now, who have been using these birds for food for an exceedingly long time. It has been said even that this has been going on for four hundred years. By reason of confederation with Canada they find that there is first of all a danger that this food will be taken away from them. Later on one part of the island finds that indeed the opportunity of continuing to shoot these birds has been taken away from them. The other part of the island is facing the commencement of enforcement of the law there also. No person can help being sympathetic to the problem of the islanders, when he looks at a matter like that fairly in the face.

I have been aware of the difficulties for some little time. Before I became parliamentary assistant to the Minister of Resources and Development, various members from Newfoundland had come and talked the matter over with me, and had written to me at great length about it. They thought that I might have some knowledge of it dating from the time when I was in the department of mines and resources. I speak of them usually by name, not remembering their constituencies; but the hon. member for Trinity-Conception (Mr. Stick), the hon. member for Grand Falls-White Bay (Mr.

Ashbourne), the hon. member for Burin-Burgeo (Mr. Carter) and the hon. member for Humber-St. George's (Mr. Kent) all have written to me at great length, and have argued with me in the corridors and in my room. Whenever I met any of my colleagues from Newfoundland I thought it was almost certain that the subject of discussion would be turrs. I have had turrs, vicariously as it were, for breakfast, lunch and dinner nearly every day.

Then of course more recently the department has had representation from a number of places in Newfoundland. I have marked some of them down here. As my notes show it, petitions have come in from Grand Bank, Port de Grave, Hermitage, Sagona Island, Fortune Bay, Red Island, Placentia Bay, Little Paradise and a number of other places. There is no doubt about it that every person who has given any consideration at all to the matter has approached it in a most sympathetic way and that every person is desirous of finding some way of restoring to the Newfoundlanders the privilege they had had for so long or of working out something that will be a little bit less unpleasantly drastic than what we have had presented to us here today.

There is something about the treaty itself that might be kept in mind. I understand that we were engaged for a long time in the negotiations that led up to the signing of this treaty. A great many people in the United States and a great many people in Canada for many years were striving to get some treaty of this sort to protect birds that live sometimes on one side of the line and sometimes on the other. Eventually they succeeded. It was in 1916 that the treaty was signed. Sir Robert Borden was prime minister at that time, and I understand that he himself took a great interest in this treaty. That is what I have been told by some of the old-timers around here. There have not been any changes in the treaty since that time. There have not been any changes in the law except perhaps some few regulation changes in order better to carry out the obligations that we had under the treaty. I may say that at the time that Sir Robert Borden's government was able to effect this treaty it was received with acclaim in all parts of the house. Sir Wilfrid Laurier spoke at some length in favour of it at the time, and complimented the government of the day on its achievement. Bird lovers, sportsmen and many other types of people were greatly pleased at the time. There is, however, something that I think has been mentioned here this afternoon—and it will do no harm to repeat it—that should be kept in mind with reference to this treaty. It appeals to me, at any rate. When this treaty was negotiated in 1916 it was for Canada as it then existed, and for the United States as it then existed. Neither of the contracting parties had in contemplation at all the island of Newfoundland, or any of the birds which swim or float around there. When one says that, the inclination develops in his mind that the United States might view with favour the proposal that Newfoundland should not be deprived of turrs, or the treaty should not apply, to some extent at any rate, to Newfoundland, since in the bargain they did not have Newfoundland in mind. There is the possibility of that.

An hon. Member: Louder.

Mr. Maybank: I am sorry; I thought my voice was carrying. However, I fancy you are not losing very much anyway. I do not rate it very highly, but we will go through with it anyway. I was saying that I had noted I thought it was of some interest and even importance that when the treaty was negotiated neither the United States nor Canada expected to be getting any benefit with respect to the birds that fly or float around Newfoundland, and that any benefit the two contracting parties get by reason of Newfoundland and its bird life and the conservation of them is purely fortuitous. If I may use the language of another debate, the contracting parties at that time were not having regard to the birds of Newfoundland; and consequently one is inclined to think that if an attempt to open up the treaty were made there would be a strong argument in favour of getting some relief for Newfoundland by reason of the situation that I have been describing. There is of course the other argument that has been presented here today, the argument that man needs the food; and of course the treaty did take into account certain types of people who use these birds for their food, namely, the Eskimo and the Indian and, at any rate, brings home to us the fact that these treaties are not made for the benefit of birds, but for the benefit of man.

From the time that representations have been made to me, and for a considerable time before that, the idea of endeavouring to bring amelioration to the people of Newfoundland has been under consideration. As a matter of fact, I think if the drafter of this resolution had couched it in somewhat different words it might not have been objected to, or at any rate it might, quite frankly, have been accepted. This is just a personal view of my own. I do not know whether I am right. The resolution in effect says, get busy and amend that treaty; take proper steps to get the treaty amended. If it had indicated that

consideration should be given to this whole subject then I think the drafter of the resolution would have found that he was knocking on an open door.

Mr. Higgins: May I ask the hon. gentleman a question? What exactly does he try to suggest by saying if the resolution had not been worded in the way it is worded, but had been worded in the way he says it should be?

Mr. Maybank: My own taste in draftsmanship and my own inclination would have impelled me to say that consideration should be given to this subject rather than it should be a definite direction to the government by a member of the opposition to go and do a certain thing. It is a definite direction—

Mr. Higgins: May I ask another question?

Mr. Maybank: Just a minute until I finish the sentence. I did not intend to be very emphatic about that. I certainly do not wish to try to teach some person how to draft something, because frankly I might be accused, like the boy, of trying to teach a grandmother to suck eggs. Probably the hon. gentleman knows a great deal more about drafting than I ever will, and he drafted it to suit his own taste; but it is a definite direction at any rate, and my own view is that when it is in these words it can hardly be accepted. But if it were in words simply saying that this matter should be taken under review and consideration given to it the rather short response to that would have been, I fancy: well, that is what is being done.

Mr. Higgins: May I ask the hon. member another question? Is not the wording he suggests only required when expenditures of money are necessary?

Mr. Maybank: I am not talking about whether or not it is legally satisfactory. It is quite satisfactory, legally.

Mr. Higgins: What is the objection?

Mr. Maybank: Otherwise a point of order would have been raised. It is quite satisfactory in that way.

Mr. Higgins: What is the objection?

Mr. Maybank: I know the hon. gentleman does not want me to repeat what I have said and thus occupy time thereby. I would probably only say over again what I have already said, and I believe that if he does not fully understand what I have been saying upon reading it in *Hansard* he will—

Mr. Higgins: I hope.

Mr. Maybank: I hope. We at least join with each other there when the hon. member says "I hope".

[Mr. Maybank.]

Having spoken of the possibility of amending the treaty, I do think a person ought to give us some warning with respect to it. Every person is familiar with attempts that have been made to change a law. At times some little almost inconsequential change is desired in some statute. And what do we find? Well, we find that when that is pressed a great many other changes are suggested, and after they all pile up those who have had the idea of changing the statute change their minds and say, I think we had better not open up the statute at all. Every person in the house must, I feel sure, have experienced that sort of thing.

The same sort of thing is a danger with regard to a treaty. I have not made any treaties, nor revised any treaties; but common sense teaches any person that when you go to a contracting party to an agreement of this sort you may be met with quite a number of proposals by the other contracting party which in effect he would be offering as a *quid pro quo* to his agreement to do that which you are asking him to do. All the people of the New England states, and in fact all of the people of all of the states, would have the right to come forward and make proposals in case we attempt to open this treaty. Likewise, numbers of the other provinces are interested, and we might expect the same sort of thing there; consequently, it does seem to me that in any attempt to open up the treaty we should proceed most cautiously and before we actually ask for something find out, if we can, what the answer would be. Whether there would be any counter-proposals, whether if there were any counter-proposals we would like them or dislike them, because we wish to make sure in any discussion about the revision of this treaty that our second condition would not be worse than the first. I think that concludes what I wish to say on the resolution, with the exception of some comments I would make concerning some pencilled notes I have before me. I shall deal with what they bring to mind.

The leader of the opposition spoke about these birds becoming extinct. My information from ornithologists is that they are a slow-producing bird. Apparently the pair, male and female, produce only one chick a year, and this means perhaps only five or six in a lifetime.

Birds of this kind are confronted with many hazards, in addition to that offered by the gun. One hon. member suggested that Scotch engineers on liners kill a great many of them with oil. It would seem therefore that they are certainly not a type of bird which increases quickly. I do not say this to the

house with any authority, because I am not an ornithologist. However, since the matter has been discussed it has come to my mind that ornithologists have told me what I am now stating.

There has also been some question as to whether these birds are migratory or not. I think it was the hon. member for Lethbridge (Mr. Blackmore) who suggested that they are not, that therefore the law should not apply to them, and that the treaty did not apply.

The difficulty is that in the treaty they are mentioned by name. Whether they are migratory or not, in fact, does not matter, because the name is mentioned. However, if indeed it can be shown that these are not true migratory birds, then of course there would be a good opportunity for having them removed from the treaty in any negotiation which might be started.

I return to what I said at the outset. I believe every person who considers this matter at all, quite aside from what was expressed so eloquently by various members who supported the resolution, must view this problem with a great deal of sympathy for the people involved. Let me assure Canadians from Newfoundland that every other kind of Canadian with whom I have spoken has that attitude in mind toward the problem.

The only question is one of practicality. If it turns out to be practical to bring relief, then I feel sure the people of Newfoundland may expect it. If it is not practical, then I feel sure they are the kind of people who will accept the fact of impracticability.

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, perhaps I should say a few words on the resolution because of the fact that the administration of the Migratory Birds Convention Act comes within the Department of Resources and Development.

As was said previously, this question has been considered for some time. A few months ago the hon. member for Burin-Burgeo (Mr. Carter) spoke to me and wrote me a letter in which he told me of the dire distress of some of the people of Newfoundland because they were now unable to shoot turrs, since entering confederation. The hon. member for Trinity-Conception (Mr. Stick) also spoke to me, as have others. Then the hon. member for St. John's East (Mr. Higgins) placed his resolution on the order paper, following which we had a number of discussions which were helpful to me, and I hope they were helpful to him.

His position was that he wanted to know the attitude of the department with respect to the administration of the act and the convention. We arranged for Dr. Lewis, who is most directly concerned with the administration, to spend some time with the hon. member. The results of the conversation they had have been made known in the chamber today. We have enjoyed the dissertation of the hon. member for St. John's East just as we have that of the hon. member for St. John's West (Mr. Browne). I think all hon. members who have spoken, from both sides of the house, have added to our knowledge of the problem facing the people of Newfoundland and especially the hardships they undergo in the wintertime when their normal sources of food are not available to them. I believe certain light has been shed on the subject which will be helpful to the people of Newfoundland in understanding the position of the federal government in the matter.

When the leader of the opposition (Mr. Drew) spoke it seemed to me that he grouped all these birds together as migratory game birds, and implied that there was an open season on all of them. The fact of the matter is that in article I of the migratory birds treaty there are three general classifications, the first of which is migratory game birds; the second, migratory insectivorous birds; and the third, other migratory non-game birds.

The murre or turr is one of those birds classified as a migratory non-game bird, and therefore not eligible for shooting at any season of the year. There are however a number of other birds under the act and on which there is an open season. These birds can be shot by the people of Newfoundland and elsewhere in the seasons prescribed.

Perhaps it might be helpful if I were to mention again the names of the birds set out in the resolution standing in the name of the hon. member for St. John's East, and place on record the names by which they are commonly known in Newfoundland, and by which they are known ordinarily elsewhere. For example, there is the hown which, in Newfoundland, is known as the hown, but which is known elsewhere as the old squaw duck. In Burin and the Burin peninsula the open season is December 5 to February 28, and for the remainder of Newfoundland from December 5 to December 28; in Labrador it is from October 2 to December 26.

Mr. Higgins: If I might interrupt; I placed a table on *Hansard* giving that information.

Mr. Winters: I thought it would be valuable to the people of Newfoundland to indicate

the position with respect to their permission to shoot these birds.

Mr. Stick: No mention has been made of bullbirds, or what are commonly known in Newfoundland as bullbirds. Neither Dr. Lewis nor any hon. member who has spoken has mentioned that bird, one which is shot more than any other type of bird in Newfoundland. With all the knowledge and wisdom shown in the chamber this afternoon on this subject there has been no mention of the bullbird.

Mr. Winters: I am sure hon. members will be happy indeed to have that information.

Mr. Stick: I will give it to you after.

Mr. Winters: Prior to the time this act and treaty became effective each province and each state of the union had its own laws and regulations with respect to the shooting of migratory birds. It was an almost chaotic situation, brought about because there was no pattern or uniformity across either of our countries. It was only after the greatest amount of work and effort that there was a sufficient degree of reconciliation in ideas and attitudes and the Migratory Birds Convention Act was passed.

I believe it is the general consensus that this act has served a very useful purpose indeed, and that any attempt to open it up in a way such as to destroy its effectiveness would not be in the public interest, but that on the contrary it would be quite harmful both from the point of view of humans and the birds. The question has been raised as to whether or not the murre or turr is in fact a migratory bird. Hon. members who have spoken this afternoon have said that it is not, and that it does not go south of the border between Canada and the United States. Expert opinion however is to the contrary—that it is a migratory bird, in fact, as well as being named as such in the convention. It is also known to get as far south as Long Island in considerable numbers. It has been suggested that there has been no depletion. Those who are closely associated with the problem say that the reason there has been no depletion in Newfoundland is that the murres have been protected elsewhere under the terms of the Migratory Birds Convention Act.

Be that as it may, there still would be some hardship in Newfoundland under complete prohibition. That was recognized when Newfoundland came into confederation. Once confederation became a fact the officials of the then department of mines and resources discussed every phase of the matter with the appropriate officials of the government of Newfoundland. The first year after confederation the terms of the Migratory Birds Convention Act were not applied to Newfoundland in so far as the shooting of turrs was concerned. During the second year one area was declared to be exempt and the terms of the act were put into effect in another area. The area that was exempted was one in which there was the greatest number of isolated outports where the people would have had the most difficulty obtaining a living if they did not have the opportunity to shoot turrs. There was a common understanding, with the full knowledge of the officials in Newfoundland, that appropriate steps would have to be taken to apply gradually the terms of the convention.

The leader of the opposition said that exceptions could be made and that exceptions had been made. An exception was made to avoid hardship and the too great dislocation that would have occurred had the terms been applied suddenly. I am sure that hon. members will agree that it would be a mistake to try to set up separate regulations for each province because that would only return us to the chaotic conditions that prevailed before 1916.

There are two extremes in contemplating the problem. On the one hand, if there is complete prohibition and no shooting of turrs is permitted, they will not be destroyed but neither will they be available for human consumption. On the other hand, if there is no restriction the danger is that they will be wiped out altogether, in which case they would not be available for human needs. I would think that the practical way is to see to it that we conform to the spirit of the Migratory Birds Convention Act; that we seek no amendment that would open it up to the possibility of destroying its effectiveness altogether, but on the other hand see to it that no citizen of Newfoundland suffer undue hardship or perhaps starvation because he is denied the opportunity to shoot turrs when there is no other source of food available to him.

The act has been administered with that thought in mind. The United States authorities have been sympathetic to the position of the Newfoundland people, and I am sure they will continue to be. We will be happy indeed to discuss with them and see how far they are prepared to accept suggestions which will make it possible for the people of Newfoundland to continue to take turrs when there are conditions of extreme hardship.

On the other hand, I think it is only fair to the people of Newfoundland to tell them that although the administration will be most sympathetic, once the administration has been

determined they will be required to abide by it. I know that they are law-abiding people from my own experience and long association with them. I know they will obey the law once it has been proved to them that it is in their own interests to do so.

Mr. Higgins: Hungry people have a hard job being law-abiding.

Mr. Winters: They may be hungry people to some extent, but I know also that they are fine law-abiding people. I have had a discussion with the Secretary of State for External Affairs (Mr. Pearson) in connection with this problem and perhaps in the minute or two remaining he will agree to tell the house the extent to which his department can go in approaching the officials of the United States on this problem.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, if I intervene in this discussion it is not because I know much about turrs or even about bullbirds. The act would have to be changed if the purposes of this resolution are to be achieved and, as has been pointed out, that act is based on an international convention. An amendment to that convention would require approaching the government of the United States.

I think it has been demonstrated by the discussion this afternoon that the feeling of this house is that some appropriate discussion should take place between the representatives of this government and the appropriate representatives of the United States government with a view to ascertaining whether these rights, which it has been pointed out go back to 1497, can be preserved, having regard to the desirability of maintaining the objectives and purposes of the convention in question. It has been shown to be an advantageous convention to both Canada and the United States.

I do not think that the motion is exactly the appropriate kind of motion to achieve that result. As I understand it, it would require an amendment to this convention in order to eliminate this prohibition we are talking about in so far as Newfoundland is concerned. That may not be possible. But it might be possible to achieve that objective in another way. All I wish to say this afternoon on behalf of the government is that without any delay we will enter into discussions with representatives of the United States to see if the objectives of this motion which have received such general support in the house can be achieved.

Mr. Higgins: I should like to correct an impression left by the hon. member for Trinity-Conception (Mr. Stick) that bullbirds were not included in this resolution. For the hon. member's benefit may I say that the bullbird is known as the dovekie and the dovekie is a member of the diver family, and divers are included in the resolution.

On motion of Mr. Pearson the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up Bill No. 147, to amend the Foreign Exchange Control Act, Bill No. 5, to amend the Canadian Wheat Board Act, and Bill No. 79, respecting Indians.

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

APPENDIX

UNVEILING OF PAINTING BY HOBBEMA

"The Two Water-mills"

PRESENTED TO CANADA BY THE PEOPLE OF THE NETHERLANDS

Ceremony in the Hall of Fame, Parliament Buildings, Ottawa,

Wednesday, March 14, 1951

His Excellency The Governor General Of Canada: Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Prime Minister, Mr. Ambassador, General Crerar, Ladies and Gentlemen:

I have been asked by my ministers to preside at this ceremony at which one of the greatest of Dutch paintings—the gift of the people of The Netherlands to the people of Canada—is to be unveiled and added to the national treasures of our country.

The people of The Netherlands have demonstrated in many ways their appreciation of the share which Canadians had in liberating their nation during the last war. At the annual memorial services held in the beautifully maintained Canadian military cemeteries, there are always large throngs of Dutch people whose presence manifests the depth of public feeling. In a more intimate manner—which touches very directly the hearts of the mothers and fathers, the widows and children of those who lie buried there—Dutch men and women, boys and girls, have year after year placed flowers on individual graves and written to the next of kin in Canada of the loving care so spontaneously offered.

These tributes to Canada's sons who made the supreme sacrifice have been greatly appreciated here in Canada. So have the many evidences of friendship, individual and national, given by the Dutch people to Canadians and to Canada. We recognize, however, the desire of the people of The Netherlands to give symbolic and tangible expression to the bond between our two peoples. We know how deep is the attachment of the Dutch people to the paintings of their old masters. Consequently we realize that only tremendous generosity and deep friendship prompted the gift to Canada of this national treasure of The Netherlands, "The Two Water-mills", this masterpiece of the great Meindert Hobbema. This knowledge enhances our appreciation of the outstanding beauty of the landscape and gives greater significance to the unanimity of The Netherlands parliament in sanctioning this priceless gift.

I know that the Canadian people were pleased that Her Majesty the Queen of The Netherlands should have made the presentation personally to the Canadian Ambassador. As Princess Juliana, the queen endeared herself to Canadians, during her residence amongst us in the war years, because of her nobility of character, charm of manner and democratic attitude. Her personal association with the gift adds to its value.

As Canada and The Netherlands share the tradition of parliamentary democracy, it is particularly appropriate that this painting should, in accordance with the wishes of The Netherlands government, hang in the houses of parliament of Canada. In this Hall of Fame "The Two Water-mills" will be seen by countless visitors every year. I believe the painting will convey a double message. It will speak from the depth of its loveliness to all who appreciate beauty and, at the same time, it will constantly recall the very special ties which connect Canada and The Netherlands. To you, Mr. Speaker of the Senate, and to you, Mr. Speaker of the House of Commons, who preside over the two houses of parliament, I entrust this painting, which will remain in your custody in trust for the people of Canada.

Would you, Mr. Ambassador, kindly convey to Her Majesty and to your government and to the people of The Netherlands how profoundly touched are all Canadians by this gift, and even more by the spirit which inspired it? And would you add that in the

minds of the Canadian people there has not been merely the transfer of a painting from one friendly country to another, but rather that what was once the national treasure of one nation has become the national treasure of two nations. To Canadians, Hobbema's "The Two Water-mills" will be known as "The Dutch painting".

I believe the people of Canada will consider it most fitting that I should call now upon General Crerar, who was commander in chief of the Canadian army of liberation, to unveil this painting.

General H. D. G. Crerar: Your Excellencies, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Prime Minister, Mr. Ambassador, Members of the Senate and of the House of Commons, Ladies and Gentlemen:

To unveil, at the behest of Your Excellency, this priceless painting by Hobbema, given by The Netherlands to Canada in commemoration of the part played by Canada's armed forces in the liberation of The Netherlands people in 1944 and 1945, is a signal honour. It is an honour which I am proud to acknowledge, not in any personal sense, but as a representative of the many thousand Canadian servicemen and women who gave their utmost, and, in many cases, their all, in order to assure the restoration of freedom to a people who for centuries have cherished it.

It was in September, 1944, that the Canadian army first reached Dutch territory and commenced the bitter fighting which terminated some weeks later in the freeing of the Scheldt estuary thus opening to allied use the great port of Antwerp. From that time, on through the heavy battles in February, March and April of 1945, and until the return to Canada of its remaining troops in the spring of 1946, those in the Canadian army had full opportunity to learn to know the Dutch people. We found them stalwart and uncomplaining in distress, loyal and courageous in their beliefs, constant and warmhearted in their friendships. This gift would indicate that the warm memories we Canadians bear for them are reciprocated by those they retain of us.

There is deep symbolism in the fact that the Canadian and Dutch flags, which flew side by side on the battlefields of a few years ago, are seen together again, today, flanking this peaceful landscape of The Netherlands, so magnificently reproduced on canvas by that master painter, Meindert Hobbema.

This unique gift, from one country to another, I now unveil.

His Excellency The Netherlands Ambassador: Your Excellency, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Prime Minister, Members of the Senate and of the House of Commons, Ladies and Gentlemen:

After the very kind words which Your Excellency has just spoken on the occasion of this ceremony I feel that there is not much that I can add. But there is one thought I want to express, namely, that I am interpreting the feelings of my country's government and its people when I say that we are proud of and grateful for the place which the Canadian government have selected to hang this Hobbema painting. For the Hall of Fame is the very heart of hearts of the seat of the Canadian government. No more honourable place could be thought of than here on parliament hill—in the very centre of the houses of parliament, representing the people of Canada.

Hobbema's painting "The Two Water-mills" is a good example of the achievements of Dutch artists in the seventeenth century. It was an age when my country was reaping rich cultural benefits of its recent fight for freedom of conscience and religion in an age when these concepts were still far from commonplace.

I think that it is quite fitting, therefore, that this painting should henceforth hang in this place overlooking the Ottawa river because it was the blood of Canadians that helped to restore to us our lost freedom during the second world war, when a latter day tyranny had taken from us what we prized most.

It will be a most agreeable duty to report to Her Majesty Queen Juliana, who found with her children such a hospitable sanctuary in Canada during the second world war, and to our people at home, as requested by Your Excellency, on the impressive and solemn ceremony enacted here this afternoon and on the great appreciation shown today for this symbol of Dutch gratitude.

I hope that Hobbema's masterpiece will continue to hang in this place for centuries to come as a tangible symbol of the lasting friendship between our two countries.

HOUSE OF COMMONS

Thursday, March 15, 1951

The house met at three o'clock.

PRIVILEGE

REFERENCE TO REPORT IN "NO MORE WAR", MARCH 1951—DR. J. G. ENDICOTT

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I rise on a question of privilege. I am mentioned in a newspaper—I believe it is published in Ontario—entitled "No More War". The portion I should like to quote reads as follows:

In response to presentation of a petition endorsed by half a million electors, George Cruickshank, M.P., rivalling Mr. Ferguson in degrading the reputation of parliament, wrote: "Further to your brief of February 20, Dr. J. G. Endicott has my full permission to take a jump into lake Ontario."

My question of privilege is, Mr. Speaker, I am sorry he did not take the jump.

RAILWAYS, CANALS AND TELEGRAPH LINES

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Byrne be substituted for that of Mr. Lafontaine on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

HOUSE OF COMMONS

AUDIBILITY OF DEBATE—REPORT OF MR. SPEAKER ON AMPLIFICATION SYSTEMS

Mr. Speaker: For some time hon. members of this house, together with members of the press gallery, have complained about the difficulty in hearing speeches by hon. members who are seated some distance from them. When I was in Europe last fall I visited the seats of government in Italy, Switzerland, France and the United Kingdom, to ascertain what system of amplification was being used in the assemblies of these countries, and its effectiveness. I found in Italy, Switzerland and France that members speak from a rostrum; that is to say, the member who is speaking goes either to a central microphone or to one of several microphones in the chamber.

The installation of an amplification system under such circumstances is a relatively simple matter, but it could not be adapted to our parliament. Our system is based on the British system, of government and opposition facing each other, where hon. members speak from their seats as and when permitted by Mr. Speaker. I was therefore particularly interested in the voice reproduction system which has been installed in the chamber of the British House of Commons. I was informed that the fundamental principle behind the system in the British house is to diffuse sound from miniature loud-speakers at a sound level not greater than that at which a listener will hear if he is within a few feet of the member who is speaking. This is accomplished by microphones suspended over the benches in the chamber and by loud-speakers placed in the backs of the benches.

There are, in all, fourteen microphones. Six of these microphones, at approximately equal intervals, are suspended from the ceiling of the chamber. These are placed just above the front benches of the government and the opposition at a height of approximately eight and a half feet above floor level. The remaining seats in the house are served by eight microphones, four on each side of the chamber, suspended into the chamber on rods which are attached to the lower part of the galleries. In addition to these microphones there is a microphone overhead in the canopy of the Speaker's chair, and also a microphone on the table. The loud-speakers are placed at the top of the backs of the members' benches, and also at the top of the backs of the benches in the galleries at intervals of about four feet. These loud-speakers are circular in shape, and are quite small, having a diameter of about three inches.

The system is controlled by an operator who is outside the chamber but has a complete view of the chamber. When a member rises to speak, he switches the microphone located nearest to the member. The loud-speakers—or, as they may more appropriately be called, the voice reproduction units—close to the member who is speaking, are muted, as here, naturally, he can be heard quite well without the need of the reproduction units. In the adjacent zone the units are partly muted, whereas all the rest reproduce at the level required.

While I was at Westminster the officials of the house very generously gave me of their time in explaining the system to me and I am especially grateful to Dr. Oscar Faber, O.B.E., the consulting engineer, and to Mr. N. Sizer,

M.B.E., the assistant chief engineer of the ministry of works, for their kindness and for their patience.

Upon my return to Canada, with the consent of the Prime Minister (Mr. St. Laurent) and the Minister of Public Works (Mr. Fournier), I invited Mr. Sizer to come to Canada in order that I could get his opinion as to whether a similar system could be adapted to our chamber. Mr. Sizer, with the wholehearted approval of the British Minister of Works, came to Canada at the end of January and was here for about a week, during which time he consulted with the chief architect and the assistant chief architect and other officials of our Department of Public Works, and also with Dr. Field, of the defence research department. He also made a careful inspection of the chamber, both generally and in detail, and on a number of days was present in our chamber when the house was in session.

Before leaving Canada he was good enough to leave with me a report on his observations, in which he says, in part, that he could see no reason why a system similar to the system now in operation at Westminster would not prove as satisfactory in Canada, and that such a system could be designed on similar lines for our chamber. I also have a report from Dr. Faber, the consulting engineer, and an additional report from Mr. Sizer, which they gave me when I was in England. Mr. Sizer left with me and our departmental officials a number of photographs, together with one of the microphones and one of the loud-speakers.

May I also say that the chief architect's branch of our Department of Public Works, in conjunction with Dr. Field, of the defence research department, has considered the installation in our chamber of a low-level system similar to the one which I have described. The officials of these two departments, I am pleased to say, are very well informed on this system of amplification, and believe that it can be installed so as not to cause any objectionable features from a decorative point of view.

I am satisfied from the investigations that have been made that the only amplification system which would be generally acceptable to the members of our house is one similar to the system now in operation at Westminster. I would not want to ask members to accept my recommendation, nor would I want to assume the sole responsibility for any system that is installed. It has occurred to me that it might be advisable for the house to appoint a committee to examine in more detail the system in the British house. I would be pleased to put at the disposal of the committee the reports, photographs and equipment which I have mentioned, together with any other information which may be available.

I trust that the information which I have obtained will be of assistance in determining the system of amplification which may be approved, and I can assure hon. members that I shall be pleased to give whatever assistance I can in this regard.

[Mr. Speaker.]

Mr. Daniel McIvor (Fort William): On a question of privilege, I wish to thank Mr. Speaker for showing us that he has more than sympathy for those who sit in the far corners of this house, in the public galleries, and in the press gallery. He has shown that he is a man of action. We appreciate that fact and hope that he will be long spared to carry on.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NEWFOUNDLAND NURSING AND INDUSTRIAL ASSOCIATION—DISPLAY OF PRODUCTS AT GANDER AIRPORT

Mr. Higgins:

Is the association known as Nonia (Newfoundland Nursing and Industrial Association) to be permitted to display and sell its products at Gander airport?

Mr. Benidickson: The matter is still under consideration.

CHURCHILL GRAIN ELEVATOR

Mr. Knight:

1. What is the wheat bushel storage capacity of the elevator at Churchill?
2. How much wheat is in that elevator at this date?
3. What is the drying capacity of that elevator in terms of number of bushels per day?
4. What percentage of that drying capacity is now being used?
5. How much wheat has been dried there since the close of the 1950 shipping season?

Mr. Benidickson:

1. 2,500,000 bushels.
2. 463,000 bushels
3. From 15,000 to 20,000 in 24 hours, depending on the moisture content.
4. None. Elevator not operating.
5. None.

QUESTION PASSED AS ORDER FOR RETURN

NAVAL SERVICE—RETENTION, DECOMMISSIONING AND SALE OF SHIPS

Mr. Smith (Queens-Shelburne):

1. How many Canadian (a) cruisers; (b) destroyers; (c) frigates; (d) corvettes; (e) steel mine-

sweepers; (f) steel gate vessels; (g) fairmiles; (h) other wooden ships, were in service during world war II?

2. Since world war II, how many of each of the above classes were (a) retained in active service; (b) retained but decommissioned; (c) sold?

3. Since 1949, have repurchases of ex-naval ships from civilian owners been negotiated?

4. If so, how many such negotiations have been carried on, and for what classes of ships?

BUSINESS OF THE HOUSE

PRECEDENCE OF GOVERNMENT BUSINESS ON WEDNESDAYS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That on Wednesday, March 21, 1951, and every Wednesday thereafter to the end of the session, government notices of motions and government orders shall have precedence over all other business except introduction of bills, questions by members and notices of motions for the production of papers.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Knowles: On division.

Motion agreed to on division.

EXTERNAL AFFAIRS

COLOMBO PLAN—REFERENCE TO REPORTED STATEMENT OF UNITED STATES SECRETARY OF STATE

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct a question to the Secretary of State for External Affairs? Has the minister's attention been drawn to, or has the government any knowledge of, a reported statement by the Secretary of State of the United States, Mr. Acheson, that his government would not contribute to the financing of the Colombo plan?

In view of what the Secretary of State for External Affairs said last month, could he make a statement regarding the present attitude of the government of Canada in relation to this plan?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, my attention was drawn to a statement made by the Secretary of State of the United States on this matter on February 21, in Washington, and to certain press interpretations of that statement. We have been assured that these interpretations were not accurate, and that the attitude of the United States Government toward the Colombo plan is still one of desire to co-operate in the implementation of that plan.

The most recent statement from Washington on this subject—it is an official statement—was on March 5 last, and one paragraph of that reads:

It confirmed that the United States should continue full participation in the consultative committee—

That is a consultative committee set up by the Colombo plan countries.

—and co-ordinate its assistance activities with those of the countries concerned.

Therefore we have no reason to believe that the United States is still not anxious to co-operate in carrying out this plan.

As to the second part of the hon. gentleman's question, I do not think that there is anything that I can add to what I have already said on this subject. I understand that an item covering this matter will be placed in the estimates, and that will be an indication of the government's intention to proceed.

HEALTH INSURANCE

REFERENCE TO RESOLUTION OF MONTREAL HOSPITAL COUNCIL—EFFECT UPON PUBLIC SERVICE PLAN

On the orders of the day:

Mr. F. P. Whitman (Notre Dame de Grace): I should like to direct a question to the Minister of Finance. Is it true that the Montreal hospital council has passed a resolution advising its members not to accept identity cards or any other form of identification issued by commercial insurance companies as evidence of guarantee of payment by these companies, and that only Blue Cross be accorded the privilege of having such identification recognized by member hospitals? If so, what recourse have our federal civil servants who are subscribers to the group hospital medical insurance plan sponsored by the national joint council of the public service of Canada?

Hon. Douglas Abbott (Minister of Finance): I thank my hon. friend for giving me notice of this question. The resolution of the Montreal hospital council, referred to by my hon. friend, has been brought to my attention. The board of trustees of the group hospital medical insurance plan for the public service of Canada has brought the matter to the attention of the insuring companies, and I am informed that they in turn are taking the matter up with the Montreal hospital council.

POSTAL SERVICE

REDUCTION IN URBAN MAIL DELIVERIES—REQUEST FOR SUSPENSION OF LAY-OFFS PENDING RESULTS OF SURVEY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Postmaster General? In view of continuing con-

cern by those affected, will the Postmaster General consider suspending the proposed lay-offs of letter carriers until the results of the survey undertaken by his department are in hand?

Hon. Edouard Rinfret (Postmaster General): I wish to thank the hon. member for giving me notice of his question. Even if I do consider it, and if I did consider it favourably, the estimates for the year do not cover the salaries for these 1,200 people.

An hon. Member: There are supplementaries.

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1953

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 147, to amend the Foreign Exchange Control Act.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to make a few observations on the second reading of this bill. In his speech on the resolution stage the other day the minister stated that the board was to be in the nature of a stand-by instrument for the future. I said the other day, and I repeat now, that we think it is proper to have a stand-by organization, and therefore we are not against the principle of this bill.

I should like to say at this point that we hope, and I hope, the minister will see to it, so far as he can, that this is as much as possible in the nature of a stand-by organization. Indeed, the minister has already indicated that certain relaxations are now being put in force, and we hope, and everyone must hope, that they will be proceeded with as far as possible.

The reason we are not opposed to the principle of this bill is that while at the present time, with the dollar finding its own level, there does not seem to be danger either of any undue outflow or any undue inflow of money—we seem to be in a certain equilibrium—nevertheless we live in a strange and unpredictable world, and therefore we think that a stand-by organization is justified.

I should like to make two or three observations with regard to the minister's speech; because while we approve the principle of the bill, we do not approve the principle of everything that has been done, and I should like to raise certain questions for the consideration of the house in respect to the operations of the board and of the government in the last few years.

[Mr. Knowles.]

The minister's speech the other day, which he made at considerable length, was a speech with interesting figures on trade, and interesting figures as to the inflow and outflow of United States exchange. The minister was in a very pacific mood. There was no occasion for him to be anything else, but in reading that speech I suggest nobody would believe, nobody would realize, that there had been any point of criticism really of the board at all. I wish to remind the house that there have been certain points of criticism, and I wish to say a word or two about it.

In particular the minister glossed over the change which was made last September when the dollar was allowed to find its level on the exchange markets. Nothing that the minister said would indicate that that really was a position basically different from the previous attitude of the finance authorities, and that it meant really a complete break with the attitude which they had followed up to that point.

I feel it is too much to expect the minister to take us into his confidence in this matter. The minister is a very candid man; nevertheless I think it would be too much to expect him to say what he might feel free to say if it were not for the exigencies of politics. I have taken the liberty therefore, Mr. Speaker, of composing a little speech which I think the minister might have made if he had been perfectly free, what I might call a candid speech. It is very short, sir, much shorter than the speech the minister actually made the other day; and unless he objects to the liberty I have taken in suggesting certain things he might have said, I will now deal with his speech that I have composed. I would say to the minister I hope he will accept this in good faith. I would say it is very kindly meant, as the man said when he murdered his mother-in-law.

Here are the words I have attributed to the minister. Perhaps the house will allow me to stick closely to my notes while I read:

"I propose on this occasion to set politics aside and give you a candid chronicle of the operation of the foreign exchange control board.

"In July, 1946, my predecessor, Mr. Ilsley, announced that the value of the Canadian dollar had been fixed at parity with the United States dollar, instead of at a discount of approximately ten per cent which prevailed during the war. The basis on which this decision was made proved quickly to be mistaken. It was made in the expectation that American prices after a brief rise would drop. This expectation proved to be quite wrong. Meantime, the increased value of our dollar, of course, promoted purchases

by Canada in the United States, and on the other hand drastically lessened American investment in Canada. As a result, we began to lose American exchange and in the year 1947 the rate of loss increased alarmingly. The opposition pointed this out to us but, of course, we could not pay any attention to what they said and we did nothing about it until late in the autumn of 1947. By November, however, we had lost over $1,100 million of the American exchange amounting to $1,624 million which was on hand in June, 1946, just before the change was made. This reduced our reserve so low that we were forced to take action. We could not take the sensible action of lowering the value of the dollar because that advice was given to us by the opposition and, accordingly, we resorted to a variety of legislative devices to lessen trade with the United States. We imposed special excise taxes, and a whole assortment of import restraints to keep out American goods and conserve American dollars. We also felt it necessary to borrow $300 million in the United States to protect the situation."

Mr. Abbott: It is $150 million.

Mr. Macdonnell (Greenwood): "By these means, and with the help of increased Canadian exports to the United States, we managed to keep our heads above water and carry on through 1947, 1948 and part of 1949.

"The devaluation of the British pound in September, 1949, faced us with a new situation. We should, of course, have seized this new chance to free the dollar on current account, but it was still very difficult for us to do this. Apart from other reasons, the Prime Minister during the election had vehemently criticized this course, and moreover, it would have been accepting the advice of the opposition. Consequently we again fixed an arbitrary new price of the dollar at approximately 90 cents. It soon became clear that we had gone from one extreme to the other. In 1946 the dollar had been fixed too high, and in 1949 we fixed it at too low a rate. Happily, events moved quickly and prevented us from persisting in this mistake for years as we had done in the mistake of 1946. Before many months it became evident that the Canadian dollar was worth more than the amount we fixed. We persisted, however, in refusing to let it find its own level, until the summer of 1950 reality became too strong for us. I have to admit that the opposition had been for a long time urging us toward realism and in September, 1950, we finally had to take that course.

"By this time, two things had happened. First of all, the investment attractions of Canada, stimulated by Alberta oil and Labrador iron and many other things, were becoming more and more obvious in the United States, and along with this there was a substantial amount of speculative money which the artificial depreciation of the dollar attracted.

"Our situation in retaining the 90 cents had been made much more difficult by the Minister of Trade and Commerce, who in June 1950 gave a broad hint that the dollar might soon be raised. This, of course, stimulated speculation in the dollar and made it much more difficult to retain that rate.

"Accordingly, at the end of September when parliament had risen and we could not be criticized on the floor of the house we announced that the rates of exchange would be determined by conditions of supply and demand. We used the phrase 'hot money' which we thought would obscure the situation, put the blame on American speculators and prevent people from understanding the very plain and simple cause for the change, which was that we had made a mistake in undervaluing the dollar.

"It is unfortunate that our delay in taking this action made necessary the creation of an additional $200 million of inflated currency, and this of course, coming into competition with the existing dollars, helped to raise prices. It is also unfortunate that Canadians making purchases in the United States during this period were penalized by having to use the 90-cent dollar, when later events showed the dollar worth several cents more.

"During the three months after the dollar was allowed to find its own level, our holdings of American exchange ceased to jump up and down and remained practically level, showing the wisdom of the course we had so long resisted."

Mr. Abbott: I must congratulate my hon. friend upon the form, if not the content, of the speech he has attributed to me. It has been pointed out to me, however, by the hon. member for Winnipeg North Centre (Mr. Knowles) that it should not appear in *Hansard* in six-point type; otherwise the words would be mine.

Mr. Macdonnell (Greenwood): I would defer wholly to the hon. member for Winnipeg North Centre.

Mr. Knowles: My interest was that of a printer.

Mr. Abbott: I would also congratulate the hon. member for Greenwood upon his ingenuity in getting around the ruling with respect to the reading of speeches.

Mr. Macdonnell (Greenwood): I do not make a practice of reading my own speeches.

Mr. Abbott: That was said in a kindly way, too. I know my hon. friend does not make a practice of reading his speeches.

Mr. Macdonnell (Greenwood): It has been pointed out to me that I was following a common practice, but one which I very infrequently use.

I have just a word or two more to add, because I would wish that that very excellent speech I have attributed to the minister might have a chance to do its own work. I do feel that the experience we have had will teach us a lesson. I hope it will teach us that there are certain things where there is not just enough wisdom in any human being or any group of human beings to set up their judgment against the judgment of the whole business world. And that is what we have been doing. I congratulate the minister, even though I am late in doing it, upon the wisdom which came to him last September. I hope he never loses it, because I have just a slight feeling that at the present time the dollar, if one may use a phrase which was once so familiar, is half slave and half free—and not as free as I should like.

I hope when the minister talks about a stand-by organization it is not with the idea that he is going to tamper with the operation of the market—unless in the case of an unbelievable emergency which, at the present time, happily does not exist.

I wish further to say that while we approve the principle of the bill, we sincerely hope that it may be possible to simplify the procedure. It is difficult of course, with a bill of only one section, to deal with it in the ordinary way. However upon looking through the sections of the Foreign Exchange Control Act I feel that there are some of them which, in view of the relaxations which have been made, are inapplicable.

For that and other reasons I move, seconded by the hon. member for Souris (Mr. Ross):

That this bill be not now read a second time, but that the subject matter thereof be referred to the standing committee on banking and commerce, with instructions that they have power to review the operations of the foreign exchange control board and to consider and report to this house upon the scope of legislation sufficient to provide for necessary foreign exchange control.

I hope the minister will take sympathetically my suggestion that that is the only means we have of trying to have this whole situation reviewed. It is with that in mind that I have offered the amendment for the consideration of the house.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, under other circumstances I do not know that I would have any objection to the operations of the foreign exchange control board being examined by the banking and commerce committee, but in this case I shall have to oppose the amendment. As the house recalls, the Foreign Exchange Control Act will expire sixty days after the commencement of the present session. It is intended that we shall adjourn on the 21st, and in the intervening period I do not believe that it would be either desirable or appropriate to embark upon this particular inquiry.

Mr. Macdonnell (Greenwood): Not even with that efficient committee?

Mr. Abbott: Certainly I would have no adequate opportunity to follow the proceedings of the committee at this time. The act which is now before us has been in force, as we all know, since January 1, 1947. Its terms are familiar to a good many members of this house. The way in which it is operated and the regulations which have been passed under it are fairly familiar, I think, to the business community. Under the circumstances the government feels that the appropriate thing at this time is to ask for a two-year extension of the act as it now stands.

For these and other reasons which I shall not take time to elaborate, I feel I shall have to oppose the amendment moved by my hon. friend.

Mr. Speaker: Is it the pleasure of the house to adopt the amendment?

Mr. Macdonnell (Greenwood): Yes.

Mr. Speaker: Those in favour of the amendment will please say aye.

Some hon. Members: Aye.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it and I declare the amendment lost.

An hon. Member: On division.

Amendment (Mr. Macdonnell, Greenwood) negatived on division.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Continuance.*

Mr. Abbott: Mr. Chairman, the other evening one or two members asked me some questions about the operations of the Foreign Exchange Control Act; in particular the hon. member for Victoria-Carleton asked certain questions as to the present regulations governing travel to the United States. I stated

at that time that I was not familiar with the operations in detail. I gave the hon. member some preliminary answers and indicated that I would like to elaborate on them when we were in committee.

As I indicated at that time in reply to the questions asked by the hon. member for Victoria-Carleton, the regulations have recently been changed to provide that no permit is required for a resident traveller to take to the United States up to a combined total of $100 in United States and Canadian funds, that is $100 United States and nil Canadian; $75 United States and $25 Canadian, et cetera. Formerly the limit was $100, of which not more than $50 could be in United States funds.

A resident who is making trips to the United States on which he will not be taking out of Canada more than a combined total of $100 in both United States and Canadian funds may, on application to his bank, obtain for that purpose up to $100 United States during any calendar month. For trips involving larger expenditures, a traveller may obtain from his bank the necessary form H permit and up to $500 United States per trip for business travel and up to $500 United States during the calendar year for travel for other purposes.

Applications for amounts over these limits have to be referred to the foreign exchange control board by the applicant's bank, but are approved for bona fide travel expenditures in any reasonable amounts, having regard to the duration of the proposed journeys.

Under the recent change in the regulation a resident may retain in his possession United States currency which he may receive in the ordinary course or which he has bought from his bank up to a total of $100. These funds may be used on any trip to the United States where the amount taken out by the traveller is such that no form H permit is required. If a traveller needs to buy United States dollars for a trip to the United States, however, he must do so from his bank. Merchants who receive United States currency in the course of their business are not permitted to sell it to other residents but must turn it in to their banks.

The hon. member for Greenwood asked for some further details as to the procedure by which track is kept by the foreign exchange control board of exports to the United States. I shall outline the procedure.

Except in those cases where a customs export entry is not ordinarily required, for example, gifts up to $25 in value, other shipments up to $5 in value, et cetera, form B.13-B is delivered by an exporter to the collector of customs at the port of exit of the goods. This form is a combined customs export entry and foreign exchange control board form. Five copies are required, two of which are used for exchange control purposes. Where the terms of payment for an export are in accordance with the Foreign Exchange Control Act and regulations, the collector of customs approves the form B.13-B and sends one copy to the exporter's bank and one copy to the board.

A resident who receives United States dollars arising out of exports is required to offer them for sale to his bank, and, if the amount is more than $100, complete F.E.C.B. form C. This form is then matched by the bank with its copy of the form B.13-B covering the export in question and the bank forwards the matched forms to the board. These forms are in turn matched by the board with the copy of the form B.13-B which it received direct from customs.

The purpose of this procedure is, of course, to ensure that Canadian exports to the United States produce their value in United States dollars which are sold to a bank in Canada and thus made available to meet our requirements for United States dollars. A similar procedure applies to exports to other countries.

Mr. Fraser: A motorist going, say from Ottawa, to the west coast at the present time must go through the United States. If he is allowed only $25 in Canadian funds—

Mr. Abbott: He is not limited to $25 Canadian funds.

Mr. Fraser: The minister said $100.

Mr. Abbott: He can have the $100 in Canadian funds.

Mr. Fraser: He would have to have money for travelling in the United States.

Mr. Abbott: If he needs more he could get it by using a form H.

Mr. Fraser: Would it not be wise to raise that $25 so that he could carry more at any time?

Mr. Abbott: I can bring my friend's remarks to the attention of the board. The present regulations permit him to have $100, either in United States funds or Canadian funds or both. If he wants more than that, he can get it through a form H at his bank, which is given almost as a matter of course. The form H is made out in triplicate, and one copy must be surrendered at the border.

Mr. Fraser: Cases have come to my attention in which a person has had to leave on Saturday when it was impossible to get money through the bank. Such a person

would be simply out of luck. He might have Canadian funds and be able to borrow a few United States dollars, but when he reached Canadian soil after passing through the United States he would be broke.

Mr. Abbott: I think most of us can go a long way in a motor car on $100. I have never gone to the west coast by motor car myself, so I do not know just how much it costs to get from, say, Detroit, to the port of entry in Manitoba.

Mr. Fraser: That was before inflation.

Mr. Low: I should like to ask the minister one question which is prompted by something the Minister of Trade and Commerce said the other night when he was dealing with the amendments to the wheat board act. The Minister of Trade and Commerce said something about purchases of Canadian products being made with ECA funds. I should like to ask the minister if he would give the committee a clear statement of just what the foreign exchange control board did get out of ECA purchases in Canada.

Mr. Abbott: It will not take me very long to do that. The foreign exchange control board of course had nothing to do with ECA funds. The machinery by which countries who were in receipt of assistance under the ECA program were helped was this. They were authorized to purchase wheat or other commodities in Canada. It then became a problem for the country receiving the commodities to pay for them. We required payment in convertible currency, United States dollars and gold. Whether they used the actual ECA funds received from the United States ECA administration, whether they used United States dollars derived as a result of sales in the United States dollar area, or whether they used gold received from South Africa, let us say, it made not the slightest difference to us, and we would have no means of knowing where the particular funds used to buy a particular commodity came from. The foreign exchange control board would see that the commodities exported were paid for in United States dollars or their equivalent. That would be the responsibility of the board. Does that answer the hon. member's question?

Mr. Low: I was that much interested that I obtained a copy of a statement of paid shipments from Canada under ECA. These figures arrested my attention, Mr. Chairman, and I particularly want to have the minister's interpretation of them with respect to any payments into the foreign exchange control board of dollars, gold, or whatever it may be, representing these purchases. This is what I have in mind. In statement No. 21, issued by the economic co-operation administration, showing the cumulative totals from April 3, 1948, to March 31, 1950, there is a grand total of purchases on account of the United Kingdom of $829,100,000—that is purchases from Canada. Of that total food and agricultural commodities made up $496,200,000, and industrial commodities $322,892,000.

I noticed particularly—and to me this was a very interesting figure, in the light of the discussion that has taken place with respect to the bill to amend the wheat board act—that Great Britain was able to purchase in Canada with ECA dollars during those two years bread grains to the value of $413,162,000. That is a pretty substantial purchase. It is a pretty substantial market for Canadian bread grain products, and we should not lose sight of that.

In addition there were beef, veal, pork, lamb and mutton products to the value of $66,305,000; dairy products to the extent of $9,996,000, and fish and fish products to the value of $6,637,000. In addition there were certain raw materials and semi-finished products to the value of $327,674,000. As to the $829,100,000 of purchases on account of the United Kingdom through ECA, I wondered if one could accept the statement that approximately that same amount of money, gold or United States funds was paid into the foreign exchange control board. If so, it seems to me that the foreign exchange control board certainly profited to a fair extent out of ECA funds.

I am also wondering what would have been the situation in the years 1948 to 1950 if those ECA purchases had not been made in Canada. That is a question that sometimes enters my mind. In his statement the other day I believe the minister said that there were rather extreme fluctuations in the dollar reserves, and he gave certain figures to substantiate that. At the present time I understand our reserves are approximately $300 million higher than they were in 1945. Are we going to be able to count on those reserves remaining at a level in the years to come which we think is pretty safe? If so, then of course relaxation of the regulations is going to be justified. If not, I wonder where we are going to get off in the years to come. Am I correct in assuming that pretty well the whole of the $829,100,000 of ECA funds did go to increase the dollar reserves of the foreign exchange control board?

Mr. Abbott: I do not know that I would put it in that way. Unquestionably we had to be paid for the commodities we delivered to the extent that they were not paid for out

of the Canadian loan. We extended a loan to the extent of nearly a billion and a quarter. To that extent it was just a credit on the books of the Bank of Canada, and we got no immediate payment therefor, but to the extent that commodities were shipped in excess of the provision made by the loan, then they had to be paid for. I suppose it is fair to say that if ECA funds had not been made available to the extent of the $800 million odd referred to by my hon. friend, the reserves of convertible exchange of the Bank of England would have been $800 million odd lower, or they would have had to refrain from purchasing the goods.

The whole purpose of ECA was to enable those countries which for the time being were short of convertible exchange, not having got their productive systems in a condition where they could produce goods in payment for their imports, to make payment. Certainly, however, it would not have been technically correct to say that the reserves of the foreign exchange board, which is only an instrument of the government, were increased by the $823 million. We were paid for all goods we shipped, and paid in convertible exchange with the exception of credits which we ourselves provided.

Mr. Stuart (Charlotte): I should like to take a minute to try to explain from personal experience that these permits which are being criticized are sometimes most helpful. In the fall of 1948, with several others, I was sent overseas to the meeting of the commonwealth parliamentary association. In the bank in the small town in which I live I was advised by the manager that I should have a permit valid for the return trip. On that trip I took several hundred dollars with me. When I embarked at Halifax the customs officer asked me to surrender the permit. I informed him that I had a permit that I did not have to surrender. Very few of the hon. members accompanying me had the same type of permit. When the permit was looked over by the customs department I was informed that I could carry it with me.

I well remember that we were all lined up in the Savoy hotel in London when we were leaving to go to the continent, and were told to leave all our funds, with the exception of five pounds sterling, in the safe of the Savoy hotel. When it came my turn I informed them that I was carrying what money I had with me. It consisted of United States and Canadian travellers cheques. There was quite a discussion. When I got to Harwich and started to go through the customs, I produced the permit given to me in my own country, informed them that I got the money in Canada, that I had a permit to carry it, and that I was going to take it with me.

I took it with me to the continent, and while on the continent I lent quite a bit of money to some of my friends who did not have the type of permit which would enable them to take their money with them. I was away about ten weeks, and from the time I left until I returned I showed that permit on a good many occasions. I had full authority to carry the amount of money I had in any part of the world to which I wanted to go. I did not find one official, including those in Great Britain who are pretty hard-boiled with respect to foreign exchange, who could make me surrender the travellers cheques I had in my pocket. I carried them for ten weeks. Without that permit from the foreign exchange control board I would have been on the continent with five pounds sterling in my pocket. I might have had something extra in my shoes, or might have borrowed from some of my friends. For that reason I believe it is a very fine regulation for people who are travelling outside of Canada to have a permit to show that the funds they are carrying are being carried legally with a permit issued in their own country.

Mr. Hatfield: I should like to ask the minister why all these forms are necessary when a Canadian exporter ships goods to the United States. Such a person would see to it that as long as United States funds are at a premium he gets his payment in United States funds. What is the position of the United States investor? If he brings his money into Canada on a C form, I think it is, can he take it out of Canada when he wishes?

Mr. Abbott: I do not know that I can elaborate too much on the use of the forms. I understand that the member for Victoria-Carleton has had a good deal of experience in filling them out. One of the purposes is to enable the foreign exchange control board to examine all external transactions and dealings in exchange to see that they conform with the current policies with respect to foreign exchange. It is for that reason that the forms are required in connection with exports, to see that that method is not used to effect an export of capital which is now prohibited.

As the house knows, capital which was in Canada prior to the beginning of the war cannot be taken out. Capital which has been brought in since then—on the forms, I imagine, referred to by the hon. member—can of course be dealt with in the ordinary

way. Other than that I can only say that I am sure the board endeavours to make the paper-work as easy as it possibly can.

Mr. Hatfield: No person is going to invest money in a country when he cannot get it out. United States investments in this country would have been ten times as great if we had not had these regulations.

Mr. Abbott: We are getting all we want.

Mr. Hatfield: I know people who would have invested a lot of money in Canada if they could have been sure of getting it out of Canada. They did not want their money tied up here. I presume that if the United States dollar was at a discount we would not need the forms to export to the United States. Would you have to have forms then?

Mr. Abbott: We would have to have forms as long as we maintained exchange control.

Mr. Hatfield: That is why I am protesting against exchange control. When he introduced this bill the minister said he was going to have a stand-by board.

Mr. Abbott: No; I said this was in essence stand-by legislation.

Mr. Hatfield: This is the same board. You have to have the same staff to examine all these forms. Every exporter in Canada has to have a staff for the sole purpose of making out these forms.

Mr. Fraser: A short time ago the hon. member for Greenwood moved an amendment to send this matter to a committee. The *Canada Gazette,* page 2186, says that the foreign exchange control regulations established by order in council P. C. 5604 of November 3, 1949, are revoked, "and the annexed regulations, entitled foreign exchange control regulations, are hereby made and established in substitution for the regulations revoked." There are thirty pages of new regulations.

Mr. Abbott: It is a consolidation of the old regulations.

Mr. Fraser: Yes, but that is all the more reason why the banking and commerce committee should have an opportunity of going through these regulations and understanding just what is in them.

Mr. Abbott: We voted upon that and disposed of it.

Mr. Fraser: I know we did, but that does not prevent one from speaking about it.

[Mr. Abbott.]

Mr. Abbott: I do not want to raise a point of order, but the hon. member is out of order in referring to it.

Mr. Fraser: I think it is common sense to have this matter discussed in the banking and commerce committee.

Mr. Hatfield: What is the position now of the United States investor? Can he bring money into the country, invest it and take it back?

Mr. Abbott: That is right.

Mr. Hatfield: Can he take back his capital gains?

Mr. Abbott: That is right.

Mr. Hatfield: Can he take back his dividends?

Mr. Abbott: If he is, for want of a better term, a post-war investor.

Mr. Macdonnell (Greenwood): Did the minister intend to say "post-war" in the literal sense of the term?

Mr. Abbott: Capital which was here before September, 1939, in essence is frozen. The holder of that capital can sell it, but he must reinvest. That restriction does not apply to capital which has been brought in since.

Mr. Macdonnell (Greenwood): One of the things I wanted to discuss if we had been able to have a committee was the question of the punitive clauses. Could the minister say what has been the history of those? Has there been less or more recourse to prosecution?

Mr. Abbott: I have some statistics here on that. I have a table showing the convictions for offences under the Foreign Exchange Control Act from 1947 to 1950. It shows the number of cases, the fines, the character of the offences, and so on. Hon. members might wish to have it placed on *Hansard.* I do not think I shall attempt to read it. For instance, in 1950, there were 125 prosecutions, and fines totalling $196,114. The bulk of those were as a result of illegal dealing in foreign exchange. If it is the desire of hon. members, I shall put this on *Hansard.*

The Deputy Chairman: Has the minister leave to put the table on *Hansard*?

Some hon. Members: Agreed.

Mr. Abbott: The table is as follows:

Convictions for Offences under Foreign Exchange Control Act 1947 to 1950

	1947		1948		1949		1950	
	No.	Fines	No.	Fines	No.	Fines	No.	Fines
Attempts by resident travellers to export currency without the necessary permits	29	$7,670	105	$9,179	103	$12,457	63	$7,177
Exceeding annual travel ration by making false declarations in applications for U.S. funds	..	....	20	1,530	41	3,886	9	850
Other travel offences	..	....	...	....	20	4,245	8	2,105
Residents failing to sell U.S. dollars to authorized dealers	16	9,651	39	8,027	23	12,470	25	38,205
Illegal dealing in foreign exchange	35	19,020	10	4,400	5	335	3	57,000
Non-residents importing unofficial Canadian funds and acquiring U.S. funds illegally in Canada or illegally attempting to export Canadian funds	6	4,300	20	26,720	...	....	...	....
Other offences	5	2,550	22	25,176	9	4,550	17	90,777
	91	$34,805	216	$75,032	201	$37,943	125	$196,114

Section agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Abbott: Now.

Mr. Knowles: By leave.

Mr. Abbott moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed, from Tuesday, March 13, consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I had been discussing the amendment and the subamendment to the wheat board act when the house adjourned at eleven o'clock last Tuesday. I now propose to complete those remarks.

Just before the adjournment on that day I had said that much more is at issue in what is now before the house than the subject matter of this motion or the amount of money that is involved in the payment that has been announced. The statement that was made in this house, and which first brought this subject before us, was by the Prime Minister (Mr. St. Laurent). On Friday, March 2, 1951, he informed the house that a decision had been reached as to the amount that was to be paid to terminate the five-year wheat pool; and after referring to the agreement with the government of the United Kingdom, and the fact that the government of the United Kingdom had made it clear that no further payment would be made by them under the agreement under consideration, he then said this, as recorded at page 833 of *Hansard*:

> Hon. members may also have seen an announcement by the Chancellor of the Exchequer on February 20 that the United Kingdom will not draw further on the remainder of the credit of $1,250 million which was made available in May, 1946, and which expires on December 31, 1951.
>
> The government has decided to recommend to parliament that an amount equal to the balance of the United Kingdom credit, namely, $65 million, be added to the sums now awaiting distribution in settlement of the five-year pool.

I pointed out that from the time that announcement was made nothing has been placed before the members of this house which would make it possible to determine by what process of arithmetic the figure of $65 million was arrived at. In the speech of the Minister of Agriculture (Mr. Gardiner) as recorded in *Hansard* for Thursday, March 8, 1951, a number of figures were put on record which explained what the resulting payments to the farmers would be after this $65 million had been paid into the wheat pool and the ultimate distribution had been made. No explanation was given as to how the government decided that $65 million was the right figure. No explanation has yet been placed before this house to make it clear to us how we have this extraordinary coincidence or how it comes about that the figure to be paid to terminate the five-year wheat pool should happen to be precisely the figure that remained unclaimed by the government of the United Kingdom of that loan which had been made available to them. Since we have not yet received that explanation, I submit to the house that there is no possible explanation except that the government had set its mind on persuading the British government to take up the $65 million, and pay that as the amount remaining as an obligation by

them under the contract, and that this government would then be in a position to say to the farmers affected: This is all we were able to get from the government of the United Kingdom; we regret we could not get you any more, but this is the balance; and then would make the distribution accordingly. If there is some other explanation, let us have it. If there is some other place from which this $65 million figure was obtained, let us have it. If there is some other way in which the computation was made, then let us know so that the members of this house may have reason to decide whether the figure should have been a great deal more or whether it should have been this much.

The Minister of Trade and Commerce (Mr. Howe) gave an argument which made it clear that, in his opinion, not one additional cent was owing under the contract. He challenged that statement when I made it the other night; but I read the *Hansard* record of what he had said, and it was quite clear that he was not suggesting that there was a balance owing by the government of the United Kingdom. It was something quite different. Let me refer to what the Minister of Trade and Commerce said, as recorded in *Hansard* of March 12, 1951, at page 1172:

> It was never suggested to the British government at any time—

These are the words of the Minister of Trade and Commerce.

> —that they were in legal default under the agreement. It was pointed out, however, that the existence of dissatisfaction among wheat producers in Canada about the results of the agreement could have unfortunate consequence for future trade relationships between our two countries and that the British government might wish to reconsider their earlier decisions. My colleague, the Minister of Agriculture (Mr. Gardiner), made similar representations a few weeks ago. As the house knows, however, the British government did not see fit to make any further payments.
>
> That was a perfectly legal and proper decision for them to make under the agreement. The Canadian government, while recognizing that the legal obligations of the British government under the agreement had been fulfilled, took a different view of the over-all results and decided to pay into the five-year pool the $65 million that remained under the United Kingdom loan act.

That is all that we are told by the Minister of Trade and Commerce, namely that they decided to pay into the five-year pool the $65 million that remained under the United Kingdom loan act. That statement of course is not literally correct. They are not paying in the amount under the loan. They are paying in from the treasury to the pool an amount which happens to be the same figure as would have been available to the British government if they had decided to take that up for the purpose of making an additional payment of that amount on the contract which has been referred to. That is a much different thing indeed. Therefore the Minister of Trade and Commerce has neither by suggestion nor otherwise given us any indication of how that $65 million was arrived at. On the contrary, I submit that there is no other explanation than the fact that in his case as in the other case the only relationship the $65 million has to the measure of dissatisfaction expressed by the wheat producers affected by this contract is that this was the figure in their mind which they were trying to get the British government to pay under this device they were seeking to employ.

Do not let anyone suggest that this is an interpretation not borne out by the facts. There is nothing else that the facts support at present. If there is some other explanation, then the members of this house are entitled to it; and they certainly will be entitled to it long before this $65 million figure comes up. But we are now discussing the broad question of this contract, its effect upon the western farmers and the manner in which the government has been handling their affairs.

The Minister of Trade and Commerce has pointed out that this was a highly satisfactory agreement. The Minister of Agriculture has also pointed out that it was a highly satisfactory agreement if only the British government had lived up to their obligation. That is the position he has taken. A suggestion was made the other night, which I did not have the opportunity to deal with before eleven o'clock, that the Minister of Agriculture had not, in fact, left any such impression. It would have been extraordinary if the newspapers of this country, from one side to the other, had been so uniformly wrong in this particular case as they have been; because the newspapers right across this country have interpreted the words of the Minister of Agriculture (Mr. Gardiner) as meaning that the British government had failed to live up to their contract. And the newspapers right across this country uniformly, without any regard to their political persuasion, without exception so far as I am aware, have pointed out the rather striking difference between the position taken by the Minister of Trade and Commerce and the Minister of Agriculture in this case.

The Minister of Agriculture had no intention of leaving any other thought in the minds of the members of this house but the thought that the British government had failed to live up to their obligations. These are his words at page 1062 of *Hansard*, after referring to the statements of Mr. Strachey when he was in Winnipeg in 1946. He points out that Mr. Strachey had dealt

not only with the possibility of higher prices, but also lower prices; and he seeks to emphasize his own point of view that Mr. Strachey's remarks were devoted to the idea of high prices and the possibility of paying more under the "have regard to" clause. I am not going to debate what Mr. Strachey's words mean. I think that they are open to interpretations different perhaps from those that have been put upon them. However, he is quite capable of dealing with that in such manner as he sees fit. I am pointing out only that the Minister of Agriculture took great pains to show that the representative of the British government, who was in this country in 1946, did leave the impression that they were prepared to do certain things which the Minister of Agriculture now says they were not prepared to carry out. And then he uses these simple words, which cannot be misinterpreted, and I quote his words as recorded on page 1062 of *Hansard* of March 8, 1951:

> The fact that the United Kingdom did not estimate correctly should not justify their refusal to pay.

These words are not in conformity with the words of the Minister of Trade and Commerce. The Minister of Agriculture leaves no doubt that there was a refusal to pay something that he claims was owing. The Minister of Trade and Commerce says that there was nothing owing. He points out that there was dissatisfaction, and most certainly it is only natural that there should be dissatisfaction when the Minister of Agriculture has been placing the interpretation on this clause which he has placed upon it for the farmers affected by this contract; but that is something quite apart from what is owing on this contract, and therefore we have diametrically opposed statements by the two ministers.

I do wish to deal with the effect of that position taken by the Minister of Agriculture. I regret very much to hear the statements that were made in this house on Tuesday night in regard to the government of Great Britain. I am not frequently accused of being a socialist. I do not believe in the doctrine of socialism as I understand it.

Mr. Ferrie: Why back them up?

Mr. Speaker: Order.

Mr. Drew: I have expressed my own opinions in regard to that doctrine in understandable terms, which I suggest is not always the case in some other statements that are made about socialism in this house. Nevertheless I think it is most improper for us in this house to debate a subject of this kind upon the basis that there is a government of one political point of view or another in power in the United Kingdom at this time.

I do not believe in socialist doctrines, as I understand them. I accord to those who do the good faith which they are entitled to be accorded in regard to their political opinions. But I am satisfied that the present British government, no matter what its political point of view, will display that same integrity that British governments always have displayed in dealing with their contractual obligations. I think it would be a most unfortunate precedent if at this time, no matter what the political point of view of the present government of the United Kingdom may be, we should start to debate issues between this government and their government, this house and their house, upon the basis of the political point of view of the two governments. I must say in fairness that I cannot recall the Liberal members in this house having sought to justify any misunderstanding between them and an earlier government in the United Kingdom on the ground that this was a Liberal government and that there was a Conservative government there. Nor in earlier days, when the opposite was the case, have I seen that happen. I think it is most unfortunate that a minister of the crown, and one of the senior ministers, should have left the impression that he left in this house.

An hon. Member: And deliberately.

Mr. Drew: Yes, and deliberately left, that the government of the United Kingdom had failed to live up to its obligations. Never mind haggling over whether they were legal obligations or not. Moral obligations of governments within this commonwealth are equally important, and in this case I think hon. members will be only too pleased to echo the words of the Minister of Trade and Commerce when he said at page 1173 of *Hansard:*

> I deplore the suggestion that the British government has not played fair with the Canadian people.

Which minister of this government are we to support? Which minister of this government is telling us the position that we are called upon to accept? It must be remembered that no matter whether we agree with what the government puts forward or not, we are called upon to accept their statements of fact. That is the way that our system operates.

The whole principle of responsible government depends upon the belief that the members of the House of Commons can rely upon statements of fact put forward in this house by members of the crown. Our system is not the same as the system in the United States. The United States have a different

form of government, and for that very reason they do not call upon the house to accept statements of ministers in the same way. They have a system of committees dealing with everything, even including the appointment of senior officials, where ministers themselves may be called forward and cross-examined as to the reason they are doing certain things.

One of the arguments against the extension of committees to cover the very wide field that they do in the United States is that we are called upon to accept the statements of the ministers as correct; and it is for that reason that over long years the principle has been established that the ministers must be answerable for their statements, and that if they have misled the house without some excellent explanation then those ministers are not entitled to continue in office.

That does not depend upon a majority of the members of the house. On the contrary, the time when that principle applies with the utmost force is when the government commands the greatest majority. The time when the principle assumes the greatest importance is when it is clear that only a recognition of that principle by the government itself can make it effective. The present government of the United Kingdom, which has been under some criticism here, recognized a similar principle during its present tenure of office. And when there was a breach of this principle, a principle not on all fours with this, it is true, but one of those principles which apply to the responsibility of cabinet ministers, they did not wait for the opposition to ask for a vote. The minister concerned was called upon to resign. They indicated clearly that they would take that and no other course. This is not because anyone is seeking the removal from office of any minister; it is because our system depends upon that measure of reliability on the statements that are made to the House of Commons by the ministry.

We talk about the responsibility of ministers; we talk about responsible statements by ministers. Which statement is responsible? Which of the two ministers is responsible, and which is irresponsible? That is something we have the right to know; and I submit the Prime Minister (Mr. St. Laurent) has a very clear obligation to members of the house to inform them as to which is the responsible statement, and which the irresponsible statement. It would help to clear the minds of hon. members; it would help to clear the minds of the people of Canada. But what is more, it would help very greatly to remove any suggestion that we are going to leave in the minds of the Canadian people an impression about the integrity of the government of the United Kingdom which would not only be grossly unfair, but which would also leave a very unfavourable relationship between these two governments in the years ahead.

The contract before us for discussion and consideration, which has been brought before us by a minister of the crown for consideration, is not a contract that was criticized for the first time in the present debate. When the contract was before the house in 1946 the leader of the Progressive Conservative party at that time, Mr. Bracken, had this to say, as reported at page 4822 of *Hansard* for August 15, 1946:

> It is a bad agreement because it proposes to sell 160 million bushels of wheat to Britain at 50 cents a bushel below the world price. It is either a gift or it is an improvident trade arrangement. If it is a gift, let us say so. But if it is supposed to be an insurance against low prices in the future—if because we take less for our wheat today than it is worth Britain is expected to pay more for our wheat two years from now than the world price when it may be lower, I say that as an insurance that this will be done, it is valueless.
>
> It is a bad bargain also because it will create friction between Britain and Canada.

At that time the statement made by Mr. Bracken was criticized very greatly. The suggestion that it might lead to friction was ridiculed, as *Hansard* will show in the subsequent pages of that debate. But also it was quite clear that it was the insurance aspect of the contract which was being emphasized at that time.

I think it would be well to keep the record straight and to quote what was said on that occasion by the leader of the C.C.F. party, because he was not emphasizing then the increase in price that might result from this. In this connection I quote from *Hansard* of the same day, page 4827, where the hon. member for Rosetown-Biggar (Mr. Coldwell) said:

> I think the wheat agreement is a very important step in the attempt to achieve stability in the price of wheat to the western grower. I have just come back from western Canada. As the minister indicated, he also came back a day or two ago. We had a national convention, at which I met a good many representative farmers other than the delegates who were there. Being interested in this wheat agreement, and having given some approval to it before today, naturally I was interested in finding out what was the reaction on the part of the people whom I have known for a good many years. I found, as the minister found, that while the western farmer thinks, as I indicated earlier, that the price to him now should be higher, none the less he feels that this agreement makes for some stability in the production and marketing of wheat, and that he is now relieved from the dangers from which he suffered during the period immediately following the last war, when he saw the price of wheat drop from nearly $3 a bushel down to slightly over $1 a bushel in approximately twelve months. And he realizes that if he can get a stable market at a stable price which is adequate

to maintain a reasonable and decent standard of living, in the long run he will be better off than if he took a high price now and a low price two years from now. And I say that so far as it is designed to achieve stability, it should meet with this parliament's approval. Regardless of what Great Britain may pay in the last two years, it guarantees an initial price of $1.35 a bushel for the period of the agreement. And at the end of that period I believe we shall be able to look back and say that, in all certainty, this agreement did give a measure of stability, and perhaps protected the farmers—as I shall show later on—from some of the dangers inherent in the present world situation. This of course is vitally important to the Canadian farmer, and may be even more important in the later years of the agreement.

It is quite clear that what the leader of the C.C.F. party was emphasizing at that time was the insurance aspect of the agreement. For that reason it is well to recall that it was not the leader of the C.C.F. party, it was not some of those who now explain the terms of the contract from the government benches, but rather it was the leader of the Progressive Conservative party in the House of Commons who warned that this was a bad contract, who warned that this was a contract that to the individuals concerned would be valueless if they thought they were going to claim higher than the amount provided, and also that it would be bad because it could create friction between Great Britain and Canada.

Therefore we are upon a very sound basis when we introduce an amendment at this time condemning the mishandling by this government of the wheat resources of our country —because they were condemned at the time they were before the house previously by the leader of this party.

What is the explanation of this divergence of opinion? If anyone is going to suggest that there is no divergence of opinion, then may I ask once again that he go back through *Hansard* and see the suggestions that have come from Liberal members, other than the Minister of Agriculture, which make it quite clear that he is not the only one who is trying to suggest that the British government has not paid what it should pay.

What is rather significant however is that this suggestion has come from other hon. members from the province of Saskatchewan. It would be not only a most unfortunate thing from the point of view of parliamentary procedure and traditions of responsible government if this difference between two of the senior members of the government were left unexplained, but it would be deplorable if what is about to take place is that this criticism of Great Britain is going to be put forward in one particular part of Canada for political purposes.

No one in the house is unaware of the fact that a provincial election in Saskatchewan is anticipated in the not distant future. It has been indicated by the premier of that province that the subject matters under discussion in that election may not be confined strictly to provincial issues.

Mr. Croll: He said Korea.

Mr. Drew: It covered a wider field on an earlier occasion.

Mr. Ferrie: Are you going out to help him?

Mr. Knowles: The hon. member for Mackenzie (Mr. Ferrie) will be a great help.

Mr. Ferrie: They will need lots of it.

Mr. Drew: They certainly will. It is very noticeable that this is a subject being raised by those who come from that province, where this might easily become the subject of discussion. In addition to the other reasons I have suggested for the clarification of this issue I put forward this further reason why the issue should be clarified beyond all possible doubt.

It will be unfortunate if this becomes the central feature of a provincial election in Saskatchewan or in any other province because this is a matter which after all is the responsibility of the government of Canada. It would be one of the most unfortunate things that could happen in this country at this time when mutual good will and the utmost spirit of co-operation is of so much importance as between the nations of the commonwealth. It would be most unfortunate if an issue of this kind were carried onto the hustings in any province or in any election, whether it be provincial or federal. For that reason it is to be most earnestly hoped that the uncertainties which now exist as to which minister speaks for the government should be clarified without further delay.

There is another thing that should be clarified. The Minister of Trade and Commerce has made it abundantly clear that he does not think there is anything owing by the British under the contract. If there is nothing owing by the British under the contract, there is nothing owing by anyone else because the contract was between the British government and the Canadian government. If there is money owing, it is money owing for an entirely different reason. It is money owing because the government has mishandled this matter and there is justification for the feeling to which the Minister of Trade and Commerce has referred, and the government therefore is trying to make good its default. That would be a sound justification. There could be no other justification.

If that is so, let us be quite clear. Is this an attempt to reduce in some way to arithmetical terms the words of the Minister of Trade and Commerce when he said, and I quote from page 1172 of *Hansard*:

> It was pointed out, however, that the existence of dissatisfaction among wheat producers in Canada about the results of the agreement could have unfortunate consequence—

Then he went on at a later point to say that the government had decided to pay the $65 million that remained under the United Kingdom loan to terminate the five-year wheat pool. No suggestion then was made that this was paid as the balance owing under the contract. On the statement of the Minister of Trade and Commerce it could not be because the contract was fulfilled.

So far as anything that has been placed before this house is concerned— I qualify my remarks in that way because the government knows that it has a great deal more information than we have received—on the basis of what has already been put forward the only possible explanation that we have is that the government believes that the farmers who were compelled to deliver their wheat did not receive a fair deal and that they should make a payment to compensate them for the dissatisfaction to which they have referred.

I have made it clear that there is a moral obligation in every case where the government takes over grain, agricultural production, services or anything else under compulsion. At a time when this house has just passed emergency legislation with powers so sweeping that it brings practically our whole economy under the government by order in council it is of the utmost importance that the people of this country shall have confidence that where the government takes over anything under compulsion, whether it be wheat, agricultural production, industrial production or services, there should be fair compensation for what is taken over.

Therefore, on the basis of demonstrated moral obligation—I emphasize those words "demonstrated moral obligation"—I am confident that the members of this house would support whatever payment seemed appropriate upon the basis of the evidence submitted which showed that money should be paid. How much that is the members of this house still wait to be informed.

An hon. Member: What do you think?

Mr. Drew: The members of this house are not called upon to do crystal-gazing when they are asked to decide upon the payment of millions of dollars. The government did not just look into a crystal when it decided to make the payment of $65 million. Surely the government had some other yardstick by which to gauge the thing that was to be done than simply the fact that there was $65 million which the government of the United Kingdom could still collect on a loan. We have not yet received that information.

These facts should be before us. The proposal has been made already by the hon. member for Souris (Mr. Ross) that there should be a royal commission to inquire into what amount is thought properly owing under these transactions. I submit that that is the one satisfactory way that clear and understandable evidence can be obtained as to what should be paid to meet this moral obligation, if that is the basis upon which the government is making the payment. Therefore I urge the Prime Minister (Mr. St. Laurent) to agree to the appointment of a royal commission to inquire into the terms under which this payment should be made and the measure of compensation which should be paid to the wheat producers because of the loss they have sustained through the operations of the government in dealing with the wheat which was taken from them by compulsion.

Having said that, I would point out that it is important that the members know the basis upon which this is to be done. If the government is putting forward a proposition that the government should compensate agricultural and other producers for losses which they have sustained through the action of the government where their products have been taken over, then that principle should apply with equal force to all agricultural production as to other production in Canada. I repeat the statement of the Minister of Trade and Commerce that this is not a payment under the contract. If the payment is the result of the adoption of the principle of compensating those whose products have been taken by compulsion for the losses resulting from the action of the government, then let us know that that is the principle and let us establish that as the principle in relation to everything that is taken over under compulsion, no matter what it may be.

Of course, that would apply to other agricultural producers as well, to hog producers, to cheese producers, to fruit growers and to all others who would be affected.

Mr. McLure: Do not forget potatoes.

Mr. Drew: And to potato growers and to others who would be affected by any action of this kind that might become necessary under the very sweeping powers which have been assumed by the government within these past few weeks. I am placing this proposal before the Prime Minister (Mr. St. Laurent) because he is the only one who can

now solve this problem. I am urging that he state on the one hand what the principle is, and, having stated that, that he inform the house that a royal commission will be appointed to inquire into the amount that should be paid under the principle put forward.

For the reason that I have now explained I do not propose to vote for the subamendment. As I said in my earlier remarks, we have nothing before us to show first of all what the principle is and, second, how the amount would be arrived at. I said earlier that the amount might be 50 cents a bushel; it might be 25 cents a bushel; it might be 10 cents a bushel. We want to know what it is, and I believe members of the house should have information as to how the figure is arrived at before they vote substantial sums to those who deserve it under any principle that may be established in this house at the instance of the government.

I would point out that this is not a figure that can be established with certainty in view of the fact that the premier of Saskatchewan, who has displayed some interest in this matter, himself has made it clear that he is not definite because he has said it might be a figure between 15 and 25 cents. By that statement he has supported my contention that this figure is not a determined figure. Therefore for that reason I do not think we would be advancing the interests of the western farmers by seeking to leave the impression that a fixed figure has been established. Therefore I propose not to support the subamendment.

Having said that, I wish to repeat once again what I said earlier. We support the principle that, where the government takes over wheat, agricultural production or anything else by compulsion, there is a moral obligation to make fair and just compensation. We want to know what that fair and just compensation is, and we have proposed the manner in which it can be done. Before leaving these remarks, Mr. Speaker, I wish to come back to the even greater issue that is before the house. This is not something to be lightly brushed off as some hon. members would brush it off. As was said in an editorial in one of the western papers a few days ago, there sometimes seems to be little use in talking about principle to this government because it does not understand principle. When ancient traditions are recalled, when principles which have been established as the basis of our parliamentary system are referred to, they are treated as though these were simply uninteresting points put forward in a debate for no other purpose than to criticize the government.

This parliament did not always look at principles of this kind in that way. I should like to refer hon. members to an excellent book entitled "The Government of Canada" by Professor Dawson. At pages 206 and 207 there is a very clear, simple and forceful discussion of the principle of cabinet solidarity, the obligation of ministers to speak not as individuals but as members of a government, and to be answerable as members of a government for what they say. I quote these words from Dawson at page 206:

> It follows that all members of a cabinet must consider the views of one another in making any important announcement or in taking a decision which might be considered as involving government policy; and this leads in practice to prior consultation and discussion in cabinet, or at least, with the prime minister. This done, if the minister secures agreement on his proposal, the cabinet will support it to a man; failing such agreement, the dissenting member must acquiesce in the rejection of his ideas or tender his resignation.

That is a long established practice. A minister may often be called upon to state his views as a member of the government when he has not an opportunity to consult either the Prime Minister or other members of the government. The obligation then is to consult them, and then either to be able to acquiesce in the result of that discussion or in the alternative to resign. That is no suggestion being brought forward today in this house for the first time in relation to this particular subject. That is a basic practice in regard to the collective responsibility of government to the house and to the people of Canada.

In addition to the other responsibilities raised by the discussion which has taken place, with the utmost seriousness and earnestness I place before the Prime Minister the proposition stated in Dawson's book on "The Government of Canada", a statement which simply reflects the tradition and the practices of many years. I ask that the conflicting position of these two ministers be reconciled, or, in the interests of the stature of the government in the minds of the people of Canada and its relationship with Great Britain, that a reconciliation be effected or the ordinary course be followed.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am not rising at this time to agree to the suggestion that a royal commission should be appointed nor to discuss any prospective provincial election in Saskatchewan or elsewhere. Nor am I speaking for effect in any other kind of election to those who have been called the hog growers, potato growers, cheese producers or any other kind of producer. Nor am I rising to quarrel with the citation from Professor Dawson that the leader of the opposition

(Mr. Drew) has made. However, the leader of the opposition stated on Tuesday evening, as recorded on pages 1228 and 1229 of *Hansard*:

> . . . with the divergence of opinion between his two senior ministers, the Prime Minister should tell us exactly what the principle is under which the payment is being made . . .

I intend to reply very briefly, first about this alleged divergence of opinion which is now referred to as a conflicting position in the government, and then about the principle under which the payment is being recommended. Obviously in any government under a parliamentary system all ministers—and I am not speaking of this government in particular—do not necessarily always have the same thoughts, nor do they necessarily always use the same expressions in communicating their thoughts. There are many matters of interest to human beings about which they do not always have the same views. If it were otherwise it would be very much simpler to have a one-man government. Our system is cabinet government, and cabinet government involves cabinet responsibility and cabinet solidarity. As I understand it cabinet solidarity requires agreement on policies and on conclusions. With respect to this "have regard to" clause, all the members of the government are agreed on the four essential points, and they are the only points which affect policy and conclusions.

The first point is that the United Kingdom had discharged all its legal obligations under the wheat agreement. Everyone recognized that was a binding contract for two years at $1.55 per bushel, and it was a contract which bound the United Kingdom government to take the number of bushels stipulated in the third and following year at a price to be agreed upon, which would not be less than $1.25 for the third year and $1 for the fourth year. That was all there was in the agreement as a binding agreement on the parties. There was a statement that in fixing the prices, which would not be less than $1.25 in the third year, the United Kingdom government would have regard to the price that was paid as the agreed price for the two first years; and that in fixing the price for the fourth year they would have regard to the price that was paid during the first year; the price for the fourth year being not less than $1. There was no obligation on them other than the undertaking to take the stipulated quantity in the third year at a price which they did not have to agree would be more than $1.25, and to take the agreed quantity in the fourth year at a price which they did not have to agree would be more than $1. No one contended there was any other legal obligation.

The second point on which there was agreement was that, at the end of May, 1950, the Canadian government accepted as the decision of the United Kingdom government that they had discharged all their legal obligations under that contract. The third point was that the Canadian wheat growers believed there was a continuing obligation under the "have regard to" clause which had not been discharged in full and that, in the words of the Minister of Trade and Commerce (Mr. Howe) in the speech referred to by the leader of the opposition (Mr. Drew), "the British government itself was partly to blame" for this expectation of the wheat producers because of the speech that had been made in Winnipeg by the Right Hon. Mr. Strachey, after he had listened from the galleries of this House of Commons to a speech delivered by the then leader of the opposition, Mr. Bracken.

Now, we all felt the Canadian wheat growers had understandable grounds for this expectation that there would be more done under the "have regard to" clause than had been done, and our government hoped—again I use the words of the Minister of Trade and Commerce in the speech referred to by the leader of the opposition—"that the British government could have seen the advantage to them of making some further payments to the Canadian wheat growers." On that third point we were all agreed.

The fourth point upon which we were agreed was that the Canadian government should make a contribution to the five-year pool because producers had been led, both by United Kingdom ministers and by Canadian ministers, to expect that something more substantial would be done under the "have regard to" clause than had been done, and because the government of the United Kingdom had not seen fit to do anything more under that clause. I repeat that all the members of the government are agreed on these four points, and these are the only points about which there is any matter of policy or any matter of conclusion.

As to the principle on which this amount of $65 million—

Mr. Coldwell: Before the Prime Minister leaves that point, I notice he has said that it had been agreed that all legal obligations under the contract—

Mr. St. Laurent: Yes.

Mr. Coldwell: On Monday, at page 1133 of *Hansard*, the Prime Minister said:

> The United Kingdom authorities took the position in May of 1950 "that all obligations under the 'have regard to' clause might be considered to have been taken care of."

It was not qualified by the word "legal," and I think that is important.

Mr. St. Laurent: There are no obligations, in the strict sense of obligations, that are not legal obligations. As the hon. member knows that was precisely what was being discussed in this house when the right hon. minister from the United Kingdom was sitting in the gallery. The hon. member knows that was what he was dealing with when he spoke, I think it was to the Canadian Club, in Winnipeg. I think the hon. member will agree with me that the wheat growers of the western provinces expected from that statement, and from similar statements made by our Minister of Agriculture (Mr. Gardiner) and by our minister of trade and commerce at that time, Mr. MacKinnon, that there would be substantial consideration resulting from the obligation of the "have regard to" clause. It was on their assumption that there was going to be something substantial coming to them as a consequence of the "have regard to" clause that they went happily along during those years, seeing to it that the wheat contract was carried out.

There is no doubt that when the government of the United Kingdom took the position that all obligations, in the sense of obligations, had been fulfilled, and that nothing more was to be done by them as a consequence of the "have regard to" clause, those expectations were not met. I think that is indisputable. We were all agreed we were not alone responsible for those expectations in the minds of the wheat producers of the western provinces. Because of the principle of solidarity invoked by the leader of the opposition, and because of the declarations that had been made by the Minister of Agriculture, by the then minister of trade and commerce and by the right hon. gentlemen from the United Kingdom, we all felt that those having such expectations should not remain in the disappointed state in which they were left by the position taken by the government of the United Kingdom that it would make no further payment as a consequence of the "have regard to" clause.

Hon. members recall that when the price for the third year was being discussed it was expressly agreed that a price of $2 would be paid for that crop, and that the matter of giving consideration to the "have regard to" clause would be postponed. When the price for the fourth year crop was again fixed at $2 it was agreed that consideration of what should be done under the "have regard to" clause would be still further postponed. It was not until the matter was raised by the representatives of the British government when the present Minister of Trade and Commerce was in London in May of 1950 that the matter came to a head. The position they then took was that they had fulfilled all obligations under the contract. We felt that they had fulfilled all legal obligations, but that they had not met the expectations that had been raised by the declarations made in 1946 in respect of the effect this "have regard to" clause would have on the amounts put into the pool. We came to the conclusion that the government of the United Kingdom having decided that it would do no more, we would recommend to parliament that the sum of $65 million would be put into the pool to be added to what was left there for distribution as a final payment.

Mr. Rowe: Why $65 million?

Mr. St. Laurent: Now, why $65 million? From the start it had been clearly understood there could not be any mathematical calculation of the consequence of this "have regard to" clause. I remind hon. members of the statement made by the then prime minister when the price was set for the third year of the contract; I refer to the public statement that was made at that time. He said:

> Having in mind the magnitude of the agreement and the long-term security which it provides, a precise arithmetical calculation of the difference in price was not suggested.

That has been the position from the start, that there could not be any mathematical calculation of something expressed in the terms used in this agreement.

When this decision was made and accepted by the government of Canada as being the position taken, and the position they were entitled to take, in the United Kingdom, there was still $65 million that had not been drawn from the credit provided by the agreed loan of $1,250 million. Had the government of the United Kingdom seen fit to draw that amount of $65 million and use it as a settlement of anything legitimately or properly expected under the "have regard to" clause, the government of Canada would not have felt required to do anything more, and would have been quite content to say that everything that could reasonably be expected as a consequence of the "have regard to" clause had been discharged by that payment.

I am not going to repeat the argument made by the Minister of Agriculture (Mr. Gardiner) that the price which in fact was paid for the fourth year crop would have provided a sum of $35 million had there not been, in the course of that crop year, devaluation of the Canadian dollar in terms of the American dollar. The government of the United Kingdom declared that it was not going to use any more of the undrawn

portion of the $1,250 million loan which they were entitled to draw at any time up to December 31, 1951, and which, had they seen fit to draw it and use it for other purposes, would have required the delivery of $65 million worth of Canadian production in this year 1951. They decided that they were not going to draw anything more or put any burden on Canadian production as a result of any drawings under that credit.

Without attempting to make any mathematical calculation, but taking a rough approximation of what could be regarded as just and fair, the Canadian government decided to recommend to parliament that a sum equal to the $65 million be put into the pool because that placed no heavier burden on the production of this year than would have been placed upon it by the drawing and use for other purposes of the available $65 million of the credit. There was no other calculation made or attempted.

On all these points there was agreement. It seems to me that it is not going to make much difference to the producer in western Canada what I, or the Minister of Agriculture or the Minister of Trade and Commerce (Mr. Howe) may think it would have been desirable for the United Kingdom to have done because of the expectations that had been raised in 1946 and that had continued as a result of the postponing of consideration of what should be done about the "have regard to" clause right up to the time the contract had been completely fulfilled. It is not going to matter much to them whether I think we should have done it or whether I think that the government of the United Kingdom should have done it. It is not going to matter much to them whether, it being done by us, it is limited to that amount or whether, in their opinion, it should be more, or whether in the opinion of someone who does not derive any benefit it should be less. On the facts we in the government are agreed. On the policy we are agreed. On the recommendation we make to parliament we are agreed. On the question of one's personal opinion of how each party has behaved, not under a contractual, enforceable obligation but under a set of expectations raised by declarations made by cabinet ministers, we are not going to have much effect upon the thinking of those who are interested as producers or those who are interested as taxpayers.

I do not think there is going to be much cheering anywhere over this decision. But I think it is the kind of decision that no one can say is an unfair and unreasonable one to make under all the circumstances which have now been quite fully discussed.

[Mr. St. Laurent.]

Mr. Coldwell: Will the right hon. gentleman permit a question?

Mr. St. Laurent: Yes.

Mr. Coldwell: I am asking this question because I think this is a point that should be cleared up. Between the time of the return of the Minister of Trade and Commerce and the adoption by the cabinet of the memorandum that he mentioned, was any attempt made to re-open negotiations on this point?

Mr. St. Laurent: Yes, Mr. Speaker, there was. When I realized, as I did shortly after the special session that we had in the autumn—

Mr. Coldwell: I think the Prime Minister (Mr. St. Laurent) misunderstood me, Mr. Speaker. I mean between the time when the minister came back and June 5 when he made the statement in the house. That is the point I had in mind.

Mr. St. Laurent: No. There was one communication which I think we will lay on the table. I am told that an answer has been received from London, and I think I shall be able tomorrow to file a minute of the discussions in London and the communication that was sent from Canada on that minute before June 5, 1950.

But following June 5, 1950, as hon. members will recall, last summer there were many things which I at least had to regard as matters of urgency and priority. The first that occurred was the unexpected death of the former prime minister; the next was the unexpected death of the former minister of labour. There were other special circumstances arising in connection with the Korean crisis and the decisions we had to make in respect thereof. That was followed almost immediately by, first of all, the threat and then the realization of a general tie-up in transportation which necessitated the calling of a special session of parliament somewhat earlier than we had intended to call it for the purpose of dealing with the Korean situation. Just as soon as those matters which, I must confess, occupied my mind to the exclusion of domestic problems other than the railway strike at that period, had been dealt with, I came to realize to what extent there was this persisting feeling of disappointment at the attitude taken by the United Kingdom government in respect to the "have regard to" clause. I knew that we had accepted that as the decision of the United Kingdom government, and it was understandable that they would consider that it should not be mentioned to them again. I felt that it would be unfair to the government of the United Kingdom not to bring to their notice what I knew about the feeling

as it existed in Canada, and about the way in which that feeling and this expectation had developed, and why it had developed.

When Mr. Attlee was here I ventured to mention it to him, telling him that I was not making any request on behalf of our government that the United Kingdom do anything more, but that I felt it would not be fair for them not to know what the situation was. I suggested that if he had no objection I would raise it again with the chancellor of the exchequer when I went over for the prime ministers' conference in January; and I did so. But at no time did I suggest that there was any legal obligation, and at no time did I suggest that we had not accepted as their position the one they took in May of 1950. But I did suggest to them that they should consider whether or not in their own interest it would be wise to do something more about the "have regard to" clause, and I put the facts, as they had been placed before the members of this house, before them. Shortly after my return I was informed that they had considered my representations and had come to the conclusion that they were not going to re-open the matter.

Thereupon there was a suggestion that the right hon. Minister of Agriculture himself go over and see if he would not be able to persuade them that it would be in their interest to do something more. While it was suggested to my colleague the Minister of Trade and Commerce, and to me, that that might be some reflection on us because we had both discussed the matter, we both said that we were not sensitive on that point, and that if the Minister of Agriculture could bring about any other decision we would rejoice with him in that other decision.

Now, when he returned and told us that it was useless we said, there is nothing more we can do that will have any possibility whatsoever of getting anything further done by the government of the United Kingdom, and we have to decide whether or not in these circumstances there is responsibility upon us to do anything; and we decided—and we come before parliament agreed upon that policy and conclusion—to recommend to parliament this contribution of $65 million to be added to the price of the 1,400 million odd bushels of wheat put into the pool in the five years to which it applied.

Mr. Wright: There is just one question I should like to ask the Prime Minister. Was there any consultation with the representatives of the western wheat pools or the advisory committee of the wheat board between the time the Minister of Trade and Commerce returned from England, in the latter part of May, and the time the government accepted the proposals that he brought back from the British government with regard to the final settlement?

Mr. St. Laurent: There was no consultation with the advisory board or the wheat pool between the return of the minister and the acceptance of the proposals. The proposals were proposals for the purchase of a certain portion of the 1950 crop. We did not treat as a proposal their declaration that they had fulfilled all their obligations under the contract. We treated that as their decision, and we accepted it as their decision.

Mr. Wright: You accepted it, though, as a final settlement without consultation with the producers or their representatives.

Mr. St. Laurent: There was no consultation at that time. We accepted that as being the decision arrived at, and being the decision which implied that they had fulfilled all the legal obligations that the contract provided.

Mr. Coldwell: As a government you did not dispute that point.

Mr. St. Laurent: We did not dispute that decision.

Mr. Knowles: You were in accord with it.

Mr. Rowe: Will the Prime Minister permit another question? Did the government submit to the wheat board the issue as to the adequacy of $65 million?

Mr. St. Laurent: No, the government did not.

Mr. McIvor: On a point of order, we are not in committee of the whole house now.

Mr. Speaker: Is the house ready for the question?

Mr. J. M. Macdonnell (Greenwood): I do not wish to make another speech, but I have one comment to make. I am sure the Prime Minister will realize that it is very disappointing, in answer to the very earnest request of the leader of the opposition (Mr. Drew) that we should have some basis on which we could assess this grant of $65 million, to be given the merely accidental, if it was merely accidental, fact that there was $65 million to be drawn down under the British loan. That seems, as I say, to put it mildly, a very unconvincing reason for having arrived at this amount.

Mr. St. Laurent: That is an opinion which, if the hon. member were a minister of my cabinet, would not be an opinion that I would share with him; but the fact of not sharing it, as an opinion, would not require me to request him to resign.

Canadian Wheat Board Act

Mr. William Bryce (Selkirk): In rising to take part in this debate which has already been very well covered from every angle, I would like to deal with three things: first, the wheat agreement; does the United Kingdom owe the Canadian farmer anything, and does the Canadian government owe the farmer?

When the wheat agreement was before the house in August 1946 I supported that agreement; so did the whole of this group, and I can remember there was a great deal of criticism owing to the fact that the floor prices for wheat the last two years in the agreement were to be $1.25 for the third year, and $1.00 for the fourth year, and at that time it was brought to the attention of the house that we expected the government would maintain prices at their then levels. But even then there were signs of inflation, as far as the farmer was concerned, when he went to purchase anything.

It can be noted too that while most people expected wheat to go down on the world market, it steadily increased. When the member for Rosetown-Biggar (Mr. Coldwell), the leader of this group, was talking about allowing prices to rise for the things the farmer had to buy, the Minister of Agriculture rose and stated that if, at the end of the agreement, it proved to be necessary, the government of Canada could appropriate funds to compensate the wheat farmers, just as the government had already appropriated $200 million for the protection of the prices of other farm products.

Now to me that was an assurance from the minister that, should the cost of production of wheat continue to rise, some compensatory adjustment would be made by this government, but not necessarily by the British government.

We in this group have always supported the wheat board, not that we think it is perfect, but we are satisfied at this time that they are in no way to blame for this situation. The majority of the farmers today believe in the wheat board in the marketing of our wheat.

We now arrive at the question: Does the United Kingdom owe us anything on the agreement that was made? This group has never argued, as the grain trade and the Conservative party have argued, that the British government under the "have regard to" clause owed a sum equal to the difference between the price of class II wheat and the price paid under the four-year contract. The Minister of Trade and Commerce (Mr. Howe), in his statement made in the house in this debate, agrees with this position. I am convinced I have the support of this group in the contention that had there not been a British contract class II wheat would probably not have reached the price it did. We should also remember that had all this wheat been thrown on a speculative market the farmers would not have received the price they did.

I think the statement the Minister of Trade and Commerce made in the house was a good, sound argument that the British government had met their obligations. He said the British took the position that they had fulfilled their obligations, and I gathered from the minister's statement that in his opinion this was true.

I understand the Prime Minister (Mr. St. Laurent) when in England discussed the matter. He has stated so recently. Last month the Minister of Agriculture (Mr. Gardiner) flew to London also, and the Prime Minister has since made a statement in which he said:

> The United Kingdom authorities took the position in May of 1950 "that all obligations under the 'have regard to' clause might be considered to have been taken care of." The Minister of Trade and Commerce said that this was a matter which could only be settled by the Canadian cabinet on his return to Ottawa. After discussion with his colleagues, the Minister of Trade and Commerce advised the chancellor of the exchequer of the United Kingdom that the Canadian government was in accord with the conclusions in the agreed record of the meeting held with the United Kingdom authorities while he was in London. That is one of the documents for which their consent to table has been requested. In other words, the Canadian government accepted as the position of the United Kingdom that they had discharged their obligations under the agreement.

I feel sure that this statement clears up the United Kingdom position. The United Kingdom does not owe a further payment because, as the Prime Minister has said, the Minister of Trade and Commerce, on his return from the United Kingdom, after discussion with his colleagues, agreed that the United Kingdom had discharged their obligations under the agreement.

Now let us look at whether the Canadian government owes the farmer anything. As long as I have been connected with the farm movement in Manitoba, the greatest desire of any farmer has been to have stability; but it was not good enough to stabilize wheat prices and then allow the cost of production to shoot higher and higher. This is one of the main grievances of the western farmer today.

The government broke faith with the western farmer. It set the price of wheat for five years, and it allowed farmers' costs to keep rising. Other agricultural producers had their prices set also; but their prices were reviewed every year and they had an opportunity of making representations to the government that their cost of production should be considered or changed.

Another very serious point with the western farmer is that from March 1, 1945, to February 17, 1947, he was compelled to subsidize the Canadian consumer by providing wheat at $1.25 to enable the consumer to get cheaper flour, hence cheaper bread. Canadian consumers, during that period of 1945 to 1947, were supplied with 160 million bushels of wheat at $1.25 when the price received under the British contract was $1.55. This, according to the figures which have been brought out in the house, would amount to approximately $48 million.

I should like to quote at this point from the *Manitoba Co-Operator* of March 8, 1951, at which point I find they have set out clearly what I have been attempting to say. It is as follows:

> As far as the taxpayers are concerned they owed the wheat producers a very minimum of $48 million because of the fact the government mistakenly and arbitrarily imposed on the wheat producers a subsidy of this kind by requiring wheat to be sold to the mills during the period March 1, 1945, to February 17, 1947, at $1.25 a bushel, when all other buyers were paying $1.55, and sometimes more. This amounted to approximately $48 million and very definitely constituted a subsidy from the wheat grower to the Canadian consumer, reflected in the price of his bread. The difference between $48 million and the $65 million now made available is $17 million which amounts to about 1¼ cents a bushel on the total amount of wheat involved.

These are some of the reasons why farmers in western Canada are entitled to a payment of more than 8.3 cents.

The government failed to maintain prices. They allowed prices to go away up while we had the assurance of the Minister of Agriculture that the producer was protected under the wheat board act, just as other producers were protected under the Agricultural Prices Support Act.

In summing up I would say that the wheat agreement served a good purpose. The farmer has always asked and continues to ask for stability. The United Kingdom does not owe us anything. They have carried out their part of the bargain. And last of all 8·3 cents will not compensate the farmer for the contribution he has made to the consumer by supplying wheat at $1.25 when the world price was closer to $2.

Mr. Ross (Souris): It is only four point something.

Mr. Bryce: The payment of 8·3 cents is very disappointing to the wheat farmers, who had been expecting more, and it is now creating a great number of dissatisfied farmers in the west. Even now, if the farmer got what he is asking for, he would not be getting his fair share of the national income.

Mr. John Decore (Vegreville): Mr. Speaker, I should like to make a few observations in connection with the amendment and subamendment now before the house. May I point out first of all that the people in my constituency are engaged chiefly in agriculture, and their main source of revenue is from the sale of wheat.

Most farmers in the three prairie provinces have been concerned with the final payment made in the five-year pool. In northern Alberta we had drought conditions this year. Throughout the prairie provinces there was early frost and bad harvesting weather, with the result that much of the crop has not been threshed. Owing to these conditions the position occupied by the farmers has been aggravated. For that reason the farmer was concerned about what amount he would receive by way of final payment. Following the announcement by the Prime Minister (Mr. St. Laurent) that in addition to the $55 million in the hands of the wheat board a further contribution of $65 million would be made, totalling 8·3 cents per bushel, I have received a considerable number of wires from my constituency, especially from locals of the farmers' union of Alberta and from individual farmers, indicating a feeling that more should be paid by way of final payment.

My concern at the moment is that there has been an opinion voiced in this house by a number of hon. members who do not come from the three prairie provinces that this $65 million should not be given to the farmers in addition to the 3·8 cents per bushel now in the treasury of the wheat board. May I point out to those hon. members that the farmer's position in western Canada has been made more difficult because of the rising cost of machinery and the rising cost of production. May I point out also that the farmers of western Canada have subsidized the Canadian consumer of wheat in the form of cheap bread to the extent of some 160,000,000 bushels, amounting to $48 million. That should be borne in mind by those hon. members who are now opposed to this contribution of $65 million given by the Canadian government.

I have listened with considerable interest to the debate on this wheat situation and I admit that probably I am more acquainted with the Anglo-Canadian wheat contract and the five year pool than I was before. One thing that struck me is that hon. members of the opposition, especially Social Credit and C.C.F. members, have endeavoured to indicate that the agreement which was entered into originally with Great Britain was a mistake, that it should not have been entered

into originally. In fact, one hon. member, the hon. member for Dufferin-Simcoe (Mr. Rowe), referred to it as a colossal blunder.

An hon. Member: He is not C.C.F.

An hon. Member: He is not Social Credit.

Mr. Decore: I said hon. members of the opposition. Of course, there was a lot of applause at that time from the Social Credit and C.C.F. ranks.

An hon. Member: No, there was not.

Mr. Hansell: Mr. Speaker—

Mr. Decore: I was not here in the house in 1946—

Mr. Hansell: Mr. Speaker, the hon. member knows very well that his remarks with regard to applause go into *Hansard*, and that would indicate that we were supporting certain contentions made by the hon. member for Dufferin-Simcoe. We did not support those contentions and we did not applaud them. We did not say that the wheat agreement was a bad agreement. We did not say anything of the kind whatsoever. As a matter of fact, we supported the agreement and I object—

Some hon. Members: Order.

Mr. Hansell:—to the hon. member trying to get that impression into *Hansard*.

Mr. Decore: The hon. member for Macleod objects to my statement that they are against the agreement now, but let me quote what was said the other night by the hon. member for Macleod (Mr. Hansell). I quote from page 1222 of *Hansard* as follows:

> The next thing I should like to say is that if the government's case in respect of what might happen two, three, four or five years from the time they signed on the dotted line did not turn out as they expected it would, then they cannot escape the responsibility. That is all there is to it.

Going back to 1946, I notice that the hon. member for Macleod did not raise any objection with regard to the Anglo-Canadian wheat agreement, but he now comes forward and by implication suggests that this agreement was bad. In other words, he is blowing hot and cold at the same time. As I say, I was not here in 1946 but I was interested in what took place and I checked *Hansard*. For instance, I notice that the hon. member for Assiniboia (Mr. Argue)—I wonder if he recognizes his words—is reported as having referred to the Anglo-Canadian wheat agreement as follows:

> This agreement I think is just one step along the path mankind must follow toward the goal of living, and letting live, agreeing together and trying to help one another, and for that reason I support it.

He supported the agreement in 1946, but his remarks of a few days ago would indicate that this was a bad agreement. This agreement was supported by all opposition groups including, as was pointed out by the Winnipeg *Free Press*, the official opposition then under the leadership of Mr. Bracken.

Mr. Ross (Souris): The *Free Press* may be correctly reported, but that is not the true story that is carried in the *Free Press*.

Mr. Decore: As I say, I was not here, but there was a member representing Vegreville at that time. This is what was said in this editorial:

> But it should not be forgotten that it—

That is the government.

> —did so on the urgent demand of the Saskatchewan wheat pool. The other two pools and the Canadian Federation of Agriculture joined later on in welcoming and enthusiastically supporting this wheat agreement. So did all the political parties in parliament. The Conservatives, under Mr. Bracken—

The hon. member has just stated that that is not so; maybe it is not.

> —voted for the agreement and the C.C.F. under Mr. Coldwell welcomed it as a straight C.C.F. policy—which, of course, it was.

Mr. Ross (Souris): There was no vote on the agreement, and that is recorded in *Hansard*.

Mr. Decore: Here is the important part:

> Wherever the greatest responsibility may lie, the one certainty is that no government for one moment would have considered requiring wheat farmers to sell their wheat under such an agreement without the firm and unqualified approval of the recognized farm organizations—the pools and the federation. The federal government, as every wheat producer knows, had their firm and unqualified approval.

I listened to the debate in connection with the matter and I was struck with the statement made by the hon. member for Dufferin-Simcoe. I respect his views and I respect the hon. member, but I do say to him that when he criticizes the wheat board, when he does not agree with the wheat board method of marketing our Canadian wheat, he is not aware of the feeling of the farmers in western Canada. The farmers of western Canada have had enough of the so-called free enterprise method of marketing their wheat in the Winnipeg grain exchange. The farmers still want the Canadian wheat board to sell their wheat.

I should like to refer to a Canadian Press article which appeared in the Ottawa *Journal* of March 3, 1951:

> Stanley Jones, president of Winnipeg grain exchange, said recently that Canadian wheat would have been worth $680 million more in five years if it had been sold at the free world price—

Mr. Sinnott: He would have it all.

Mr. Ross (Souris): Apart from what the Liberal party might have got.

Mr. Decore: These figures are very interesting when you compare them with the figures submitted by the hon. member for Souris and other hon. members. The rest of the quotation is as follows:

—instead of at controlled prices under the Anglo-Canadian and international wheat agreements.

In this vital debate that is going on at the present time every effort is being made in my opinion to discredit the Canadian wheat board. I think the Winnipeg grain exchange has received a lot of free assistance right in this house. I think the farmers have had enough of the free marketing system. The farmer is not asking for any unreasonable price. He wants a fair price, and he also wants stability with respect to his wheat.

The subamendment before the house asks for consideration of the farmer receiving 25 cents a bushel for his wheat. As a westerner, I am in favour of the farmer receiving 25 cents a bushel or more if possible. The prosperity of western Canada means that other parts of Canada will also prosper. The only thing I am concerned with at this moment is where we are going to raise the money. I have not heard the C.C.F. group say how they propose that this additional money be paid. Is it going to be raised by way of extra taxes? We are expecting heavier taxation this year in order to meet our defence requirements. Is the C.C.F. group asking that more taxes be imposed on Canadians? I have heard that members of the C.C.F. party are opposed to further taxation.

I should also like to say that I was particularly disappointed with the Social Credit group. I was especially disappointed when I listened to the hon. member for Lethbridge (Mr. Blackmore). Every so often the hon. member for Lethbridge gets up on the floor of the house and expounds on the theories and principles of Social Credit. He often refers to a book dealing with the principles of Social Credit. I think he is now about half way through it but there is still half of it left that we will have to listen to. I was hoping that possibly in the other half of the book he would have found something to indicate to us just how we can raise the money through Social Credit principles in order to be able to make a further substantial payment.

What are hon. members trying to do in the utterances they have made in the house with respect to this matter? What are they trying to achieve? There has been a suggestion that some people are trying to make political capital. However, I think there is at least one honest member who has made his stand clear, who came out in the open and pointed out just what he had in mind. Incidentally he comes from Alberta. I refer to the hon. member for Bow River (Mr. Johnston). As I say, I admire him for coming out in the open and saying what he had in mind. I think others should have done the same thing. At page 1155 of *Hansard* he said:

I believe that when the next election rolls around the other provinces will follow Alberta's example and clean house with the Liberals.

I do not know whether he wants to change the words "with the Liberals". This is unrevised *Hansard*. I suppose what he had in mind was that he wanted to point out that the Social Credit party came into power with a bang in the province of Alberta in 1935.

Mr. Wylie: They are still in with a bang.

Mr. Decore: I think he could have gone a step further and pointed out the reason why they came in with a bang in the province of Alberta in 1935. There was one very important reason. In 1935, during the time of the depression—

Mr. Wylie: What has this got to do with wheat?

Mr. Decore: I will point out to you what it has to do with wheat. The founder of the Social Credit party, Mr. Aberhart, promised $25 a month to every citizen of Alberta. They were not expected to pay the money back or to work for it. That was the promise he made and that is one of the reasons why the hon. member who has been making interruptions is in this house today, because of the promises that were made in 1935.

Mr. Wylie: You are absolutely silly and you know it.

ROYAL COMMISSION ON TRANSPORTATION

TABLING OF REPORT—TRIBUTE TO COMMISSIONERS AND STAFF

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I would ask the hon. member for Vegreville (Mr. Decore) to allow me to interrupt him. He may continue at eight o'clock. I would ask the house to revert to motions to enable me to lay on the table the report of the royal commission on transportation. This report has been printed in English and is available for distribution. The translation is well advanced and the printing of the French copy will be proceeded with as rapidly as possible.

This document completes the work of the royal commission which for over two years has conducted an extensive investigation into Canada's transportation problems and policy. It is a most comprehensive survey of the subject and should be of considerable interest

to all members and to all Canadians who are directly or indirectly affected by the availability and the cost of transportation.

I wish to take this opportunity to express the thanks of the government to the members of the royal commission on transportation, Hon. W. F. A. Turgeon, Dr. H. F. Angus and Dr. H. A. Innis, and to its secretarial and technical personnel. We are particularly indebted to the Hon. Mr. Turgeon who was given leave from his post as Canadian high commissioner in Ireland, now ambassador, to head the royal commission, and who brought to this difficult and laborious task the capacity, wisdom, and judgment acquired during his long judicial and diplomatic career. The government will no doubt have some legislation to recommend based on the recommendations of the report.

Mr. Green: This session?

Mr. St. Laurent: At this present session. Hon. members will therefore be provided with an opportunity at that time for discussion of the report in addition of course to the usual opportunity provided when the estimates of the Department of Transport are before the house for consideration.

REPORTS AND PAPERS

WHEAT—AGREEMENT WITH UNITED KINGDOM—PRODUCTION OF DOCUMENTS

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, since we have reverted to motions, I wonder if the Prime Minister (Mr. St. Laurent) could table the documents concerning which he has now received permission to table from the British government. If that could be done now or at eight o'clock it would be most helpful in view of their importance to the debate on the wheat board bill.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I was told that an answer had been received. I have not seen it. I will try to see it during the recess, and I will try to comply with the suggestion of the hon. member. The government is just as anxious as the hon. member to have all pertinent facts before the public for the public's appraisal.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

WHEAT

TABLING OF DOCUMENTS—AGREEMENT WITH UNITED KINGDOM

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to ask the leave of the house to revert to motions for a moment, in order to table certain documents concerning the wheat agreement.

Mr. Speaker: Has the Prime Minister leave of the house to revert to motions?

Some hon. Members: Agreed.

Mr. St. Laurent: The United Kingdom government has taken the position that it has no objection to the publication of the minute of the meeting with the Minister of Trade and Commerce (Mr. Howe) on May 22, 1950, and a message from the Minister of Trade and Commerce to the Chancellor of the Exchequer dated May 30, 1950, but that it would strongly deprecate any departure from the general practice of not publishing documents connected with negotiations between governments, and only publishing agreed conclusions. I shall, therefore, table the minute of the meeting of May 22, 1950, and a copy of the communication dated May 30, 1950, sent through the High Commissioner for the United Kingdom here in Ottawa to the Chancellor of the Exchequer.

Since that is all we have obtained the consent of the United Kingdom government to lay on the table, on Monday when the motion for the production of papers standing in the name of the hon. member for Rosetown-Biggar (Mr. Coldwell) is called, I shall ask him if he will consent to dropping it.

Mr. Coldwell: Yes, Mr. Speaker, I believe they are the two documents that are really essential.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris), and the amendment to the amendment of Mr. Wright.

Mr. John Decore (Vegreville): Mr. Speaker, just before six o'clock I endeavoured to point out that when the Anglo-Canadian wheat agreement was being negotiated and discussed on the floor of this house in 1946, it would definitely appear that there were at least two political groups in this house who were in favour of the agreement, namely the Social Credit group and the C.C.F. From the debate that has taken place so far in this house, the implication has been made that the agreement was a bad agreement and probably should not have been entered into. If this house is to accept the contention that the agreement was bad to start with, then I feel that the members of His Majesty's—

Mr. Coldwell: I did not quite hear the hon. member. Who says the agreement is a bad agreement?

Mr. Decore: By implication, I was referring to the two political groups—

Mr. Coldwell: I deny that absolutely, and the record will confirm my stand.

Mr. Fair: On behalf of the Social Credit party I made a statement, and before this debate ends it will be clear to everybody that that is not the case.

Mr. Speaker: Order.

Mr. Decore: I would suggest that the hon. member read his own speech, and read the speeches delivered by some of the other members, and then he will agree that by implication the agreement was referred to as bad to start with. I do say that if we are to accept their version of the agreement, they must also accept the responsibility. You cannot blow hot and cold at the same time.

Mr. Blackmore: On a question of privilege, Mr. Speaker, the hon. gentleman is misrepresenting the position of this group entirely.

Mr. Speaker: Order. I believe some member from the hon. gentleman's group will no doubt have an opportunity of presenting their case.

Mr. Decore: If I am to understand that hon. members now say the agreement was a good arrangement, then I do not think there is any room for argument. I also express the view that I should like to see the farmers in western Canada get 25 cents a bushel or more. In fact, I am going to state right now that I am going to vote in favour of the subamendment in the hope that members of the Social Credit group will get into consultation with the Minister of Finance (Mr. Abbott) and work out some financial arrangement whereby this would be possible. It would certainly be appreciated by the farmers in western Canada, and by the whole of Canada so far as that is concerned if we can get more money without raising taxes.

Mr. Blackmore: We can surely do that.

Mr. Decore: I also pointed out that in listening to this debate I found that at least one hon. member was honest, and that was the member for Bow River (Mr. Johnston), when he pointed out that there will be a house-cleaning of Liberals in the province of Alberta—

Mr. Johnston: I can clear that up for the hon. member. There will not be any Liberals.

Mr. Speaker: Order.

Mr. Decore: I should like to point out further, Mr. Speaker, that shortly after six o'clock I was told that I was looking for trouble. I was warned by one of the members of the Social Credit group. I had a similar warning before. I take that as notice to expect a barrage of personal abuse to be heaped upon me on the floor of this house. I believe that by this time some hon. member has been delegated to do this job, and I would not be surprised if it were the hon. member for Red Deer (Mr. Shaw). After all, one must not criticize the Social Credit party in this house or in the province of Alberta.

I should like to make a reference to the criticism that has been levelled against some members of the government especially by the member for Moose Jaw (Mr. Thatcher) and the member for Lethbridge (Mr. Blackmore) blaming this whole set-up on the socialist government in Great Britain. In fact, the leader of the C.C.F. party, the member for Rosetown-Biggar (Mr. Coldwell), endeavoured the other night to attribute to me a statement which I never made. I, of course, accept his explanation that he was not properly informed. The statement I made was to the effect that, taking into account what we did for Great Britain in supplying her with cheap wheat, the socialist government in Great Britain failed to carry out its moral obligations. Perhaps the term "moral obligation" is not a very happy term. May I point out to you, Mr. Speaker, that taking into consideration what the Minister of Trade and Commerce said on the floor of this house a few nights ago, there is nothing inconsistent with what the Prime Minister (Mr. St. Laurent) told us this afternoon and what he told this house on March 8, 1951, as reported in *Hansard* at page 1023:

> The government has taken the position that while there was no further obligation on the United Kingdom in a legal sense, the United Kingdom authorities should realize that the wheat growers of Canada and most of the community of the prairie provinces believed there was a continuing obligation under the "have regard to" clause which had not been discharged.

Now, Mr. Speaker, I want to point out that Canada is a member of the British commonwealth of nations, the finest and greatest organization the world has ever seen. Everything should be done to see that the relationship between the members of the commonwealth, and especially between Canada and the United Kingdom, is always a happy one. I also agree with what has been stated by the hon. member for Macleod (Mr. Hansell) the other night, when he said that those people who know something about the history of the British people know that they have a reputation for discharging their obligations and that their word is their bond. But I say in all sincerity that I am sure that if the

British people as a whole were aware of all the facts of the situation in connection with this contract, and if they knew that the prairie farmers feel that there is a continuing obligation under the "have regard to" clause, probably we would not have in connection with this matter the difficulty that we have today.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, obviously there exists on the part of a good many hon. members of this house a desire to conclude this debate. As far as I am personally concerned, the house could have taken the vote at a quarter to six tonight. However, I cannot permit the record to remain cluttered up as it is. Therefore I must deal with several things that have been said by the previous speaker. Let me assure him that he was entirely wrong when he suggested that I or someone had been delegated to attack, I think he said, him personally. Let me assure my hon. friend that he had no more than opened his mouth before I decided I would answer him without consultation with any hon. member of this group at all. Actually, I do not mind direct accusations, even though false, as much as I dislike insinuations and inferences. As I said a moment ago, the hon. member stated that someone, he was told, would attack him personally. That has never been done yet by anyone in this group. He flatters himself when he says so. We deal with those things which men say as indicating the things for which they stand.

Just before proceeding, I should like to leave one question with him. He asked how the Canadian people were going to bear the burden of the additional costs which might be involved if the Canadian farmers were to be paid those sums to which they were justly entitled. I would ask him to ponder upon this question. If 14 million Canadian people cannot bear the burden, how does he expect 230,000 western Canadian farmers to bear the burden?

Mr. Decore: Why not apply the principles of social credit?

Mr. Fair: Why not apply the principles of communism while you are at it?

Mr. Shaw: I am particularly pleased, Mr. Speaker, that the hon. member has now obviously come to the conclusion that the orthodox methods of finance probably cannot meet the problem and is wanting to know how social credit would do it effectively and successfully. We have indicated that to him on many occasions. It is not our fault if he cannot understand it.

Before six o'clock, Mr. Speaker, it was insinuated that the Social Credit members of this house had considered the Canada-United Kingdom wheat agreement to be a bad agreement. I should like to know where there exists any evidence whatsoever to substantiate such a fantastic declaration as that. It was also insinuated before six o'clock that we had, if not by direct statement at least by implication, opposed the marketing of wheat through the Canadian wheat board. There does not exist any evidence anywhere to substantiate such an assertion as that. Of course I realize that if persons are determined to do it, they can probably take statements and misconstrue such statements in order to arrive at a predetermined conclusion which would satisfy the individual but certainly could not in any way reflect the facts of the situation.

One can examine the evidence as far back as 1946, if he likes, to find the truth of our position. I sometimes regret that some hon. members of parliament are so extremely busy that they have not time to scan the records and secure the evidence. As a matter of fact, Mr. Speaker, it makes no difference how deep one may go into any political garbage pail; one could not find evidence to back up those two assertions, that we opposed either the Canada-United Kingdom wheat agreement or the marketing of wheat through the Canadian wheat board.

As I say, everyone who will examine the records back in 1946 and 1947 will find declarations such as the one to which I am going to refer. This has been placed upon the record before, but obviously it must be placed upon the record again. In 1946 the hon. member for Battle River (Mr. Fair), referring to the Canada-United Kingdom wheat agreement, stated in part as follows, as reported at page 4800 of *Hansard* of that year:

> On behalf of this group I wish to say that we are glad to know that we are to have stabilized prices for the next four crop years and also that an agreement has been made with Britain. I am not going to say whether we are well satisfied with the prices received. We feel that the British government are satisfied that they got a very good deal at the expense of Canada.

Then he refers to some press clippings from Britain to bear out that fact, and goes on to say:

> I am glad the people of Britain appreciate that they are getting a good deal from Canada. I might say we have no objection whatever to Canada's supplying the best food in the world to Britain and to other countries, but we object to the farmers bearing the brunt of the expense. On many occasions we have made it clear that the farmers of Canada have not received the price for their products to which they are justly entitled. I still estimate that the same condition continues under the present agreement. Of course we are very well satisfied to have a stabilized price for some time to come, because we all remember what happened

after the first great war and we do not want conditions of that kind to arise again; but in view of the losses the farmers accepted from 1939 up to 1942 I feel we are entitled to a much better deal as far as our wheat is concerned. I am not going to deal in particular with the sale to the British government. The cost of that will, of course, be taken care of by the government here, and we in turn will have to bear our share of the loss through taxation.

You will notice that on that occasion the hon. member for Battle River said what we have said repeatedly, namely that if any losses should accrue to the Canadian wheat farmers under the British agreement, then those wheat farmers should not be called upon to meet the burden of those losses by themselves. During those years we took the position that we fully recognized Britain's contribution to the democratic effort. We were anxious that Britain should have cheap wheat. We were anxious that Canadian wheat should be made available to the British people at even less than prevailing world prices. But on that occasion we emphasized that the people of every part of Canada, who all through those years kept talking about our gift to Britain, should unite in compensating the wheat farmers for any loss that might be sustained. During those years the hon. member for Acadia (Mr. Quelch) spoke on a number of occasions when these matters were up for discussion. On February 27, 1947, he said:

In the early part of this agreement the farmer is making a considerable sacrifice. He is losing anywhere from 50 cents to 75 cents a bushel. If in the next two or three years there is a wheat shortage, if crops are poor, the price of wheat will be maintained at probably a high level and will remain there. Then the guarantee becomes absolutely useless. If that should be the situation over the next two or three years the farmers of this country, as a result of this agreement, are going to lose several hundred million dollars. I believe that the wheat agreement with Britain was fully justified, but it does entail in its early stages a considerable sacrifice on the part of our farmers. We feel that the sacrifice should be borne by the people of Canada as a whole.

We repeated that position time and again; and I hope that when it is referred to in this house, either during this debate or later on, hon. members will at least make an effort to stay close to the facts as they relate to our position. On March 2, when the Prime Minister (Mr. St. Laurent) made his announcement with respect to the $65 million and the final payment of 8·3 cents per bushel, the people of this country, particularly the farmers and farm organizations, were stunned. As a matter of fact a good many members of this house scattered through all four parties here were also stunned. I have no doubt about that whatever. I will recall the applause when the statement was commenced, but I did not hear very much enthusiastic applause at the conclusion of the statement. As a matter of fact I thought the Prime Minister was extremely wise in offering a word of caution when the applause commenced very shortly after he started his statement.

There is a great deal of consternation among people across western Canada. We have had that feeling reflected through individual members of this house, some speaking in this chamber and others in the corridors. I would vouchsafe that if we were not assembled here; if it were not a matter of party; if it were not a matter of a government and an opposition and we were asked to express our views individually, they might be considerably different than if expressed under circumstances as they exist.

An hon. Member: Speak for yourself.

Mr. Shaw: I would say to my hon. friend that as I walk the corridors I hear things, and I am basing what I say at least in part upon the comments I hear in the corridors of this institution.

Mr. Cote (Matapedia-Matane): Do you also read your horoscope in the Ottawa *Journal*?

Mr. Shaw: I do not; but I am going to read the hon. member's, to see if I can learn something about my hon. friend, who has caused me a great deal of wonder on more than one occasion. We have had public statements from responsible leaders of farm organizations, men who know the facts. We have had statements from the premiers of the three prairie provinces. Certainly they are not all of the same political persuasion; in fact no two of them belong to the same party, and to me that means something. Those men know the facts as they exist now and as they have existed down through the years. We have had editorials in the western newspapers, not all favourable to a further payment, I grant you, but reflecting a weighty body of editorial opinion that the western farmers are entitled to a far better deal than they have been offered up to the present time. I daresay every member of this house who comes from western Canada has received letters, telegrams and even petitions. You know what they say as well as I do. In addition we have had the action of at least one provincial legislative assembly, that of Alberta. Perhaps others have taken action by this time; I do not know. For a moment I should like to refer to what was done in Alberta. Let us not forget that there are 56 members of the Alberta house, with one vacancy, making a total of 57. This matter

came up in the provincial assembly, and the following motion was moved by one of the members:

Whereas the Canadian government sold wheat for domestic market at a very low price during a portion of the five-year pool, and

Whereas the British wheat agreement of 1945-49 between the government of Canada and Great Britain supplied wheat to the British people at prices below those prevailing on the general world market, and

Whereas the cost of supplying Canadian wheat to the British people and the domestic market has thus far been borne entirely by the western wheat producing farmer rather than by the people of Canada as a whole,

Therefore be it resolved that this legislative assembly request the government of Canada to issue a further substantial payment to western wheat producers on all wheat delivered in the crop years 1945 to 1949 inclusive in order to bring the total price to be received by the farmers more in line with the existing world wheat prices during the 1945-1949 period.

There are two Liberals in the Alberta house, due to the rather peculiar or different system of voting in Edmonton and Calgary, each of which returned one Liberal member. There are two C.C.F. members, and a couple of independents. During the debate on this resolution the Liberal leader in Alberta and Mr. MacDonald, the other Liberal member, tried to do a most peculiar thing. They tried to support the present position of the federal government and satisfy the farmers of Alberta at one and the same time. The press men report, at least, that they were convinced the two Liberal members were opposed to the resolution. As a matter of fact I saw an interesting report in the Calgary *Albertan*, a morning paper published in Calgary, referring to what took place the day of the vote. After making reference to oil, the report goes on to say:

Oil or no oil, Alberta legislators still spend a lot of time worrying about what the farmer is worrying about, and a good opportunity to worry out loud was provided in the resolution moved by Peter Chaba of Redwater, which asked for a federal payment on 1945-49 wheat deliveries in addition to the recent one of eight and one-third cents a bushel.

The only effective way to worry about the farmer, politically speaking, is out loud, because there is no point in it unless the farmer knows you are doing it. He can't tell by watching the legislator's facial expression from the gallery, because his worried look may be due only to the fact that his wife is threatening to leave him.

Anyway, the subject of wheat was shovelled back and forth for practically all of the afternoon and in some cases ground into very fine flour.

. . .

When all the chaff and dust had blown away, however, they were all in their seats, and what brought them back was a demand from the Social Credit benches for a recorded vote.

The result was surprising. Every M.L.A. was on his feet for the ayes, and every one in his seat for the nays.

The surprise came to the press gallery because they could have sworn they had heard some nay voices in the earlier voice vote, and they could have sworn that the tenor of both Liberal speeches was against the resolution.

Mr. Decore: Which paper is the hon. member quoting from?

Mr. Wylie: Why don't you listen?

Mr. Shaw: I quoted from the Calgary *Albertan*. The article is under the dateline of March 8, and is "special to the *Albertan*".

When anyone talks about playing politics with an issue, I would refer them to that report. All members who were present voted for a resolution which asked for a payment substantially larger than 8·3 cents announced by the Prime Minister (Mr. St. Laurent) on March 2. I suggest that Alberta Liberals in the House of Commons upon this occasion should take their direction or lead from Mr. Prowse. I am the first to congratulate him when he is right—and of course I do not have to do it often. However I say he was right in the way he voted; and it would certainly be the better part of wisdom for the Liberals from Alberta in this house to follow Mr. Prowse's lead.

Figures placed on record by the hon. member for Battle River (Mr. Fair) indicate that between 1946 and 1950 under the Canadian-United Kingdom wheat agreement there were losses to the tune of $431,676,844. Then, in subsidizing the Canadian consumer there was another loss of $136,920,921. In the past we have taken, and we take again today, the firm position that the Canadian people as a whole are morally obligated to make good the losses of more than $400 million sustained by the wheat farmers of western Canada, even after this 8·3 cents has been paid.

There has been divided opinion; I appreciate that. There are some who say that Great Britain should have done more under the "have regard to" clause. There are those who say that she has met all the conditions under the contract and is under no legal or other obligation to make any further payment. Some say the Canadian government should make the additional payment, and some say it should not.

The wheat farmers, who were anxious to see Great Britain get cheap bread, who were actually prepared to share the loss with the Canadian people—those farmers who were definitely led to believe that they were to be compensated for losses feel that unless those losses have been met there has been a double cross. Whether those farmers were led to believe, rightly or wrongly, that they should expect a further payment is beside the point. They were definitely given to understand that was the situation that would prevail. There is no question in the minds of the

farmers in my section of Canada as to whether the government should or should not make a further substantial payment. The twenty-five cents called for in the subamendment, even when added to the eight point three cents, is definitely lower than the total loss sustained. So in supporting the amendment which asks for twenty-five cents I feel I am asking for less than that to which the farmers are entitled. However, I am prepared to support the twenty-five cent provision, because I believe it would go a long way toward providing compensation for the loss they suffered.

Some hon. Members: Question.

Mr. Speaker: Before putting the question may I again remind the house that when the amendment to the amendment was proposed I questioned its regularity. At the same time I probably should have brought to the attention of the house the fact that in my opinion the amendment itself is also irregular on several grounds, two of which I will mention. The first is that the main amendment purports to attach conditions to the second reading of the bill. This is irregular. The main amendment also is irrelevant to the principle of the amending bill.

However, when the discussion started on the second reading of the bill I called the attention of the house to the fact that I doubted whether discussion of the United Kingdom agreement specifically was in order, but it was the unanimous opinion of the house that I should allow the debate to proceed. For that reason I have allowed both the amendment and the subamendment to stand.

The house divided on the amendment to the amendment (Mr. Wright) which was negatived on the following division:

YEAS

Messrs:

Argue
Beyerstein
Blackmore
Bryce
Coldwell
Decore
Fair
Hansell
Harkness
Helme
Johnston
Jones
Knight
Knowles
Low
MacInnis
Noseworthy
Quelch
Shaw
Stewart (Winnipeg North)
Thatcher
Thomas
Wright
Wylie—24.

NAYS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Aylesworth
Balcer
Balcom
Bater
Benidickson
Bennett
Bertrand
Black (Cumberland)
Blair
Blanchette
Boisvert
Bonnier
Boucher
Bourget
Bradette
Bradley
Breton
Brooks
Brown (Essex West)
Bruneau
Byrne
Cameron
Cannon
Carroll
Carter
Casselman
Catherwood
Cauchon
Cavers
Charlton
Chevrier
Claxton
Cloutier
Conacher
Corry
Cote (Verdun-La Salle)
Crestohl
Croll
Cruickshank
Darroch
Dechene
Denis
Dickey
Dion
Drew
Dube
Dumas
Dupuis
Eudes
Eyre
Fairclough, Mrs.
Ferrie
Follwell
Fournier (Hull)
Fraser
Fulford
Fulton
Garland
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Portneuf)
Gauthier (Sudbury)
George
Gibson
Gingras
Goode
Gosselin
Gour (Russell)
Graydon
Green
Gregg
Harris (Grey-Bruce)
Harrison
Healy
Hees
Hellyer
Henderson
Henry
Hetland
Hodgson
Homuth
Hosking
Howe
Huffman
Hunter
Jeffery
Jutras
Kent
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Langlois (Gaspe)
Larson
Leduc
Lefrancois
Leger
Lennard
Lesage
Little
Macdonald (Edmonton East)
Macdonnell (Greenwood)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
McCann
McCubbin
McCulloch
McDonald (Parry Sound-Muskoka)
McGregor
McIlraith
McIvor
McLean (Huron-Perth)
McLure
McMillan
McWilliam
Major
Maybank
Monette
Mott
Murray (Cariboo)
Murray (Oxford)
Mutch
Nadon
Nixon
Nowlan
Pearson
Picard
Poulin
Ratelle
Richard (Gloucester)
Richard (St. Maurice-Lafleche)
Riley
Rinfret
Roberge
Robertson
Robinson
Rooney
Rousseau
Rowe
St. Laurent
Sinclair
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Smith (York North)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Studer
Tremblay
Tustin
Valois
Viau
Ward
Weir
Welbourn
White (Hastings-Peterborough)
White (Middlesex East)
Whiteside
Whitman
Winkler
Wood—168.

Mr. Ross (Souris): Mr. Speaker, I was paired with the right hon. member for Melville (Mr. Gardiner). Had I voted I certainly would have voted for the amendment to the amendment.

An hon. Member: Why?

Mr. Ross (Souris): Because the Prime Minister (Mr. St. Laurent) refused to appoint a royal commission to report on the proper amount of loss to the farmers.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before going on with what I propose to discuss tonight, may I assert once more, so that the hon. member for Vegreville (Mr. Decore) will have one more chance to find out what Social Crediters have stood for, that I and all Social Crediters supported the agreement in 1946, and we have done so ever since. We also have supported the wheat board. We believe that the agreement was a good one. We have always believed that it was a good one. We now believe that the agreement was a good one, and that the principle underlying it was also good.

What I intend to say from here on consists of my own views in large measure and not necessarily the views of every member, or even the majority of members, of the Social Credit party.

In order to start us out on the line of thought to which I wish to direct attention, may I read once more the reckless statement of the hon. member for Vegreville as it was recorded by the hon. member for Moose Jaw (Mr. Thatcher) at page 1097 of *Hansard*. It is as follows:

> John Decore (Liberal-Vegreville) charged that the British government "has failed to carry out its moral obligations" to western Canada under the "have regard to" clause of the contract . . .
>
> Had the British government assumed its obligation the farmer would have received substantially more and to which he is entitled.

May I give some attention for a few minutes to the question of the obligation of Great Britain under the contract. According to the letter of the agreement Great Britain could not be held responsible for any additional payment under the "have regard to" clause. The Minister of Trade and Commerce (Mr. Howe), as well as a good many other members, dealt with that, so I think there is no need for further discussion on it.

Now we come to the question of moral responsibility. Great Britain, according to the spirit and intent of the agreement, could not fairly and justly be held morally obligated to make any additional payment beyond the $1.55 per bushel for the first two years and $2 for the second two years of the agreement.

The Canadian government positively declared itself in favour of selling wheat to former allies at less than prevailing world prices. This is an important thing for all members to get fixed in their minds. Canada announced it as a settled policy that she was ready to sell wheat at a lower rate, not more than $1.55 per bushel, to Britain and her allies and overseas countries.

Let us see what evidence we have in connection with it. On September 19, 1945, the Hon. J. A. MacKinnon, then minister of trade and commerce, said at page 290 of *Hansard:*

> There is a moral obligation not to take advantage of our recent allies in their time of compelling need.

On the same page the same minister said:

> Higher wheat prices would encourage the importing countries in a hurried return to wheat production and pre-war wheat policies very directly to the detriment of the wheat exporting countries, particularly Canada.

Mr. Speaker, may I speak to all the members of the Liberal party who are so ready to say that Britain has not discharged her moral responsibilities? There are two definite principles laid down in 1945, apparently before there was ever any thought of a United Kingdom-Canada wheat agreement. Surely no one will hold Britain accountable for those two principles!

As further evidence that the Canadian government had resolved in this direction, let me point out that the Canadian government had officially enunciated the principles laid down by the minister of trade and commerce in those two quotations I have given, by order in council P. C. 6122 passed on September 19, 1945, dealing with the proposed wheat policy for the future. I shall read the order in council. It is as follows:

> Order in council directing the Canadian wheat board not to sell wheat for export to overseas destinations at a price in excess of $1.55 per bushel.
>
> P.C. 6122
>
> At the Government House at Ottawa
> Wednesday, the 19th day of September, 1945
> Present:
>
> His Excellency
> The Governor General in Council:
>
> Whereas the Minister of Trade and Commerce reports that because of the effects of a crop failure in Australia and French North Africa, of transportation difficulties in various supplying countries, and of other adverse developments upon the volume of exportable wheat and because of the urgent requirements of recently liberated areas of Europe and Asia, world demand for wheat is presently exceeding available supplies;
>
> That under these conditions Canada, as the principal wheat exporting country, is in a position to demand very much higher prices for wheat from importing countries which must obtain food from abroad regardless of price in order to avoid want

and starvation and to many of which Canada has been or will be extending loans for rehabilitation and reconstruction purposes;

That it would be contrary to the interests of Canada and of Canadian wheat growers to take advantage of the necessity of former allies by charging higher prices for wheat, thereby encouraging an uneconomic expansion of wheat acreage in both importing and exporting countries, including Canada;

That it is in the interests of Canada and Canadian wheat growers to continue to offer wheat for sale at prices not in excess of those prevailing at the end of hostilities towards the end of maintaining a balanced agricultural program at home, securing and holding markets for Canadian wheat throughout the world and assisting in the early stabilization of economic and political life in war-torn countries;

That since May 15, 1945, the Canadian wheat board has been selling wheat to countries not in receipt of mutual aid on the basis of $1.55 per bushel for No. 1 Manitoba Northern, in store Fort William/Port Arthur or Vancouver;

That as a further means of stabilizing wheat prices during the post-war period it is the intention that steps shall be taken to ensure that producers will not at any time up to July 31, 1950, receive less than $1 per bushel for No. 1 Manitoba Northern wheat, basis in store Fort William/Port Arthur or Vancouver, on the authorized deliveries for each crop year;

And whereas by reason of the state of war now existing, it is deemed necessary for the security, defence, peace, order and welfare of Canada that the following regulation be made:

Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Trade and Commerce and under and by virtue of the War Measures Act, is pleased to make and doth hereby make the following regulation,—

Regulation

The Canadian wheat board shall not sell wheat for export to overseas destinations at a price in excess of $1.55 per bushel for No. 1 Manitoba Northern, basis in store, Fort William/Port Arthur or Vancouver, and in the case of each other grade of wheat at prices in excess of such prices as in the opinion of the said board brings each of such grades into proper price relationship with No. 1 Manitoba Northern.

A. D. P. Heeney,
Clerk of the Privy Council

I suppose, Mr. Speaker, everyone who is following this controversy at all must realize that the British were in no conceivable way responsible for that decision of the Canadian government to sell wheat at a price not in excess of $1.55 per bushel. When w begin to consider the moral obligation of Great Britain, this is an extremely important consideration.

We must have sold wheat to several non-British countries at $1.55 per bushel. Evidence of this is to be found in the 1947 *Hansard* at page 787. The then minister of trade and commerce had this to say:

Another question asked by the hon. member for Maple Creek (Mr. McCuaig) was, did the government sell Canadian wheat to forty-two countries outside the United Kingdom at $1.55 a bushel, or around 45 cents a bushel under world prices? The answer is that on September 19, 1945, the government instructed the Canadian wheat board to sell wheat for export at prices not exceeding $1.55 a bushel basis in store Fort William/Port Arthur or Vancouver. This instruction was of a temporary nature and was lifted on July 31, 1946. It covered a critical overseas position in the period following liberation.

Further down he has this to say:

This temporary policy was accompanied by a commitment on the part of the government "to ensure that producers will not, at any time up to July 31, 1950, receive less than $1 per bushel" for No. 1 Northern wheat, basis in store Fort William/Port Arthur or Vancouver. As the house now well knows, we have been able to do very much better than the basis outlined on September 19, 1945.

The idea seems to be held by a good many people that Britain somehow or other must have come on bended knees and pleaded with Canada to give her special consideration under which she would be able to obtain wheat for $1.55 per bushel. These quotations which I have given clearly prove that any such assumption concerning Britain is fallacious. That matter too has an important bearing on the question of the moral responsibility of Britain. Certainly, Britain had nothing to do with forming the wheat policy which was laid down, and which was being implemented by Canada. This order in council continues in force, as the quotation indicates, until July 31, 1946.

The wheat agreement now under discussion was signed on July 24, 1946, while that order in council was yet in force. Consequently, it can be said that the wheat agreement now under discussion was entered into by virtue of the order in council of September 19, 1945. The agreement was signed by James A. MacKinnon for Canada and P. A. Clutterbuck for Britain; and the treaty was in force immediately.

Before we go on with the next aspect of this question may I say this: Can anyone up to this stage find the slightest hint of any moral responsibility on Britain? Emphatically no!

Of this treaty the now much-disputed "have regard to" clause was article 2 (b) which, for the sake of the record, I propose to read once more. Article 2 (b) of the agreement between Canada and the United Kingdom for the purchase of Canadian wheat reads as follows:

(b) The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom government and the Canadian government not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December, 1948. In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

Those who argue that Britain has some moral responsibility usually point to this clause to begin their discussion. Any blame on Britain, if there be any blame, must have grown out of the last sentence of article 2 (b). Let us look at it again. I read the last sentence once more:

In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

"These two years" were 1948-49 and 1949-50. So it states. When written into the agreement, what was the significance of this so-called "have regard to" clause? I can remember quite well, Mr. Speaker, going throughout my constituency during the time when farmers were selling their wheat at $1.55 and having farmers quite anxiously ask me if I thought there was any chance that the price of wheat would go up during the next two years or if I did not fear that possibly the price of wheat would go down. I pointed to the "have regard to" clause and I said that the British people had always kept their word; that I believed that the "have regard to" clause was written into the agreement with the express purpose of providing protection against a fall in price of their product; that I believed that if there was any justification whatsoever, the British would negotiate the price upward from $1.55 so that we might expect such a price, we will say, as $1.75 or $1.80 next year. To me at the time this clause was a sort of guarantee that the price for wheat in 1948-49 and in 1949-50 would be more than $1.55 per bushel if the prices paid for Canadian wheat by nations other than Britain were found to be sufficiently higher than $1.55 per bushel to justify an increase over $1.55 per bushel for Canadian wheat. So it worked out. The price of Canadian wheat to countries other than Britain in 1946-47 and 1947-48—in other words, the price of what was then called class II wheat—proved to be considerably higher than the $1.55 per bushel that Britain had agreed to pay and did pay.

Very well then. Recognizing this fact, Britain at the appropriate time "had regard to" that fact and agreed to pay $2 a bushel for her wheat in 1948-49. True to her agreement she did pay $2 per bushel in 1948-49. If that was not having respect for the "have regard to" clause, then I will challenge anybody in the house or in the country to prove that it was not.

Again at the appropriate time for making agreement to pay for 1949-50 wheat, once more Britain "had regard to" prices of class II wheat in 1946-49. She also had regard to the probable price of class II wheat in the 1949-50 year. Having such regard, she agreed to pay $2 a bushel for the year 1949-50. Then, true to her agreement once more, she paid that price and took the full amount of wheat she had agreed to pay for and receive, notwithstanding the fact that the international wheat agreement arrived at meanwhile had fixed the price of class II wheat at $1.80. Once more you have an example of the application of the "have regard to" clause.

I have not heard anyone refer to that clause to give Britain any credit at all—a most astonishing thing. How can anyone show that Britain's behaviour in respect of her obligations up to that time had been less than fully moral? She did what she said she would do. She said in the agreement that she would have regard to the prices which had prevailed during the 1946-47 period, during the first two years, when she came to negotiate the prices for the next two years. She negotiated the prices for the next two years forty-five cents above what they were the first two years, thereby showing that she had regard. I believe that the people who are so anxious to attach moral turpitude—I do not know whether you would call it that; I suppose that is a little bit too strong an expression—or moral culpability to Britain by reason of the "have regard to" clause had better reconsider the whole matter in the light of what I have just said.

We now come to consider two pronouncements of responsible British statesmen. As I go around in the corridors and among the members I hear much reference to these two statements. The first of these was a statement by Right Hon. John Strachey. This gentleman, the British food minister, speaking before the Canadian Club at Winnipeg on February 26, 1947, quoted the latter part of clause 2 (b), the so-called "have regard to" clause, and then said:

Now these words mean neither more nor less than they say. They mean that the fact that we have bought our wheat from you this year below world prices—and that we may do so again next year—will be one of the factors in negotiating the actual prices to be paid in the third and fourth years. I and my government, and I am quite sure that this applies also to the Canadian government, would resist any attempt to add to or to subtract from this clear and definite statement as written into paragraph two subsection (b) of the wheat agreement.

Let us examine these words to see whether we can get from them the moral turpitude which some people feel inclined to impute to Britain. The words that have given rise to contention are those in the first two sentences; and it is not easy to see how words could be simpler or clearer in their meaning. They set forth exactly what the

British had agreed to do in clause 2 (b) of the agreement. They set forth precisely the course of procedure the British representatives adopted, together with the Canadian representatives, in determining that the price of $2 per bushel should be paid in each of the last two years, an increase of 45 cents a bushel over the first two years. How can anyone attach any blame to Britain on account of that speech or that remark? And I ask, how could any other interpretation have been justifiably placed upon those words than the interpretation I have given?

The second statement is that of Sir Stafford Cripps, chancellor of the British exchequer. On February 23, 1947, in an interview given to the Canadian Press in London, that statesman said:

As regards wheat we shall continue to depend on Canada for the greater part of our supplies. The four-year contract negotiated in 1946 will expire in 1950 and we have recently agreed upon a price of $2 a bushel for the 1949-50 season. We think there is every possibility of the world price falling below the $2 level before the end of the contract either because of the general improvement in the supply position or as a condition of any international wheat agreement which may be concluded in the near future. If this should be the case, the Canadian farmer will enjoy a favoured position by virtue of the fixed price on which we have agreed. This might prove to be a fair compensation for the earlier years when he was selling us wheat at below the world price; it depends, of course, upon how far prices actually fall. But in any case we have agreed to discuss this matter further with the Canadian government some time toward the end of 1950.

What do we gather from this pronouncement? This remark also has given rise to much contention. Let us consider the three most contentious sentences in the statement. The first, I submit, is this:

If this should be the case, the Canadian farmer will enjoy a favoured position by virtue of the fixed price on which we have agreed.

The British indicate no desire, because of the fixed world price, to ask any reduction from the $2 they agreed to pay for the third and fourth years of the contract. The British agreed to pay $2, and they paid it. There was no breach of honour there. I defy anyone, I do not care who he is, to show any breach of moral obligation in respect of that sentence.

Now let us take the second sentence which has given rise to discussion:

This might prove to be a fair compensation for the earlier years when he was selling us wheat at below the world price; it depends, of course, upon how far prices actually fall.

"Fair compensation" is the expression upon which one must concentrate attention. When Canada laid down her policy under P.C. 6122 in September, 1945, she had no thought of "compensation" from Britain. This is an exceedingly important matter. When Canada negotiated the trade agreement she had no thought whatever of any compensation from Britain. Neither did the hon. members of this house; neither did the people throughout the country at that time. So when Sir Stafford Cripps spoke of a fair compensation I say he was exceedingly generous. The importance which has been attached to that expression by critics obviously is altogether unwarranted.

Look again at the order in council I have already read. What is more, look once again at the words of Mr. MacKinnon, which I have quoted, as evidence of the truth of my statement when I declared that Canada had no thought whatsoever of any compensation. Canada sold grain to probably forty or forty-five different nations other than Britain at $1.55 a bushel. We have not heard anyone suggest that any one of those be asked to make some compensation for the cheap grain they enjoyed. Why should we fix on Britain?

The farmer was entitled to substantial compensation—at least 25 cents per bushel. But the British had no responsibility in the matter, legally or morally.

Then the third sentence in the statement which has caused discussion is:

But in any case we have agreed to discuss this matter further with the Canadian government some time toward the middle of 1950.

The British did discuss this matter further, which was all they promised to do. In fact the British evidently asked the Minister of Trade and Commerce (Mr. Howe) to discuss the matter. As evidence of that I quote an interjection by the minister during the remarks of the hon. member for Acadia (Mr. Quelch) at page 1115 of *Hansard* for March 9:

After the arrangements were made for the sale of the 1950 wheat crop, I was asked to discuss the settlement of the four-year wheat agreement. I said I had no authority to discuss it, and certainly no authority to settle it. If they wanted to tell me their views I would report them to my government. They told me their views, and I gave the views of the Canadian government as I understood them. I brought back a message to the Canadian government.

Not only did the British discuss the matter; they sought an opportunity to discuss it, and thereby certainly discharged every vestige of responsibility, legally, morally or otherwise, which might have been suggested by the statement of Sir Stafford Cripps. So in what conceivable respect can it be shown that Britain in any degree failed to carry out her moral obligation arising from the words of Sir Stafford Cripps?

There will be an opportunity for those hon. members who have been inclined to talk adversely about Britain's moral obligation, to defend their position when we get into

committee. I hereby challenge any hon. member of this house to disprove anything I have said here tonight. The field is wide open to these bright, smart, new young members who have been so reckless in rushing into print concerning the moral obligation of Britain. They will be free to establish their case; and if they do not do so they will stand condemned before the house and the people. When a man is a member of this House of Commons and has the initials M.P. attached to his name, the people of the country have a right to expect him to know something of what he is talking about. A good many of these men have spoken a great deal with very little knowledge and understanding.

As I have previously argued, the wheat producers ought to receive compensation to the extent of at least 25 cents per bushel. The people of Canada through the dominion government are in duty bound to pay that 25 cents. Britain, let me repeat, has not the least scintilla of a moral obligation in any shape or form in connection with reimbursing Canadian farmers for the losses they have sustained by reason of the British-Canadian wheat agreement.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, the matter under discussion at the present time embraces certain considerations which go far beyond the question of wheat policy alone, and even far beyond the more complicated question of what if anything should be paid the farmers of the prairies in return for any losses they may have suffered in the marketing of their wheat during the past five years. It is on that basis that I take part in this debate. Some of the issues were discussed this afternoon. The one to which I wish to refer first is the matter of the difference in the statements that have been made by the Minister of Agriculture (Mr. Gardiner) and the Minister of Trade and Commerce (Mr. Howe). Those differences were referred to in the statement this afternoon by the Prime Minister (Mr. St. Laurent). But the Prime Minister did not, and probably very wisely did not, try to explain the unexplainable or to reconcile the irreconcilable. He was invited by the leader of the opposition (Mr. Drew) to try to reconcile the two conflicting positions of his senior cabinet ministers or, if that were impossible, to state what was in fact the correct interpretation of their statements. But the Prime Minister did not reconcile the conflicting statements.

The fact remains that the Minister of Agriculture (Mr. Gardiner) has stated that payments to the prairie farmers are due because the British have failed to live up to their obligations under the contract, while the Minister of Trade and Commerce (Mr. Howe) has stated that the British government has fully discharged its obligations under that contract. The Prime Minister was not able and did not try to deal with those two irreconcilable statements. What the Prime Minister did say was that the government decided to give $65 million to the farmers of the prairies because of the expectations of certain producer groups.

Here again the Prime Minister is very different in his approach to the matter from the approach of the Minister of Agriculture. The statements of the Minister of Agriculture are different from the statements of the Minister of Trade and Commerce. So we now have three different statements of position, one by the Prime Minister, who bases his justification of the contribution upon expectations, one by the Minister of Agriculture, who bases his justification upon the alleged failure of the British to discharge their obligations, and the third from the Minister of Trade and Commerce who says simply that the government decided to pay $65 million, and makes no attempt to explain it.

Mr. Gibson: Let us bury the dead horse.

Mr. Fulton: The horse is very much alive, and has been revived by the statement of the Prime Minister and by the papers which have been tabled in the house tonight.

Hon. members must not lose sight of the fact that an effort has been made here to represent to the house, and through it to the Canadian people—and efforts are now being made outside the house to repeat such representations—that the reason why this payment is being made is that the British defaulted under their agreement.

When the government was confronted during the course of the debate with the statement of the Minister of Trade and Commerce on June 5, 1950, efforts were first made to convince the house that the statement so recorded in *Hansard* was incomplete, in that a period or comma had been left out. That effort having failed, an effort was then made to convince the house that the statement of the Minister of Trade and Commerce meant in fact nothing more than that the Canadian government accepted as the position of the British government the fact that it had fully discharged its obligation.

Of course the statement of the Minister of Trade and Commerce on June 5, which I am glad to see the minister has said he wishes to alter in no way, and which he confirms, says no such thing. That statement goes far beyond the mere assertion that the Canadian government accept as the position of the British government that it has discharged

its obligation. That statement says clearly and simply that the Canadian government agreed that under all the circumstances the British government had discharged its obligation; and all the efforts of the Minister of Agriculture subsequently to show that the statement did not mean that have served merely further to confuse the issue but, more important, have served further to emphasize the difference between the statement of the Minister of Agriculture and that of the Minister of Trade and Commerce.

In the papers tabled tonight, however, we have the facts, which finally settle what the position is. Those papers clearly show that on May 30 the Canadian government officially agreed with the British government that all obligations under the "have regard to" clause might be considered to have been taken care of. That position was set forth by the British government at the meeting held in London in May, which was attended by the Minister of Trade and Commerce.

The papers tabled in the house tonight make it clear that the record of that meeting was embodied in a memorandum brought back by the Minister of Trade and Commerce. That memorandum was presented to the cabinet. On May 30, the Minister of Trade and Commerce wired the British government to the effect that his colleagues agreed with the conclusions. There has not yet been time to obtain a full copy of these papers; but I have been able to look at them and to make extracts from them. I have taken down the actual words of the relevant parts of the papers.

The first paper is a message from the Minister of Trade and Commerce dated May 30, 1950, and reading in part as follows:

I have reported these discussions—

That is, the discussions recorded in the memorandum the minister had brought back.

I have reported these discussions to my colleagues—

This is a quotation from the message of the Minister of Trade and Commerce.

—and wish to let you know that they are in accord with the conclusions recorded in paragraph 2 (a) (b) and (c) of the agreed record of the discussions.

Paragraph 2(a) and (b) refer to the discussions and embody conclusions reached in the discussions respecting the 1950-51 contract. They have no reference to any amount which might be owing under the four-year contract —no reference to that contract at all.

Paragraph 2(c) reads as follows—and these are the actual words of the memorandum brought back from the United Kingdom by the Minister of Trade and Commerce, the memorandum which records the conclusions of the meeting held there:

The United Kingdom government was anxious not to be represented as having given assurances regarding wheat purchases in 1950-51 in return for the waiver of a claim by Canada under the "have regard to" clause. The United Kingdom expected to make large purchases of wheat from Canada in any event. Nevertheless in the context of these discussions United Kingdom representatives felt that it would be reasonable that all obligations under the "have regard to" clause might be considered to have been taken care of. Mr. Howe said that this was a matter which could only be settled by the Canadian cabinet on his return.

It is in the light of that statement—paragraph 2(c) of the memorandum—that the United Kingdom felt it would be reasonable that all obligations under the "have regard to" clause might be considered to have been taken care of, that one should read the message from the Minister of Trade and Commerce sent to the United Kingdom following his discussion with his colleagues, in which he stated that he had reported these discussions to his colleagues and wished "to let you know that they"—his colleagues—"are in accord with the conclusions recorded in paragraphs 2(a) (b) and (c)". The papers show conclusively that the matter was discussed in cabinet here prior to May 30 and following the minister's return from London, and that in those discussions in cabinet, the Canadian government agreed that all the obligations under the "have regard to" clause should be considered as having been discharged.

In the light of that fact it is strange indeed that the Minister of Agriculture (Mr. Gardiner) should still persist in his efforts to represent that the British government has not discharged its obligation under the contract. It is stranger still that the Minister of Agriculture should persist in his efforts to represent that the government did not agree on May 30 last year that the British government had discharged its obligation under the contract.

After he had been confronted with the statement of the Minister of Trade and Commerce of June 5 and in a further effort to explain this statement—and the Minister of Agriculture must be presumed to have had knowledge of the message sent by the Minister of Trade and Commerce—the Minister of Agriculture tried to tell this house that the message sent by the Minister of Trade and Commerce did not mean that the Canadian government agreed with the United Kingdom government that the obligations had been discharged. We find this matter being discussed in this debate at page 1120 of *Hansard* of March 9, 1951, at which time the Minister of Agriculture was referring to

a statement by Mr. Gaitskell in the United Kingdom to the same effect, namely, that the British and Canadian governments had agreed that the obligations had been discharged. At that time the Minister of Agriculture said that Mr. Gaitskell had not said that at all and I go on to quote the minister's remarks from page 1120 of *Hansard:*

He simply said that a decision was reached, and nothing more than that.

The hon. member for Rosetown-Biggar (Mr. Coldwell) then interjected:

Mr. Coldwell: The Minister of Trade and Commerce said today that he brought back a memorandum in May 1950 which related to this matter. Did the government approve of that memorandum?

Mr. Gardiner: The government approved of just exactly what I am saying and what I said last night. They approved of it unanimously. The memorandum did not say what my hon. friends are saying.

I pause here to observe that the memorandum did say exactly what we are saying:

Mr. Coldwell: Did the memorandum consist of a minute of the meeting between the minister and the British government?

Mr. Gardiner: Yes, but the minute did not say what my hon. friends are trying to read into it.

Mr. Coldwell: Will the government produce the relevant part of the minute?

Mr. Gardiner: That is another thing. You would have to have the consent of two governments for that and I am not prepared to say whether they will give it. I am saying to my hon. friend that there is no ground in it for the interpretations that are being put on anything that took place, either in the discussions over there or in the government here. The fact is that the British government accepted the position that this government did not agree. That has been placed before them very clearly on two or three occasions since.

How could the British government accept the position that the Canadian government did not agree when the Minister of Trade and Commerce wired them on May 30 that the Canadian government did agree? He wired them immediately after consultations in the cabinet. The Prime Minister (Mr. St. Laurent) said this afternoon that cabinet solidarity does prevail, contrary to all indications here in the house. We accept the Prime Minister's statement and it therefore follows that the Minister of Agriculture knew that the Minister of Trade and Commerce had sent that message.

That message advised the British government that after consultation in cabinet the Canadian government agreed that the obligations under the contract had been discharged. Yet after this matter had been threshed over fully in this debate the Minister of Agriculture had the effrontery to say on March 9 that the fact was that the British government "accepted the position that this government did not agree". Is it any wonder that the Prime Minister finds it impossible to reconcile the statements of

the Minister of Agriculture and the Minister of Trade and Commerce, when the Minister of Agriculture makes a statement so deliberately contrary to the facts?

While the Prime Minister does not say that it was a case of the British defaulting—he cannot say that—he contented himself with saying that we are making this payment because of expectations that certain producer groups may have. However, the Prime Minister did not say how those expectations were calculated. He only made it clear that the $65 million is being paid because it happens to be a credit not drawn on by the British government.

The Prime Minister has also made it clear in this house that the Canadian government had hinted to the British government that our government would like the British to resort to the subterfuge of drawing on that credit and then return it to us as a payment under a contract which the Canadian government had agreed had been fully discharged. Naturally the British government did not accept the invitation to take part in that subterfuge. The fact which emerges clearly from all this discussion, and from the Prime Minister's statement, is that the $65 million is being paid simply because that happened to be the balance of the loan. That $65 million has no relation to the needs of the prairie farmers, to the balance which is owing under the five year pool or any other subject which has been under discussion here.

So we have as the only basis for the payment the "expectations" referred to by the Prime Minister. What a basis to lay before the House of Commons and ask us to accept as justification for voting that particular sum for payment into the five year pool!

But it is not surprising that the Prime Minister can think of no other explanation. For the Minister of Trade and Commerce in the course of approximately a half-hour speech on March 12 stated no fewer than seven times that this United Kingdom-Canadian wheat agreement had been to the advantage of Canada, to the advantage of the Canadian wheat producer. I have read his speech carefully. I will not refer to all the occasions on which the Minister of Trade and Commerce said that, but if you go through his speech you will find that no fewer than seven times he made remarks like the following which is to be found on page 1171 of *Hansard* of March 12:

Again, I say the British wheat agreement needs no apology. It was the right thing to do at the right time. It was by no means a one-sided contract. It was beneficial to the Canadian wheat grower as well as to the British consumer.

Or the following, as reported on page 1169:

The wheat economy prospered during that period as it deserves to prosper —

And at page 1173:

I believe it has been greatly to the advantage of the Canadian producers that that agreement was made.

Seven times the Minister of Trade and Commerce told this house and the country that the agreement was the best thing that could have happened. During the course of that speech no fewer than six times he used words to the effect that the British have fully discharged their obligations. The Minister of Trade and Commerce did not confine his statement to saying that the British had fully discharged their legal obligations; he made it quite clear that he meant they had fully paid their legal and their moral obligations, when he used words such as these to be found on page 1173:

I am happy the way it has worked out—

That is, the British agreement.

—and I deplore the suggestion that the British government has not played fair with the Canadian people.

Seven times he said that the contract was a good contract and worked to the advantage of the Canadian producers, and six times he said that the British have paid fully and fairly under the contract, not only to the Canadian government but fairly to the Canadian people. It is not very surprising, then, that the Prime Minister could find no better basis on which to justify this payment of $65 million than the basis of "expectation". If what the Minister of Trade and Commerce says is right, that the contract worked to the benefit of the Canadian producer, benefited him more than anything else that could have happened, and if what the minister says is right—which in this case it is—that the British have fully discharged all their legal and moral obligations under the contract, why then is this question of a further payment of $65 million before the house?

Why are they asking that it be paid? Is it to save the reputation of the Minister of Agriculture (Mr. Gardiner) in Saskatchewan? Is it to retrieve the reputation of a minister whose handling of wheat has been discredited, who has made a gamble and lost, and who has been repudiated by his own colleagues?

Mr. Howe: Mr. Speaker, I suggest to my hon. friend that it would be more manly to wait until the Minister of Agriculture is in his seat before the hon. member makes charges of that kind.

Mr. Fulton: If the Minister of Agriculture were in town and intending to come into the house I should to glad to wait. While I know ministers sometimes have to go away on government business—I know there are unavoidable absences, yet on this occasion the minister is absent on his own business. My hon. friends opposite, the minister's colleagues, are calling "question, question". I rather think that if I and the rest of us were to discontinue taking part in the debate now the government would insist upon an immediate vote. I accept no responsibility for the absence of the Minister of Agriculture, who started this discussion and then left. If he were here I would be saying exactly the same things and asking the same questions as I am asking now.

Mr. Howe: Asking them much more boldly in his absence though.

Mr. Fulton: The Minister of Trade and Commerce really should not judge others by himself in this regard.

The Minister of Agriculture—

Mr. Ross (Souris): He is out talking wheat in Saskatchewan. He should be here.

Mr. Fulton: The Minister of Agriculture knew this debate was going to take place. The Minister of Agriculture did not ask the house to adjourn the debate while he went out to Saskatchewan to talk to the people of Saskatchewan about wheat. I suggest the Minister of Agriculture should be here listening—

Mr. Abbott: I do not think he would be worried about what you say.

Mr. Fulton: —and taking part in the debate. As was pointed out this afternoon, the Minister of Agriculture and everyone in the House of Commons knows pretty well that an election is expected in Saskatchewan at any moment now. The only conclusion I can come to in my own mind—and I will not put this in the form of a question; I will state it as a conclusion that I come to—is that the sum which is to be paid has a very close relation to the expectation of an election in Saskatchewan.

So we come back to the matter of expectations as the basis for payment. Expectations of what? Expectation of an election. Expectation is what the Prime Minister said we were basing the payment on. I point out to you, Mr. Speaker, that there was a very simple way to avoid having to pay anything. That was to do what we have suggested should be done every year since 1946, to provide the grain producers of western Canada with an alternative market, and allow them to market their produce through their own marketing

organization if they wish, instead of taking it from them compulsorily through the wheat board.

Mr. Ferrie: Why don't you talk about something you know something about?

Mr. Fulton: In view of some of the remarks that were made this afternoon by members of the Liberal party I wish to re-emphasize, although it has been made quite clear already, that we in this party did criticize the wheat agreement at the time that it was first before the house. Reference has been made to the statements of the then leader of this party, Mr. John Bracken. Mr. Speaker, I do not often direct your attention to the fact that there are interruptions. I might point out that I do not mind dealing with interruptions or questions that are directed to me but I am unable to deal with conversations and side debates going on between members which are not directed to me in such a manner that I can actually understand what is being said.

Mr. Abbott: Louder and funnier.

Mr. Fulton: I was referring to the statements of Mr. Bracken which can be found at page 4822 of *Hansard* for August 15, 1946, where he criticized the wheat agreement in these terms:

> It is a bad agreement because it proposes to sell 160 million bushels of wheat to Britain at 50 cents a bushel below the world price. It is either a gift or it is an improvident trade arrangement.

As a second reason he gave the following:

> It is a bad bargain also because it will create friction between Britain and Canada.

These two criticisms of the wheat agreement made in 1946 by the then leader of this party have been proven true in every particular. Therefore we are entitled to ask, on what basis are you resting your appeal for $65 million? The government's present answer is: On expectations. What a basis! I ask you, Mr. Speaker, how do you value expectations? I ask the Prime Minister and the Minister of Trade and Commerce, how do you value expectations? It is perfectly obvious that the government values them according to whether or not there is to be an election.

I ask the Minister of Finance: What happens to the economy drive about which he has said so much, when payments are now to be based on expectations? The Minister of Finance will never be able to make the suggestion again that any increase in expenditure, or any failure to reduce expenditure, is the responsibility of the members of the opposition, when he is going to table estimates on Monday asking for the expenditure of $65 million on the basis of "expectations".

Why are the expectations of one group worth $65 million when there is an election anticipated out there, while the expectations of another group are apparently worth nothing? The apple producers for instance were certainly entitled to expect something in view of the disasters which they have suffered, first, the loss of their markets, second, the whittling away of the British preference, third, the inability of the British to spend dollars for apples, and then the disastrous winter of 1949-50 in British Columbia when orchards were wiped out as much as 100 per cent. Payments had been made to other areas which had experienced disasters not exactly the same but similar—Rimouski and Cabano for example, when they were devastated by fire. I submit to you, Mr. Speaker, that when the apple growers came down here to ask for assistance they were entitled to have expectations but apparently their expectations are worth nothing in the eyes of this government. The Prime Minister told us that in the house just the other day. He said they could be taken care of by the provincial government. Yet the payment of this money to the prairies is now being justified on the basis of expectations. I suggest that the remarks made by my leader this afternoon that the government must lay before the house some basis upon which we are asked to arrive at this payment, whether it be 50 cents, 25 cents, 12 cents, ten cents or be what it may, are most pertinent. Further, before we are asked to vote on any payment, the conflicting statements made in this house were to be reconciled. Mr. Speaker, do not let the Prime Minister try to tell us that those were merely statements of opinion having nothing to do with the conclusions in the cabinet. The Prime Minister must tell this house how it is that two ministers make completely conflicting statements as to the position of the British with respect to this contract, one saying that the payment under the contract is a result of the default of the British, the other saying that the British have paid in full. I say, Mr. Speaker, that the Prime Minister owes it to this house, and to the country, either to reconcile those statements or to take the other course which was suggested this afternoon by the leader of the opposition (Mr. Drew), and that is not continue to keep in his cabinet two ministers who make such conflicting statements on matters of policy. He should adopt that course in this house before he asks us to vote on the $65 million to be contained in the supplementary estimates.

Mr. A. J. Bater (The Battlefords): I should like to say a few words, Mr. Speaker, in

connection with this amendment. I am going to read it first. It is:

That this bill be not now read a second time, but that further consideration thereof be deferred until this house has had an opportunity to record its opinion on the government's announced decision with respect to the final settlement of the five-year wheat pool, and on the government's mishandling of the sale of wheat and other grains covered by the Canadian Wheat Board Act.

The word "mishandling", Mr. Speaker, is the chief reason why I rise to say a few words this evening. I should first like to advise the previous speaker that all producer organizations in western Canada requested the present wheat board set-up for the marketing of our grain.

There have been a lot of words spoken and written about a so-called loss on the five-year pool and the four-year contract with Britain. These writers and orators close their mind to the past, forget world conditions and only quote the present swing of world inflation. Have we not memories or do we close our minds to the past in order to forget what happened in the open market? Britain, the largest buyer of our wheat, now buys in bulk. Are we in a position to sell her in small lots or are we to allow a combination of traders to get together to pool their purchases to make this bulk delivery? The producers can remember when the wheat board was thrown over in 1920 following world war I, and these few speculative traders had a chance to show their stuff. Wheat hit a high of $2.85 a bushel early in September, 1920, when the wheat began to pour on the market, and by December, 1923, it was carried to the low average of 93½ cents. We all know the picture of conditions that followed.

Compare that situation with what occurred during the five years after world war II. Stabilization was secured. Could this speculative market operate today? Following the outbreak of war, and before it ended, the wheat board had to carry as high as 600 million bushels. Could speculators operate when importing countries could only purchase by loans or gifts? The government had to make these loans and gifts. Under the board the price was stabilized, and for the first time in our history the farmer knew the minimum price when he seeded. Being a free man in a free democracy, he could manage his business with a degree of confidence.

Before the frost hit the wheat board was faced with a most difficult marketing problem. It would have had to find consumers for a 500 million bushel wheat crop. Those consumers would have to have sufficient dollars with which to buy the wheat, and be prepared to pay enough for it to justify the original $1.40 initial payment. The frost eased that selling problem but handed the board a far more difficult one, that of finding buyers for over 100 million bushels of wheat good only for feeding to livestock. The same rains that produced the bumper wheat crop gave the west an abundance of pasture and feeds. That fact alone has made feed wheat of less value than would otherwise have been the case. In order to find any kind of market for it, it must be priced at a point where it can be utilized as stock feed. This, then, is a real distress crop; an embarrassment to the producers, the wheat board, and the economy of the country.

To take the position that the wheat board should have set an artificially high price for feed wheat to compensate farmers for the terrible loss they suffered from frost is utterly illogical. The wheat board has but one function, to market the farmers' grain for the best possible price and to return to the farmers the net proceeds of the crop. The wheat board exists because the farmers of the west have become convinced that over the long term it provides price stability unknown under the boom and bust futures market system. All the farmers of the west have ever wanted, and ever hoped to get, was a fair average price for their wheat, not $3 one year and 35 cents the next. Before the wheat board, wheat might have been priced at $1.50 before the farmer planted it; $1.75 in July before harvest, and $1 when they hauled their crop to the elevator. When the price was high they had nothing to sell. When they had wheat to sell the price was often ruinous.

If the farmers of the west can get the average of what our overseas customers are prepared to pay for our wheat, that is all most producers have ever wanted. They have only wanted a system without the wild speculative fluctuations that were part and parcel of the futures market system. If the wheat board is to be the target for unreasoned abuse every time an initial price is set, and every time any other problem of marketing arises, the days of the board are surely numbered. It cannot stand much more of the kind of friendship it has been getting this past year.

Before sitting down, Mr. Speaker, I think I am going to put my finger on the crux of the whole system of marketing wheat in the world. I am taking in a lot of territory, but I believe I am going to give some information now that I have never heard in this house before. Regardless of what has been said by many of the grain trade representatives or any hon. member in this house, I contend that not one of them has mentioned the one thing which I consider has completely

changed the picture in so far as wheat marketing is concerned for all exporting countries in the world. I contend, Mr. Speaker, that was the closing of the Liverpool corn or grain exchange. I contend, sir, that there is no similar market in any country in the world today. The action of the British government in 1940 revolutionized the selling of wheat. In the face of that fact, I want to commend this government and the wheat board for their policy in disposing of our exportable wheat, which means so much to the grain producers and to the Canadian economy.

Now, Mr. Speaker, prior to the closing of the Liverpool grain exchange, when we looked at the marketing page of any newspaper in any country in the world to ascertain the price of wheat, what did we see? The first market that was mentioned in any column in any newspaper was Liverpool. What do we see today? We do not see Liverpool mentioned any longer. I contend that Chicago and Winnipeg have not taken the place of the Liverpool corn or grain exchange. These markets are in exporting countries and not in an importing country such as England is. Great Britain probably was, and is today, the greatest importer of wheat of any country in the world.

Mr. M. J. Coldwell (Rosetown-Biggar): I am not going to be very long tonight, Mr. Speaker, but this document for which we pressed, and about which a motion stands in my name on the order paper, has been placed before the house tonight. I believe it should be put on the record, and I propose to do that. First of all, I should like to take, as it were, a text. My text is the statement made by the Minister of Agriculture (Mr. Gardiner) on March 8 at page 1120 of *Hansard*, and quoted by the hon. member for Kamloops (Mr. Fulton). I do not propose to quote all that he quoted, although I intended to do so before he spoke. I wish to quote almost the concluding words of the statement made by the minister.

> The fact is that the British government accepted the position that this government did not agree.

The Minister of Trade and Commerce (Mr. Howe) on Monday evening dealt with that very explicitly and stood by his statement of June 5 last year. The document, a copy of which I hold in my hand, fully substantiates, first, that an agreement had been reached with respect to the "have regard to" clause by the cabinet after the minister's return from London; and, second—and I am sorry that the Minister of Agriculture (Mr. Gardiner) is not in his place—that the Minister of Agriculture for two days last week misled this house in regard to that matter—not only misled the house but, what is worse, misled the country. I think that a minister who misleads parliament and the country no longer can have the confidence of his fellow members of the cabinet, of the house or of the country; and I believe that in any other parliament under our constitutional system that situation would have been made clear before now.

Mr. Boucher: The Prime Minister (Mr. St. Laurent) replied to that fully this afternoon.

Mr. Coldwell: The document I hold in my hand reads as follows:

United Kingdom-Canadian Wheat Talks
May 1950

Agreed Record of a Meeting in the Foreign Secretary's Room in the House of Commons at 2.30 p.m. on Monday 22nd May 1950

Present:

United Kingdom: Chancellor of the Exchequer (in the Chair); Secretary of State for Commonwealth Relations; Minister of State for Economic Affairs; Minister of Food; Sir Percivale Liesching; Sir Henry Wilson Smith; Sir Frank Lee; Mr. A. E. Feaveryear.

Canada: Mr. C. D. Howe; Mr. L. B. Pearson; Mr. L. D. Wilgress; Mr. Norman A. Robertson; Mr. M. W. Mackenzie; Mr. G. A. McIvor.

Secretary: Mr. F. Hollins.

1. The meeting considered the following three questions in the light of the discussions that had taken place since Friday, 19th May:

(a) The quantity of wheat to be bought by the United Kingdom from Canada in the crop year 1950/51.

(b) The proportion of the quantity at (a) which the United Kingdom would take in the form of flour.

(c) The final settlement of any question still outstanding under clause 2 (b) (the "have regard to" clause) of the United Kingdom/Canada contract of 1946.

2. The conclusions reached on these three subjects were as follows:

(a) The United Kingdom and Canadian governments would both make agreed announcements on the results of the conversations in the terms of the statement at Annex A. The United Kingdom government would have no objection to Mr. Howe stating publicly on his return to Canada, if he considered it desirable, that he thought it reasonable to assume that in 1950/51 Canada would be able to sell to the United Kingdom at competitive international wheat agreement prices somewhere between 100-120 million bushels of wheat. This quantity would include the carry-over of 12·5 million bushels bought under the terms of the four-year contract. The Chancellor of the Exchequer would also be prepared to make a public statement to the effect that the United Kingdom government hoped that they would be able to meet their requirements for dollar wheat from their traditional market in Canada within the international wheat agreement, and that this would be possible provided that such wheat could be purchased on terms as to price, quality and position not less favourable than those obtained by any other buyer in the dollar market whether in the United States of America or in Canada.

(b) As part of its purchases of Canadian wheat in the crop year 1950/51 the United Kingdom would agree to take 300,000 tons of flour, provided that it could be purchased on terms not less favourable as to price and quality than those obtained by any other buyer of flour in the dollar market, whether in the United States of America or Canada. The United Kingdom representatives made it clear that the purchase of 300,000 tons in 1950/51 would be without prejudice to a possible lower scale of purchase in 1951/52.

Now comes clause (c) to which I wish to direct particular attention:

(c) The United Kingdom was anxious not to be represented as having given assurances regarding wheat purchases in 1950/51 in return for the waiver of a claim by Canada under the "have regard to" clause. The United Kingdom expected to make large purchases of wheat from Canada in any event. Nevertheless, in the context of these discussions, the United Kingdom representatives felt that it would be reasonable that all obligations under the "have regard to" clause might be considered to have been taken care of. Mr. Howe said that this was a matter which could only be settled by the Canadian cabinet on his return.

Instead of reading the next paragraph, I think perhaps I should read the message that was sent from Canada after the Canadian cabinet had considered this minute. The Minister of Agriculture told us that the action under the minute was taken unanimously. May I just point out that there had been a lapse of eight days from the time the conference was held in London until the message was sent to Britain on May 30. During those eight days there was no protest from the Canadian government with respect to the "have regard to" clause and no suggestion that further negotiations should be held to modify the conclusion that had been reached and which is to be found in this return. On May 30, 1950, this message was sent to the Chancellor of the Exchequer. I had better read the letter which accompanies it. It is as follows:

Ottawa, May 30, 1950

Dear Sir Alexander:

Regarding the recent wheat talks in London, I am sending you, herewith, a message for the Chancellor of the Exchequer from the Minister of Trade and Commerce.

I would be grateful if this could be sent off to London at once.

Yours sincerely,
A. D. P. Heeney

Sir Alexander Clutterbuck,
High Commissioner for the United Kingdom,
Earnscliffe,
Ottawa.

The message is as follows:

Ottawa, May 30, 1950

Following for the Chancellor of the Exchequer from the Minister of Trade and Commerce, begins:

I have reported to my colleagues in the Cabinet on our recent wheat talks in London, and wish to let you know that they are in accord with the conclusions recorded in paragraph 2 (a), (b) and (c) of the agreed record of the meeting which we held in the Foreign Secretary's room in the House of Commons on Monday, May 22nd.

In the circumstances, I should very much like to make public the agreed statement today, May 30th, if possible at 3.00 p.m. Ottawa time.

The agreed statement—and I do not think I need to put it on the record again—was annex A of this agreement. If we look at the statement that was agreed upon, identified as annex A, we find that after it was read to this house on May 30 last the hon. member for Souris (Mr. Ross) asked the Minister of Trade and Commerce (Mr. Howe) this question:

May I ask the minister if at this conference a basis of settlement under the "have regard to" clause was discussed?

He went on to speak of the losses he believed had been sustained; and the answer of the minister was:

I understand the wheat board act will be discussed later in the session, and I do not care to amplify this statement at the moment.

That was the very day the message was sent to Britain stating that the government of Canada was in accord with the view in clause (c) of paragraph 2 of this agreement. The matter was settled by that exchange. It was settled first of all tentatively, as it were, in London. It could not be settled definitely because the Minister of Trade and Commerce and his colleague the Secretary of State for External Affairs (Mr. Pearson) had not the authority. But when they got back the cabinet agreed, and authorized the minister to so notify the chancellor of the exchequer. So there is no possibility whatever of saying anything other than that an agreement and settlement of this matter was made. The other evening someone saw fit to criticize me because I had not been in touch with the British government. Well, of course it is not my place or my prerogative to get in touch with the British government on a matter under negotiation between our two governments. On the other hand, how could any member of this house have got in touch with the British government when, that agreement having been made on May 30, the Minister of Trade and Commerce answered the hon. member for Souris as he did? In other words none of us knew that this matter had been settled. I say there has been a deplorable lack of frankness in this connection; and the later attempts to re-open discussions could not possibly have succeeded because of the firm agreement that had been made in the exchange of the minute and the message of the Minister of Trade and Commerce to the chancellor on May 30, 1950.

I do not know what this reference is to a waiver, but evidently there was consider-

able discussion about this "have regard to" clause. The United Kingdom government was anxious not to be represented as having given assurances regarding wheat purchases in 1950-51 in return for the waiver of a claim by Canada under the "have regard to" clause. Evidently there was a very thorough discussion. I do not know who suggested a waiver; whether the Canadian government representative said to the British government, "If you will buy a large quantity of wheat in 1950-51 the 'have regard to' clause will be waived completely". I do not know whether or not that was done.

Mr. Howe: Does my hon. friend think it was done? Does he think the British government would send out an agreed minute if they did not wish to be represented as accepting a waiver? Does he think they really did accept a waiver and then did not want to be represented as having done so?

Mr. Coldwell: No. What I was just going to say was: or on the other hand, did the British government make the suggestion of a waiver? Somebody did. That is the point I am making.

Mr. Howe: Nobody did.

Mr. Coldwell: The British government then obviously wanted to make clear in this that a waiver formed no part of the understanding. They went on to say that the United Kingdom expected to make large purchases of wheat from Canada in any event, whether or not the "have regard to" clause was settled. Now we have this document in the whole. We also have some members of the government in the hole, because there is no question but that anyone who reads the exchanges of last week will now realize how far from the true facts were some of the statements that were placed upon the records of this house, principally by the Minister of Agriculture. That is so even in regard to Mr. Strachey's statement at Winnipeg. What did he say at the end of his speech there? This is what the press carried, and I presume that it was in his prepared script:

> I repeat that the essence of the agreement is that in return for selling wheat at $1.55 during the first two years of the agreement, Canadian farmers get the protection of minimum floor prices of $1.25 and $1 in the third and fourth years. And I reiterate that it is an inescapable obligation of the British government to pay at least these prices however low the world price of wheat may go.

In other words if there was a difference of opinion regarding this "have regard to" clause as between the Canadian and British governments, apparently the understanding of Mr. Strachey at that time was something which incidentally I did not understand at the time—

Mr. Sinnott: Will the hon. member permit me a question?

Mr. Coldwell: No.

Some hon. Members: Sit down.

Mr. Sinnott: What is the date of that?

Mr. Coldwell: I want to finish what I am saying. Mr. Strachey's idea of this agreement, to some extent, was a sort of insurance policy that he was offering. I did not agree with that point of view, and it is not precisely what we have believed of it. But to return to this document, there is no question but that the Minister of Trade and Commerce and his colleague brought back a minute which in effect was a proposal for the settlement of the whole matter, and the "have regard to" clause was discussed and the conclusion recorded in this minute. When they arrived back they placed that minute containing the settlement proposed by the British government before the cabinet, and we are told that the cabinet unanimously gave the Minister of Trade and Commerce the right to send a message saying:

> I have reported to my colleagues in the cabinet on our recent wheat talks in London, and wish to let you know that they are in accord with the conclusions recorded in paragraph 2 (a), (b) and (c) of the agreed record of the meeting which we held in the foreign secretary's room in the House of Commons on Monday, May 22nd.

Mr. Sinnott: I rise on a point of privilege. I have as much right in this house as the hon. member for Rosetown-Biggar (Mr. Coldwell) or anybody else, and I would like to know the date of the document he is reading from.

Mr. Coldwell: I have given it. This is an agreed minute tabled by the Prime Minister tonight, the minute of the meeting held in London on May 22, 1950; and the message I have just read was sent by the secretary of the Privy Council of Canada, Mr. A. D. P. Heeney, after the cabinet meeting. It is dated May 30, 1950, in other words months before the "have regard to" clause was raised again in any way, either by the Prime Minister (Mr. St. Laurent) or by the Minister of Agriculture (Mr. Gardiner). During that week—during the week between the London meeting and the Ottawa meeting—there was no attempt on the part of the cabinet or, so far as we know, any member of the cabinet, to say to the government of Great Britain, "We are not satisfied with this deal; we would like to negotiate further."

On the contrary, they said, "We accept this agreement and we authorize the Minister of Trade and Commerce (Mr. Howe) to send a message" in the words I have just read. During that week there was no attempt to reopen the matter for Canadian farmers. No

attempt was made to call in representatives of the producers of this country, no attempt to call in the advisory committee of the wheat board—nothing of that kind. The matter was firmly and finally signed, sealed and delivered.

An hon. Member: A sell-out.

Mr. Coldwell: Anyone who goes across this country today and says that after this there was either a legal or moral obligation left over is wilfully and deliberately deceiving the people of Canada—and no peradventure about it. It is clear as crystal.

An hon. Member: Making a lot of noise.

Mr. Coldwell: The hon. member says I am making a lot of noise tonight.

An hon. Member: Not you, the crew behind you.

Mr. Coldwell: What I am saying, even if I did say it in a loud voice, is that there is no misunderstanding as to what this document means. And I say to hon. members on all sides of the house that they should cease—cease—misrepresenting this matter, anywhere.

The British government under this agreement says, "We are going to take large quantities of wheat from Canada"—100 million to 120 million bushels. Well, before the war, you know, the very best we could do in our sales of wheat to Britain was an average of about, I think, 90 million bushels a year. We have a market now in the United Kingdom for more.

Do you think that any people or any government will receive kindly some of the unjustifiable and unjustified criticism that has been thrown across the floor of this house during the last week or so? I say this trade is vital—and I do not care what government is in power in Great Britain, or what its political complexion may be, that government will fulfil an agreement which has been entered into.

Apparently the Canadian government agreed, in the message which was sent by the Minister of Trade and Commerce to London on May 30—

Mr. Ferrie: May I ask a question?

Mr. Coldwell: Just a moment; I will let you in a moment—on May 30, that the agreement had been fulfilled. I will take the hon. member's question now.

Mr. Ferrie: Why is the waiver sentence in there? Why did they want the waiver in it?

Mr. Coldwell: They did not. There is no suggestion of that—in fact, quite the contrary. It is quite the contrary. What did they say regarding waiver? They say:

> The United Kingdom government was anxious not to be represented as having given assurances regarding wheat purchases in 1950-51 in return for the waiver of a claim by Canada under the "have regard to" clause. The United Kingdom expected to make large purchases of wheat from Canada in any event.

What they said was: We do not care whether you hold us to something that you think you can read into the wheat agreement, or not. We are not going to do other than purchase a large quantity of wheat from Canada in 1950-51. That is what it means and what it says.

Mr. Ferrie: That is reading it wrong.

Mr. Coldwell: Just a moment; I am reading every word as written here. I am reading it correctly. I am not following the example of the Minister of Agriculture (Mr. Gardiner) last week who tried to read something that was not there at all, and got it into the record as though it was read from some document. I am not doing that. I am reading a document—in fact, a document the Prime Minister tabled in the house tonight. And I say that if I were reading it wrong the Prime Minister would rise in his place and correct me. I am reading it correctly.

That is all I have to say.

The Acting Speaker (Mr. Beaudoin): Is the house ready for the question?

Some hon. Members: Question.

Mr. Drew: Is not the Prime Minister going to deal with the disclosures in the communications?

Right Hon. L. S. St. Laurent (Prime Minister): The Prime Minister has dealt with everything that is in these communications, today, and has stated the substance of them very fully, up to such time as he had the permission of the government of the United Kingdom to place the text on the table of the house.

Now, the hon. member for Rosetown-Biggar has rightly said that, if he had not been reading what he was reading correctly, I would have risen to my feet to interrupt him. But I did not choose to rise to my feet to contradict the interpretation he was putting upon the document he was reading. He was required to read the document as it was, and he did that. But I am not required to share his interpretation of what he was reading, or his paraphrasing of what he was reading.

The hon. member correctly read paragraph (c) and he interpreted it as meaning that the United Kingdom repulsed, pushed aside, some suggestion that was being made that there was being a waiver given to them for their

undertaking to purchase wheat. They wanted it quite clear that their purchase of wheat in 1950-51 was something separate and independent, as the Minister of Trade and Commerce (Mr. Howe) said in his speech, from any discussion of the "have regard to" clause in the other agreement. And the Minister of Trade and Commerce has stated in the house that the matter of the purchase of wheat had been arranged and completed before the other point was raised. That is his report that was made to us at the time, and it is a report that is confirmed by this document which I tabled today.

The document adds that there was also discussed, after the matter of the purchase of wheat for the crop year 1950-51, the settlement of the agreement which had existed for the purchase of the four previous crops, and that on that no settlement was reached, but the minister said that he would have to report on this matter to his colleagues in Ottawa. And there was an agreed statement to be made public, which was not to be made public until after he had reported to his colleagues in Canada, and had communicated an answer to them.

The answer that was communicated to them was that the conclusions in paragraphs (a), (b) and (c) were agreed to. There is in my way of reading this no agreement about the statement that the "have regard to" clause might be considered to have been taken care of. The conclusion of paragraph (c) is that this could only be settled by the Canadian cabinet, upon his return. And we regarded that as something that could not be settled in any other way than the manner in which the United Kingdom wanted it settled—that is, that they were not going to make further payment.

Mr. Coldwell: But they did not say that definitely. They say that "It would be reasonable that all obligations under the 'have regard to' clause"—and so on. Do they not leave the way open for further negotiations, if the government thought of applying for further negotiations?

Mr. St. Laurent: The government thought at that time that the only binding obligations in that contract were those that the hon. member has referred to in the concluding words that Mr. Strachey used in the Winnipeg meeting, that it was a guarantee that they would take a stated quantity at a price not below the floor price that was indicated in the agreement. We accepted that as something about which nothing further could be done. Nothing further would have been done had my colleagues and I not realized that there was grievous disappointment in the expectations that had been created by the statements made in 1946 by the Minister of Agriculture, by the then minister of trade and commerce and by the Right Hon. Mr. Strachey after listening to the debate in this house. We found that to be a serious situation which existed throughout those provinces.

I felt, rightly or wrongly—I make mistakes like everybody else; I am not always willing to recognize that the thing I have done is a mistake, but I never feel at all hurt when others suggest that it was a mistake and discuss the propriety or otherwise of what I have done on its merits—and I would not have raised the question with Mr. Attlee if I had not felt it was my duty to the prime minister of another country of the commonwealth to apprize him of the state of opinion in that regard here in Canada. I admitted to him that perhaps he might say to me that I had no right to talk about the "have regard to" clause at that time in view of the minute of May and the answer that had been made. But I said I was telling him what the situation was and how it had come about and I asked him, as I have said on two occasions already in the house, if under these circumstances he did not think it would be proper for me to raise the question with the chancellor of the exchequer. He agreed that it would be proper for me to do so, and I did so.

I cannot agree in any sense with the opinion expressed by the hon. member that there has been misrepresentation. The facts have been stated in the order in which they occurred. The opinion that there was something more that had to be done by somebody because of expectations that had been raised by declarations and the interpretations put upon this contract in 1946, and maintained periodically during the whole life of the contract, was something that was a fact; and whatever the hon. member for Rosetown-Biggar (Mr. Coldwell) may feel about it, whatever he may have said about it, is not going to change the opinion about that fact of those who are affected.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the record which has now been placed before us of the minutes of the meeting in London on May 22 last gives this whole discussion an entirely new

turn. There is one point that has been raised by the hon. member for Rosetown-Biggar (Mr. Coldwell) which seems to me to be of considerable importance in its effect on the way that we examine the measure of frankness or lack of frankness there has been in the whole of these proceedings.

This was not some casual meeting. This was a meeting of the utmost importance not only to the government of Canada and the wheat growers of western Canada but to all Canadians. Obviously the meeting was regarded as being of sufficient importance to call for the attendance in London of the Minister of Trade and Commerce (Mr. Howe), the Secretary of State for External Affairs (Mr. Pearson), the Canadian High Commissioner in London, the secretary of the cabinet council and two other senior officials.

In addition it called to the meeting Sir Stafford Cripps, Lord Addison, the Right Hon. Mr. Gaitskell, the Right Hon. Mr. Strachey and men of the standing of Sir Percivale Liesching.

Mr. Howe: I object to a misrepresentation being made by the leader of the opposition as to who attended that meeting.

Mr. Drew: In what way? Who did not attend the meeting that I have mentioned?

Mr. Howe: Lord Addison did not attend it and certainly Mr. Strachey did not attend it.

Mr. Drew: Was he not minister of food at that time?

Mr. Howe: No, sir. If my hon. friend will read the text instead of trying to give his own interpretation of it he would not fall into that pit.

Mr. Drew: Mr. Speaker, this is a perfect example of the conduct of this minister who will tell the house nothing that he can avoid, this man who holds the house in complete and utter contempt.

Mr. Howe: Holds the hon. member in complete and utter contempt.

Mr. Drew: This minister who never informs the house probably has not been bothered to notice that the names of these ministers are not there, and that I was assuming that Mr. Strachey, whose name has been mentioned, was minister of food at that time. If he was not, then let the Minister of Trade and Commerce tell us who were there. Give us the names so that we will know. The Chancellor of the Exchequer was Sir Stafford Cripps; was he not there?

Mr. Howe: Yes.

Mr. Drew: The secretary of state for commonwealth relations?

Mr. Howe: Mr. Gordon-Walker.

Mr. Drew: Who was minister of state for economic affairs?

Mr. Howe: Has my hon. friend not read the papers lately?

Mr. Drew: That is one of these usual smart aleck remarks.

Mr. Howe: My hon. friend is not so smart this evening.

Mr. Drew: I have read the papers recently.

Mr. Speaker: I do not think there should be questions back and forth between ministers and hon. members when the Speaker is in the chair.

Mr. Drew: The Minister of Trade and Commerce in his interjection suggested that I had not been reading the papers recently. I am referring to a meeting which took place on May 22, 1950, and I am pointing out that that was a meeting attended by men of the highest importance in the cabinet. I have not been given a list of the names. The statement was placed in our hands only in the last few minutes. Then with the usual contempt for the house that this minister displays he tries to convey the impression that the names are there. They are not, except when it comes to the officials.

Mr. Howe: I accept your apology.

Mr. Drew: I am not apologizing to the minister, but I would hope that we still might see some recognition of parliamentary responsibility which would carry this minister to the point of apologizing to this house for the way he has misrepresented matters to this house. I will give the names that are at the top of the paper. They are:

Chancellor of the exchequer in the chair
Secretary of state for commonwealth relations
Minister of state for economic affairs
Minister of food
Sir Percivale Liesching
Sir Henry Wilson Smith
Sir Frank Lee
Mr. A. E. Feavearyear.

Those were the men who were regarded as being the most appropriate to attend a meeting of this importance. It was no casual meeting, it was a meeting of the utmost importance. The result of that meeting is set out in these minutes. These minutes which have been placed on the record were dealing

with subjects which were then of very much concern to the people of this country. It states that the subjects considered were:—

(a) The quantity of wheat to be bought by the United Kingdom from Canada in the crop year 1950-51.

(b) The proportion of the quantity at (a) which the United Kingdom would take in the form of flour.

(c) The final settlement of any questions still outstanding under clause 2(b) (the "have regard to" clause) of the United Kingdom-Canada contract of 1946.

These were the three subjects that this meeting, with those very important representatives of both governments in attendance, was called to discuss. The minutes which were agreed upon by those attending as correctly representing what had taken place there referred to the final settlement of any questions regarding the "have regard" clause under paragraph (c) of these settled minutes. I do not see how any hon. member of the house can possibly be in any doubt as to what the combined result of that record, with the subsequent message of the Minister of Trade and Commerce (Mr. Howe), amounted to. As to (c) the conclusion reached was as follows:

The United Kingdom government was anxious not to be represented as having given assurances regarding wheat purchases in 1950-51 in return for the waiver of a claim by Canada under the "have regard to" clause. The United Kingdom expected to make large purchases of wheat from Canada in any event. Nevertheless, in the context of these discussions, the United Kingdom representatives felt that it would be reasonable that all obligations under the "have regard to" clause might be considered to have been taken care of.

They were asking that this be a definite understanding, and it was in relation to the definite understanding sought by the government of the United Kingdom that the obligations under the "have regard to" clause would be considered to have been fully taken care of, that Mr. Howe—and I am using the name because it appears in the minutes—was recorded as having said that this was a matter which could only be settled by the Canadian cabinet on his return. It was with reference to that specific subject and that specific consideration that the message was sent by the Minister of Trade and Commerce through the High Commissioner of the United Kingdom in Ottawa, Sir Alexander Clutterbuck, on May 30, 1950. That message seems to be open to no misinterpretation. It is as follows:

I have reported to my colleagues in the cabinet on our recent wheat talks in London, and wish to let you know that they are in accord with the conclusions recorded in paragraph 2(a), (b) and (c) of the agreed record of the meeting which we held in the foreign secretary's room in the House of Commons on Monday, May 22.

That does not mean that the Canadian government declared that this was a correct record. Those who were there were able to declare it was a correct record and did so. What is declared is that the Canadian government was in agreement with the conclusions, and one of the conclusions put forward by the government of the United Kingdom for consideration was that the obligations under the "have regard to" clause should be declared to have been taken care of.

Certainly that was a definite finding. It was a definite finding communicated to the British government. It is in the light of that decision that we must examine the effect of the question and answer which have already been referred to because the Minister of Trade and Commerce, in accordance with that message, at the opening of the house at three o'clock read into the record, and it now appears in *Hansard*, the statement which had been agreed upon in London on May 22. It was after that that the hon. member for Souris (Mr. Ross) asked the Minister of Trade and Commerce if the "have regard to" clause had been discussed in London, and the Minister of Trade and Commerce, knowing perfectly well that a message had just been sent to the British government, a message which he obviously had in mind when he spoke on June 5, said that he understood the wheat board act would be discussed later in the session, and he did not care to amplify this statement at the moment.

The Prime Minister (Mr. St. Laurent) has said that it was because of the fact that the government learned later of the dissatisfaction that existed amongst the farmers of western Canada that this subject was taken up again at the time that the prime minister of Great Britain visited Ottawa. He said that nothing further would have been done if the government had not become aware of this discontent.

Mr. Rowe: Expectations.

Mr. Drew: There would not have been any reason for this discontent if the government at the very time that this statement had been made had informed the house, the people of Canada and particularly the western farmers, as they should have been informed, that on May 22 the British government had put forward what was to be regarded as a final settlement, that this had been considered by the government of Canada, and that the

government of Canada had approved of their declaration that there was a final settlement under the "have regard to" clause.

If there was any misunderstanding, if there was any discontent, it was because of the improper withholding of information which should have been placed before all the people of Canada on May 30 last year. The information now before this house not only makes it clear that every statement made by the Minister of Agriculture (Mr. Gardiner) was in clear defiance of the facts, and with knowledge that what he was saying was wrong, but also that the government has permitted the Minister of Agriculture to create a most unfair impression throughout this country in spite of their own declared approval of the position put forward by the government of the United Kingdom on May 22 last year.

I move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will give priority to wheat. The second item will be Bill No. 79, an act respecting Indians, and then Bill No. 130 an act to amend the Export and Import Permits Act. If we have time we will then take up a small bill or resolution.

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

HOUSE OF COMMONS

Friday, March 16, 1951

The house met at three o'clock.

ST. PATRICK'S DAY

CELEBRATION ON SATURDAY NEXT—REFERENCE TO MEMBER FOR FORT WILLIAM

Mr. Robert Fair (Battle River): On a question of privilege, Mr. Speaker, I should like to say that for many years past the hon. member for Fort William (Mr. McIvor) and I have made representations annually to the Prime Minister (Mr. St. Laurent) and the late prime minister, Mr. W. L. Mackenzie King, for the adjournment of the house so that Irishmen and their friends might properly celebrate St. Patrick's day. This year the seventeenth of March falls on a Saturday, so that it will not be necessary to make that request; it is coming automatically. We, with the hon. member for Saskatoon city (Mr. Knight), invite all Irishmen and their friends to celebrate as they should because Saturday is followed by Sunday, and Sunday will be the day for recuperation.

I have one other request to make on behalf of, perhaps, the Irish. We have had with us for the past fifteen or sixteen years the hon. member for Fort William (Mr. McIvor). Recently he celebrated his seventy-eighth birthday. He was applauded, I believe, by members on all sides of the house. He is not only my friend but is a friend of all of us. Having given the very best of services during the week to humanity in this house, he has also gone out on Sunday and looked after the spiritual welfare of many sections of this country. The other day on looking over a list of the members of the other place and their occupations, I found that there was not one clergyman among them. I am now suggesting that, inasmuch as we have several clergymen around this corner of the house who can also minister to the needs of the other sections of it, it would be a splendid gesture on the part of the Prime Minister to allow the hon. member for Fort William to go to the other place so that he may look after the members there.

Some hon. Members: Hear, hear.

Mr. Fair: I am glad that there is applause on all sides of the house, and I hope that the Prime Minister will give this suggestion careful and favourable consideration.

Mr. Daniel McIvor (Fort William): On a question of privilege, Mr. Speaker, may I say that I enjoy the House of Commons too much to leave it, and I am not yet old enough for the Senate.

TRANSFER OF DUTIES

NATIONAL FILM BOARD—MICROFILMING UNIT

Right Hon. L. S. St. Laurent (Prime Minister): I beg leave to table copies of order in council 1178 of 15th of March, 1951, passed under the provisions of the Public Service Rearrangement and Transfer of Duties Act, transferring the control and supervision of the functions and duties of the microfilming unit of the national film board from Hon. Robert H. Winters to the Secretary of State, and transferring the said unit and all microfilming equipment and incidentals used by the said unit, except one Recordak enlarger and one Pako print washer to be retained by the national film board, from the national film board to the Department of Public Printing and Stationery.

FEDERAL-PROVINCIAL CONFERENCE

FEDERAL AID TO EDUCATION—CORRESPONDENCE WITH PREMIER OF MANITOBA

Right Hon. L. S. St. Laurent (Prime Minister): I should like to table, as return No. 37, the documents called for by the motion of the hon. member for Saskatoon (Mr. Knight), which was passed on March 12 last:

> For a copy of all correspondence exchanged between the government of Manitoba or any minister or department thereof and the federal government or any minister or department thereof, in reference to the question of federal aid to education, dated at any time since January 1, 1947.

In response to the notice of motion with respect to the correspondence exchanged between the government of Manitoba and the federal government, there was a letter from the premier of Manitoba dated November 18, 1950, in which the subject of federal aid to education was referred to. This letter was tabled in the house on January 29, and is part of the correspondence that was published as an appendix to *Hansard*.

I am now tabling the exchange of letters between the premier of Manitoba and myself dated January 31 and February 6, 1951, in which the subject is also mentioned in the memorandum attached to Premier Campbell's letter. But this would form part of the

correspondence dealing with the dominion-provincial conferences, and perhaps hon. members would wish you, Mr. Speaker, to direct that this correspondence be printed as an appendix to today's *Hansard*.

Mr. Speaker: Agreed?

Some hon. Members: Agreed.

(For text of correspondence referred to, see appendix A, pages 1361-3.)

VALLEYFIELD BRIDGE

PROVISION FOR CONSTRUCTION AND MAINTENANCE

Hon. Alphonse Fournier (Minister of Public Works) moved the first reading of Bill No. 148 (from the Senate) respecting the construction and maintenance of a bridge over the St. Lawrence river at or near the town of Valleyfield, in the province of Quebec.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 149, for the relief of Rose Pap Bernstein.—Mr. Winkler.

Bill No. 150, for the relief of Albert William Stone.—Mr. Winkler.

Bill No. 151, for the relief of Yvette Barnaby Shang.—Mr. Winkler.

Bill No. 152, for the relief of Minnie Engle Fitleberg.—Mr. Winkler.

Bill No. 153, for the relief of Carol Elizabeth Chute Levesque.—Mr. Winkler.

Bill No. 154, for the relief of Lillian Cohen Turner.—Mr. Winkler.

Bill No. 155, for the relief of Georgina Catherine Christie Savage.—Mr. Winkler.

Bill No. 156, for the relief of Irene Bourgeau Morin.—Mr. Winkler.

Bill No. 157, for the relief of Anne Cohen Bialer.—Mr. Winkler.

Bill No. 158, for the relief of Josephine Gibson Clark Mayou.—Mr. Winkler.

Bill No. 159, for the relief of Henry John Lawrence.—Mr. Winkler.

Bill No. 160, for the relief of Grace Shirley Kraminsky Levy.—Mr. Winkler.

Bill No. 161, for the relief of Bella Rashkin Deutsch.—Mr. Winkler.

Bill No. 162, for the relief of Gladys Eliza Cartwright Jones.—Mr. Winkler.

Bill No. 163, for the relief of Grace Helen Potts Worall.—Mr. Winkler.

PUBLIC BUILDINGS

CHARLOTTETOWN, P.E.I.—INQUIRY AS TO PROPERTIES PURCHASED, ETC.

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I desire to direct a question to the Minister of Public Works, to be taken by him as notice, and I hope to get a complete statement on Monday next. Will the minister please make a full statement regarding the dominion building at Charlottetown, properties purchased and paid for, and such other information as when construction will begin? My people are asking for this information.

Hon. Alphonse Fournier (Minister of Public Works): I suggest to the hon. member that he put the question on the order paper, and we will give him a full answer. We will bring him right up to date as to the purchase of the sites, plans, and the amount that is now actually in the estimates.

KOREA

CANADIAN CASUALTIES—PRESS REPORT AS TO LETTERS WRITTEN TO RELATIVES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to ask the Minister of Justice if he has yet received an answer to the inquiry I made on Thursday, March 8, regarding letters to next of kin of casualties in Korea.

Hon. Stuart S. Garson (Minister of Justice): Yes, I have. The answer is that we had had no knowledge of this at headquarters of the Royal Canadian Mounted Police, and we have instructed the detachment concerned to make inquiries. Having regard to the fact that these letters were anonymous, we have not yet been able to trace them down, but our inquiries are still continuing.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed, from Thursday, March 15, consideration of the motion of Mr. Howe for the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, and the amendment thereto of Mr. Ross (Souris).

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in continuing the remarks that I was making last night on the amendment proposed by the hon. member for Souris (Mr. Ross), I wish to come back to what is now under consideration by hon. members. The amendment that has been moved is as follows:

That this bill be not now read a second time but that further consideration thereof be deferred until this house has had an opportunity to record its opinion on the government's announced decision with respect to the final settlement of the five-year wheat pool and on the government's mishandling of the sale of wheat and other grains covered by the Canadian Wheat Board Act.

Different members on the opposite side have taken exception to the word "mishandling." Several members on the other side of the house have emphasized that it is the use of the word "mishandling" which makes it impossible for them to consider this amendment. May I suggest to them, and to others who have not expressed themselves but who may have been directing their attention to this particular word, that they consider the grounds upon which the government has announced that it proposes to make a payment of $65 million.

We have the unqualified statement of the Minister of Trade and Commerce (Mr. Howe), supported by the Prime Minister (Mr. St. Laurent), that nothing is owing by the British government under the wheat contract. I would remind hon. members that this statement by the Minister of Trade and Commerce is borne out in full and very emphatically by the papers tabled in this house last night.

These records of the minutes of a meeting held in London last May and the subsequent confirmation of the position taken by the government of Great Britain make it abundantly clear that the statement made by the Minister of Trade and Commerce on June 5 of last year in this house, in very brief form, indicating that this government concurred in the position taken by the government of Great Britain, was not only accurate but was an understatement of the extent to which complete and unmistakable agreement had been reached on that point by the two governments.

That being so, no matter on what other ground the money may be owing, it is certainly not owing under the wheat contract. In that respect we must take the position of this government, supported by the records, especially between the two governments, as evidence of that fact. Therefore any money that is being paid is being paid upon some other ground. If it is not on the ground that this government mishandled, and grossly mishandled, the wheat, then on what ground is it? It can only be on the ground that there was such a mishandling of wheat by this government that there is a substantial debt to the farmers of western Canada.

No other proposition has been put forward. It has been mishandled to the extent that some very substantial obligation, in the opinion of this government, was created independently of the contract between the governments of Great Britain and Canada. Therefore the payment that is announced by the government is something that the government now is saying they will do because of the way they let down the farmers of western Canada in their handling of wheat. That is precisely the position, and therefore "mishandling" is a very moderate statement in these circumstances which have led to the announcement that the government now makes.

But, Mr. Speaker, we have sought from the government some evidence of the way in which they arrived at a figure of this kind. It is true that at this stage the house is not called upon to vote for or against this payment. It is appropriate at the present stage, however, that the house should know the way in which the government arrived at this figure, in view of the fact that the government itself has chosen this debate as the time to make their statement in regard to the subject.

The Prime Minister (Mr. St. Laurent) has added nothing yet to the information already before the house as to the way in which the figure of $65 million emerged. Let us reduce it to a simple form. The Prime Minister said: "No; it is perfectly true there was no obligation on the part of the government of the United Kingdom. Nevertheless, after the succession of events which had occupied our thoughts for some time last summer, we did become aware of the fact that there was discontent among the farmers of western Canada. We thought it advisable therefore, when we learned that the Prime Minister of Great Britain was going to be here in December that we should indicate to him that there was this discontent; and that although all obligations under the contract had been disposed of, nevertheless they might take into consideration the wisdom or otherwise of recognizing that discontent, and presumably giving that discontent some measurable terms in money."

The Prime Minister has explained that the Prime Minister of Great Britain obviously was not impressed with the obligation on the British government to deal with the problem of discontent in Canada. Nevertheless he sought the consent of the Prime Minister of Great Britain to speak to the Chancellor of the Exchequer on this subject. Having received the assurance that there would be no discourtesy implied in that procedure, he carried forward his intention and evidently received the same reply there.

The information which he communicated to the government upon his return evidently did not close this subject completely, because the Minister of Agriculture then decided to carry the matter further, and go to Great Britain to discuss the subject. The Minister of Agriculture, however, did not base this upon discontent; he based his claim upon an

obligation which he alleged existed, and he left the impression in the house that that obligation had been unfulfilled.

An hon. Member: Hear, hear.

Mr. Drew: And I hear one Liberal member to my right rear say that that was right.

An hon. Member: Hear, hear.

Mr. Drew: And I now hear him say, "hear, hear".

An hon. Member: Hear, hear.

Mr. Drew: And I hear another Liberal member say "Hear, hear".

An hon. Member: Hear, hear.

Mr. Drew: And I hear another. That is exactly the point I sought to make in my remarks earlier. No matter what explanation may now be given by the Prime Minister of Canada, the fact is that in the minds of a number of his supporters in the House of Commons the statement of the Minister of Agriculture did convey the impression that the British government had failed to carry out its obligation.

Mr. Ferrie: May I ask the hon. member a question? Why did representatives of the farmers go over to the old country, if that is not true?

Mr. Drew: The question asked by the hon. member supports what I say. He shows that in his opinion it is clear that the government of Great Britain did fail to carry out its obligation. I am going to say that is the only natural result of the statement made in the house by the Minister of Agriculture.

Nor was the hon. member who has just interrupted the only one who gathered an impression of that kind. The hon. member for Yorkton (Mr. Stewart), speaking in the house in the same debate, said, as reported at page 1216 of *Hansard* of March 13, 1951:

> However, as a westerner, I am not satisfied that Great Britain under its socialistic government has played ball.

An hon. Member: That is right.

An hon. Member: Hear, hear.

Mr. Drew: Now we hear another "hear, hear", and a Liberal member to my right rear says, "that is right," confirming what I have said, that the impression conveyed by the Minister of Agriculture is that the British government has not played ball.

Then at another point on page 1218 the hon. member for Yorkton is reported in this way:

> However, having regard not only to the "have regard" clause accepted by the British Labour government and later disregarded by that same government, apparently with the implied approval of their counterpart in this country, the C.C.F. labourites will still contend that wheat prices should be kept up and the price of flour kept down.

And at a later point the same member said this:

> We will never get it under a socialist government in that country, which will repudiate things as socialists always believe in the repudiation of agreements.

Mr. Rowe: Who said that?

Mr. Drew: The hon. member for Yorkton. As has been said earlier in the debate, it is not for this House of Commons to tell the people of Great Britain what kind of government they should have—no matter what kind we have in Canada. And it is not for them to tell us what kind of government we should have, because if they did they would express a very dim view of the government we now have in this country, based upon their own political views over there.

Mr. Fournier (Hull): The people of Canada do not say that.

Mr. Drew: But the fact is that the government of Canada has, with the greatest p ssible formality and in a very carefully considered communication, transmitted to the government of the United Kingdom, through the High Commissioner for the United Kingdom stationed here in Ottawa, the formal statement that it agrees with the government of the United Kingdom that all obligations had been disposed of as of May 22 last year.

That being so, it is not only incorrect but it is grossly improper—in fact, it is something that can be described only in terms not covered by the rules of the house—to suggest that the government of Great Britain, no matter what political persuasion its members may follow, has been guilty of default, or, to use the term that has been used in this debate, is not playing ball with the government of Canada and the people of Canada.

An hon. Member: What about oil in Iran and wheat in Canada? They are both the same, are they not?

Mr. Drew: Well, this debate has covered a wide field, but I hope it will not range so far as oil in Iran at this stage.

Mr. Knowles: Pipe lines at eight o'clock tonight.

Mr. Drew: Then there is one further fact. The minutes of the meeting in London on May 22 of last year do, I submit, call for a clear and unmistakable interpretation by the government, in view of other things that have happened and which have been referred to in the debate. We know that an attempt was made, no matter how skilfully the proposal was cloaked in diplomatic terms,

to have the government of the United Kingdom take up the balance of the loan of $65 million so that it would appear to be paying the government of Canada the remainder of the obligations under the wheat contract. But the government of the United Kingdom refused to have any part in an improper subterfuge of that kind which would have misled the people of Canada as to what was actually taking place. It is in the light of the attempt that was made—and that attempt incidentally is the only basis for the figure we now have before us with regard to the payment of an obligation which this government believes it owes the farmers of western Canada—that we must examine the minutes of the meeting of May 22 last. Paragraph (c) is the paragraph dealing with the final settlement of any questions still outstanding under the "have regard to" clause of the wheat contract, and in the minutes we find the following:

> The United Kingdom was anxious not to be represented as having given assurances regarding wheat purchases in 1950-51 in return for the waiver of a claim by Canada under the "have regard to" clause.

That requires some explanation which has not yet been given. In the absence of any other explanation the only assumption is that it was being suggested to the government of the United Kingdom that a statement should be issued to the effect that because of the large purchases of grain and flour for the year 1950-51, not called for by the original contract, the Canadian government proposed to waive any obligations still outstanding under the "have regard to" clause.

Mr. Howe: That suggestion is absolutely false, and the communiqué says it is false.

Mr. Drew: I request the withdrawal of that statement by the minister.

Mr. Howe: On what ground?

Mr. Drew: The statement may be inaccurate; it is not absolutely false. I ask for a withdrawal.

Some hon. Members: Question.

The Acting Speaker (Mr. Beaudoin): I would imagine that the document from which the leader of the opposition is quoting would speak for itself. If the Minister of Trade and Commerce (Mr. Howe) considers that the paraphrasing or quoting of it is not accurate, I do not think he meant anything offensive or had the intention of imputing motives to the leader of the opposition.

Mr. Drew: Mr. Speaker, I shall know how to interpret the rules in making reference to certain statements of the Minister of Trade and Commerce in the future. In so far as the statement just made by the Minister of Trade and Commerce is concerned, may I point out that no explanation which will hold water has been given to the house as to what those words mean. In the light of what has already taken place there is still owing to this house some explanation. I would suggest that it is just about time that a minister in whose word there is still some confidence established in this house in regard to statements made here, the Secretary of State for External Affairs (Mr. Pearson), should say what did take place according to his recollection, because he was present at that meeting and he knows exactly what those words do mean. I should be very glad if he would say what they mean.

Mr. Garson: This is a speech, not a cross-examination.

Mr. Howe: He thinks he is in committee.

Mr. Drew: I was under the impression that the Secretary of State for External Affairs was going to rise, but I find that he is not.

Mr. Pearson: Mr. Speaker, I might just say that my recollection in regard to these matters, in regard to all matters that have been brought up, coincides exactly with what has been said by the Minister of Trade and Commerce.

Mr. Drew: Then, Mr. Speaker, we see how clearly established is the difference between the Minister of Agriculture and the other members of the government who can speak in regard to what took place, because we now have the Secretary of State for External Affairs confirming the statement made already that this is the correct interpretation of what did take place, and that there is nothing owing. In so far as this particular statement is concerned we can only wait until one of the ministers does see fit to give his explanation as to what that referred to.

Mr. Pearson: On a question of privilege, the hon. gentleman was referring to the first sentence of paragraph (c) in this communiqué. It was to that paragraph and to that sentence that I was referring when I said that my recollection coincided with that of the Minister of Trade and Commerce and the interpretation he is giving to it is quite false.

Mr. Howe: What about a point of order on that?

Mr. Drew: Mr. Speaker—

Mr. Howe: Let us have a point of order on that one.

Mr. Drew: Oh, no. Mr. Speaker, the *Hansard* record will show exactly what the minister of external affairs said, and he said that he confirms what has been said by the

Minister of Trade and Commerce. The Minister of Trade and Commerce has said nothing to explain that particular sentence. So the statement by the minister of external affairs means nothing if it is confined simply to this particular sentence.

The exhibition we have seen this afternoon is simply—

Some hon. Members: Oh, oh.

Mr. Drew: Mr. Speaker, the exhibition—

The Acting Speaker (Mr. Beaudoin): I would ask all hon. members to refrain from interrupting the leader of the opposition.

Mr. Drew: The exhibition we have seen this afternoon of evasion of a reasonable explanation by ministers of the crown is simply another demonstration of the contempt in which parliament is held by members of the government which is about to ask this house to support a payment to the farmers of western Canada for the government's mishandling of the wheat purchases from those farmers during the past four years.

When members of this house find these evasions and these devices for avoiding responsibility so humorous it is about time that they came face to face with their own responsibilities as members, because they are responsible along with the government if they fail to express any desire for that information which would make it possible for the members of this house to pass judgment upon facts with some knowledge of what those facts really are.

Hon. members may find it very easy to impress themselves by their laughter and desk thumping, but that is confined to this chamber. Honour, public decency, respect for the hard-won traditions of a free parliament will never be determined by a vote in this or any other legislative chamber. Those are matters that are determined on other grounds. Unless the government repudiates the minister who has been guilty of this shameful and shameless conduct, then it must itself accept responsibility for recklessly endangering mutual confidence between the governments of Canada and Great Britain, which is so vitally important to us and to the whole free world at this time. Do not let anyone say that this is not being endangered. I have read from *Hansard* statements already made in this house reflecting on the government of a sister nation within the commonwealth. You have heard remarks of hon. members in the house this afternoon indicating that they share the same opinion. A minister of the crown, knowing what was done last May to confirm the final settlement of the wheat contract, has sought to convey the impression that the British government fell down on its obligations, that it did not play ball with this country, to use the expression of one hon. member. The last thing that should be countenanced in these critical days is an attempt by any member of this or any other government in Canada to try to save his political hide at the expense of the good will between two of the most important nations in the commonwealth.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker—

Mr. Howe: The well-known wheat farmer.

Mr. Rowe: —I have listened, as I know you have, with keen interest to the excellent address delivered by the leader of the party to which I am proud to belong. Hon. members across the way may laugh, but you laugh with the weight of numbers behind you, because history will record that we have just listened to one of the ablest parliamentarians in the house at the present time. The laughter of some hon. members does not add any particular weight to that compliment.

As the leader of the opposition (Mr. Drew) has said, we enjoy certain rights in this house, and parliamentary debate still stands for something. It stands for something whether or not a party can, by sheer weight of numbers, pound the desks, cry "hear, hear", and make a roughhouse out of the proceedings, although I do not say that with any reflection on you, sir. I have been in this house a long time, and never in twenty-five years' experience have I observed a party so top-heavy that it can laugh off arguments about matters that are of the most vital concern to this country.

I know that my hon. friends may laugh because I am following my leader at this moment. The reason I am following my leader is that the trained men of the enormous Liberal party are silenced and are not saying much on this issue. Why do we not hear from some of the gentlemen who have championed the farmers' interests throughout this country for so many years?

An hon. Member: Balderdash.

Mr. Rowe: We hear the odd ripple from the back. Sometimes it is intelligible, and sometimes it is nonsense. Sometimes it is humorous and sometimes it is ridiculous, but we hear no speeches from those men who know the wheat problem so well, those men who have been here for years. I have listened to many speeches about wheat and the wheat problem in western Canada, but what silence now! What a change there has been since 1946 and before! The one grand champion, who

finds difficulty in achieving unanimity with his own colleagues, is not here this afternoon. I refer to the Minister of Agriculture (Mr. Gardiner). I will say for him that whether he is right or wrong he is bold enough and loud enough to be the best defence the Liberal party has on this issue.

We have seen this debate remove some of the cloak that surrounds the issue. I sometimes wonder why it has taken so much effort to do it. Why has my leader had to struggle so hard in order to reveal some of the truths? The Minister of Justice (Mr. Garson) laughs, but he has not made much of a contribution to the debate yet. His smile is a happy one, and his personality is congenial, but his debating ability so far as this issue is concerned is well smothered for fear that he may create further disunity among members of the cabinet.

I am glad that the Secretary of State for External Affairs (Mr. Pearson) agrees with the Minister of Trade and Commerce (Mr. Howe). There is some hope of developing unanimity in the government, because we see at least one member who agrees with the Minister of Trade and Commerce. The Prime Minister (Mr. St. Laurent) said last night that there were only four points pertaining to this issue on which unanimity was needed, and which they have been considering. The first point was that the legal obligations of the United Kingdom had been settled. They were in full unanimity on that score. Second, they were fully unanimous that Canada had accepted such obligations as discharged as far back as last May. Those were two things they were in agreement on.

Mr. Howe: Did you say last April?

Mr. Rowe: Last May. If I had said last April you would have said I was wrong and you would have been right. You are often more than thirty days out, but in this case you would have been right if I had said April. I think it is too bad that the house is not large enough to enable all supporters of the government to sit on the one side. Then you would have more unanimity than you have now, because those to my right have been saying repeatedly that Great Britain did not fulfil her obligations, and they interrupted my leader in order to emphasize that point.

The third point concerning which there is unanimity in the government is that there was a widespread belief in western Canada that they could expect a further payment, and it was caused to no small degree by the speech of Mr. Strachey in Winnipeg. I could not help but wonder how they could emphasize to the Canadian people that Mr. Strachey had led them to expect something more. Anyone who listened to the Minister of Agriculture during the last election campaign, and in 1946, surely would not try to blame it on a visiting minister from the United Kingdom, because I find that as long ago as 1947 the Minister of Agriculture said, as reported in the Edmonton *Journal* for January 17, 1947:

> For the first time in Canada's history, the farmer can be assured of a fairly lengthy period of stabilized prices for his products, and a certain market for wheat and many other products, such as cattle, hogs and dairy produce.

He further said that the government had been criticized for drawing up an agreement that might not be successful, and that people were saying we had to take less for our wheat. He tried to emphasize that at that period we were receiving more for our wheat than they were in the Argentine, and more than they were in Australia. He was further reported as saying:

> As a result of the agreement with Britain on wheat, farmers were guaranteed a good price until at least 1950, and it was not taking one cent out of the federal treasury.

Mr. Speaker, I do not know whether it is parliamentary to say it, but I have often heard such instances referred to in these terms: The chickens are coming home to roost! Look at the spectacle of what it has taken to reveal the real picture. I am not going to enlarge on what has been so well said by my leader, but the $65 million, being the unused portion of the British loan, has no more relationship to what the farmers claim for loss, or to any principle of compensation, than this argument has to the Einstein theory. If there ever was an evident attempt to mislead the Canadian people, and especially the farmers, it was the attempt to try to give the impression, sometimes even headlined in the press, that the United Kingdom was going to pay the $65 million, instead of the situation we have today of its having to be voted in hard, cold Canadian dollars.

I do not think we have had a sufficient answer yet as to the reason for this $65 million. I am not going to say for a moment that through this government we as a country do not have a moral obligation to the wheat producers of western Canada. Assuming that we have; who in this house among those who have spoken so far, or who among those great, silent men who refuse to speak, will say that $65 million is any more than a token payment of ten cents on the dollar on our moral obligation? The farmers of western Canada, and the farmers all over this country, know we have lost colossal sums of money through this bulk-trading blunder, through the government taking over the wheat from the pools and co-operatives of western Canada. Whose responsibility is it?

Mr. Ferrie: The guys who ate it.

Mr. Rowe: You should have a great deal of the responsibility, then. I do not want to hurt my hon. friend's feelings; he looks much better than most of the streamlined fellows I see around here. Again I ask, whose responsibility is it?

Mr. Ferrie: I told you; the guys who ate it.

Mr. Rowe: Last evening, in answer to a question, the Prime Minister said the wheat pools of western Canada were not consulted. In reply to a question I asked a short time later he said the wheat board was ignored, and that even the advisory committee was not consulted. So what is the principle on which this amount of $65 million was determined? If it had been $59 million we might not have been able to tie it so closely to the British loan. If it had been $73 million it would not have looked right. Had it been the $650 million the farmers say they lost it would have been more than the country could stand. Whose is the responsibility for the greatest blunder ever made in the history of this country in connection with marketing? The responsibility is that of the government which refused to take advice from the wheat pools, the wheat board or those who knew something about this trading, and from whom they had lifted the responsibility. They commandeered this grain; and as I say, surely ten cents on the dollar cannot be considered a satisfactory compensation for that moral obligation.

Mr. Howe: Page John I. McFarland.

Mr. Rowe: Well, I notice you are not paging very many of your members right now. You ask me to page those from outside; evidently you have put the quietus on those inside, and I would rather hear from them. I know they can talk; I have heard them over the radio during election campaigns.

I know Mr. Strachey was not the only one who told the farmers of the west that never again would they be asked to accept these low prices for wheat; that from now on they would be getting as much as anyone else, and what they did not get then they would get later. I was through Saskatchewan myself, and if my campaign speeches were put together I think they would make just as sound and consistent reading to the farmers of the west as the different ideas that have been put forward by the Minister of Trade and Commerce and the Minister of Agriculture.

Mr. Howe: And you did not elect a single member.

Mr. Rowe: That is quite true; but when you do not have so many members in the house and power does not mean everything to you it is perhaps something of a recompense to feel that you did not get here by telling the farmers of the west something you are now paying off at the rate of ten cents on the dollar. After all, there are other things than getting elected.

Some hon. Members: Oh, oh.

Mr. Rowe: My hon. friends laugh, but that is true. I think this evident effort to convey the idea that it would not cost the treasury of Canada anything had more to do with this gunshot prescription of $65 million than any other single factor. What is the principle behind it? Is it just an easy way out because we are hoping for a surplus of four or five hundred million dollars? Is it a handout? Is it a political principle that is a boomerang? What is it? It has very little relation to the problem itself, very little relation to what has been lost. I think that question should be answered by the Prime Minister, or the Minister of Trade and Commerce, or someone who has the unanimous consent of the cabinet, if anyone can speak for them. If not, I would like to hear them all speak. I like to hear the voice of the Secretary of State for External Affairs; I know he often speaks on things he knows quite a bit about. I like to hear the Minister of Justice (Mr. Garson), who comes from a district where his voice would be listened to. At least that was so at one time, but if he does not speak on this matter I am not sure when the farmers of that district will listen to him again in connection with wheat.

Mr. Ross (Souris): Many of the farmers would like to hear from him right now.

Mr. Rowe: I am sure in Manitoba they would like to hear what he has to say on this question. I believe they would like to hear from him in Saskatchewan as well, because he has broadened out now so that he represents them all. Apparently he has decided that discretion is the better part of valour, that the loss is so great that ten cents on the dollar is too small a matter for him to deal with.

There have been other failures, and I think we should know whether a precedent is being established. If no one is going to tell us what is the principle behind this payment, surely someone will tell us if this is to be a precedent; because this is not the only failure of this government. Why, their whole record for the last six years has been marked by colossal failures in every branch of agricultural production. What about the other products? These bulk traders imposed state control over bacon, eggs, cheese, and so on. According to "Foreign Trade of Canada, 1949",

Canada supplied Britain with wheat, wheat flour, bacon, cheese, eggs, apples, tomatoes, salmon and other foodstuffs; and in every instance these commodities were sold to Britain for substantially less than Britain received them from any other source of supply. Under state control and the compulsory sale of cheese to Britain, our farmers received ten cents a pound less than on cheese sold anywhere else in the world, and the same thing applies to wheat flour, bacon, eggs, and all these other commodities.

In the absence of the Prime Minister this afternoon, will the Minister of Trade and Commerce tell us that this government is going to be fair; that this is not a political trick, and that this principle will apply to everything we sold? The Prime Minister said yesterday that if he finds even an expectancy in the country for support, we are going to give that support. He said there was a widespread belief in western Canada that more was due under the wheat agreement than had been paid; that such belief was due in part to a speech made by Mr. Strachey, and for that reason the Canadian government must now make a contribution, because the producers expected it. What about the other producers? We have a $65 million gunshot prescription for one kind of producer.

An hon. Member: Shotgun.

Mr. Rowe: Maybe it was. It looks as though they need a shotgun marriage over there at any time. We have that prescription for one line of producers. What about the others? Do you think those are the only expectant people in Canada? They expect a provincial election before long. This does not satisfy their expectancy. This will not even restore the Liberal party of Saskatchewan, let alone satisfy the expectancy of the western producers.

Mr. Sinnott: Time will tell.

Mr. Rowe: Yes, because you are so silent in here; heaven only knows what you will say on this issue when you get out there.

Mr. Sinnott: I spoke in the house.

Mr. Rowe: That is right. The hon. member made a speech. I must say that I was interested and amused.

Mr. Knowles: He was not here to vote, though.

Mr. Rowe: I think the government owe a duty to Canada. After all, $65 million may not seem to be a great deal of money, but it means a great deal of money. It means about $25 for every income tax payer in Canada. If the western farmers were paid what they lost owing to the state's mishandling of their products, it would cost the average income tax payer of Canada $250. When these items come before us like this, I must say that I find myself in one hundred per cent agreement with what the leader of the opposition stated this afternoon, namely, that you cannot laugh these things off. When we have people in every walk of life today struggling with the high cost of living, struggling to keep their sons and daughters at university, struggling to meet their budgets, men and women in all walks of life, then losses that mean $250 apiece to every income tax payer are matters that should not be laughed off, no matter how big the support you have in this parliament.

I am not trying to make insinuations. I know that there are those who think there must be a polecat under the table with regard to this agreement. Before this question is put, to the members who were so gallant and gleeful in pounding on their desks no matter what the argument was, and who tried to laugh off the leaders of the opposition groups on this side of the house, who in their speeches tried to minimize this issue, who tried to say that the loss is not three-quarters of a million dollars, who tried to say that $65 million is fair, I say this: How do we know we are not going to have the same reckless lavishness with all other lines of production in this country? Because some group expected it, and because we all expect a provincial election, should we make a settlement so arbitrarily made as this one?

I claim, Mr. Speaker, that the minister owes to this house an explanation as to what the general policy is going to be. All those agreements I have mentioned, all the agreements we had with Britain for foodstuffs, have gone by the board. We have one for five years with the world, in the international wheat agreement. If this government refuse to take the advice or council of the wheat pools and the western farmers in Canada, and ignore the wheat board, they may make as big a failure of this as they have of the other agreements. But if they are going to pay ten cents on the dollar or less—if that is going to be the principle to be followed—then as trustees of the taxpayers of this dominion we should know whether we are going to be asked to pay, as a token, ten per cent of the expectancy of the cheese producers, of the bacon producers and the egg producers.

Somebody says there is a moral obligation on Britain. If there is a moral obligation on Britain—and I do not agree that there is —then there is just as much and more here—imagine the spectacle we have, Mr. Speaker: the Minister of Trade and Commerce saying that there is no legal obligation; the Prime

Minister saying that where there is no legal obligation. The Minister of Trade and Commerce went over there last May—he said it was not April—and came back home and accepted that; and the Prime Minister last night said they accepted it. Then the Minister of Agriculture, despite that, went back in the hope of getting a settlement.

Mr. Ross (Souris): That was just a publicity stunt.

Mr. Rowe: It was not even a good publicity stunt. He may have taken a friend with him, and he has even changed his mind since he came back. But if there was anything more ridiculous than for him to go over and to hope to change that settlement, it was the Prime Minister himself asking the Prime Minister of the United Kingdom if he, as the Prime Minister of Canada—after all the efforts of these other champions of trade had failed—if he could go to the Chancellor of the Exchequer. Oh, what a struggle they put up to make the wheat producers and the taxpayers of Canada think it was not coming out of the Canadian treasury!

Now that it is bare of the disguising cloak and we see it almost as it is, the truth of the matter is that the $65 million has no relationship whatsoever to the balance of the loan that was not taken up by Britain. It has no relationship any more than about one-tenth to the loss itself. It has no relationship to the moral obligation to make that compensation because it is only ten cents on the dollar. That is all it is, to my mind, Mr. Speaker, unless it is explained further by these gentlemen who seem to be wiser in their silence than in their speeches. Unless they explain it further, it looks to me like a political principle, an easy way out, with the treasury flowing with money; it is trying to say to the western farmers: You may have lost some, but we gave you $65 million and we will deal with the other when we come to it; then the organization across the country can start to develop expectancies, and then we will pay them maybe a nickel on their expectancies.

I do not know whether the Minister of Agriculture will be as great a champion for the egg producer, for the hog producer or for the cheese producer in Ontario as he has been in western Canada. If he runs another campaign and talks as loud and as long about long-term stability on a fair basis, they will not be satisfied, Mr. Speaker, with ten cents on the dollar, because they will say: If there is a moral obligation, then pay your obligation. If there is no moral obligation, do not insult us with ten cents on the dollar.

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, I have been listening carefully for the past twenty minutes to the hon. and genial member for Dufferin-Simcoe (Mr. Rowe). What I was trying hard to hear was whether or not he was opposed to this $65 million payment.

An hon. Member: Are you?

Mr. Gibson: Yes, I am.

Mr. Ross (Souris): Are you going to vote against it?

Mr. Gibson: To tell you the truth, all I am particularly concerned about at this moment is this. I had made an arrangement with the hon. member for Chicoutimi (Mr. Gagnon), who is listed as an Independent, that he would second a motion of mine asking that no funds be taken out of the consolidated revenue fund to be paid to the wheat producers. He is not in the house so I am now quite frank to say that I am looking for someone to second this motion. So far, I have not had any takers.

Mr. Ross (Souris): This is hardly the right place for it.

Mr. Gibson: I should like to have the hon. member for Dufferin-Simcoe honour my motion by seconding it.

Mr. Rowe: I would be much out of order if I did it right now.

Mr. Gibson: I submit that the motion is in order.

Mr. Ferguson: The hon. member is posing as an Independent; he is a Conservative.

Mr. Gibson: I am not trying to put the hon. member on the spot. I know quite a few members around this house who are opposed to this payment but I have not found one who would second my motion. If no hon. member in the house does care to second my motion, I am afraid I am in the rather unfortunate position of being a lone independent.

Mr. Rowe: The rest of the house recognizes the rules. You cannot move the motion now.

Mr. H. R. Argue (Assiniboia): In taking part in this debate hon. members should bear in mind that some of the things that have been said with reference to Britain not having lived up to her agreement may lead to greater difficulty in marketing Canadian wheat in Britain in the future. We need the British market year in and year out, and I deplore suggestions by hon. members opposite to the effect that Britain has not fulfilled this agreement in every way, especially after the documents which were tabled last night have been made public and after the statement that has been made by the Minister of Trade and Commerce (Mr. Howe). I want to make it perfectly clear too, as has already

been said by the hon. member for Melfort (Mr. Wright), that we in this party support the wheat board as the sole marketing agent for wheat. We go even further than that and we say that all grains should be placed under the wheat board.

In the time that I have been in parliament, Mr. Speaker, I have never seen an exhibition before similar to the one that we have had since Thursday of last week. We saw the the spectacle of the Minister of Agriculture (Mr. Gardiner) rising in his place, and in spite of his full knowledge that the Canadian government had agreed back on May 30 of last year that Britain had fulfilled the wheat agreement in every way, attempt to mislead this house by making statements which have since been proven absolutely false.

The Minister of Agriculture made statements a number of times such as this one on page 1120 of *Hansard*:

> The fact is that the British government accepted the position that this government did not agree.

He was there referring to the fulfilment of the "have regard to" clause. Then we had this statement on page 1066 of *Hansard*:

> It was suggested both in this house and outside that the government had announced agreement with the British in their contention that they had met their obligations. That was not the case, and in the hope that a removal of that opinion might change the decision the re-opening of the discussions was pressed.

Then of course we have the document tabled in the house last night which absolutely and completely contradicts that statement by the Minister of Agriculture that the Canadian government had not agreed that Britain had fulfilled the "have regard to" clause.

I do not wish at this time to quote from that document; it has already been placed in the record in its entirety by the leader of this group. As if to further clinch the same point, the Minister of Trade and Commerce said this at page 1168 of *Hansard*:

> I intend to show that the Canadian and British governments entered into an agreement that was beneficial to both the Canadian producer and the British consumer, and that the terms of that agreement were fully observed on both sides.

And to emphasize that statement even further, the Minister of Trade and Commerce said this in the last sentence concluding his speech on Monday night:

> I am happy the way it has worked out, and I deplore the suggestion that the British government has not played fair with the Canadian people.

All I can say, Mr. Speaker, in view of the statements of the Minister of Trade and Commerce, in view of the document that was brought down last night, is that any further reference to Britain not having fulfilled the contract should not be made by any hon. member in this house, because surely it has already been proven that such an accusation is completely and wholly false.

This government agreed on May 30 of last year, eight days after the consultations had been completed in Britain, that the British government had fulfilled the "have regard to" clause in every way. The document produced last night proves my point. But eight days elapsed between the time that document was drawn up in Britain and the decision made by the Canadian cabinet.

Yesterday, in reply to a question from the hon. member for Melfort, the Prime Minister (Mr. St. Laurent) told us that within that eight-day period the farm organizations had not been consulted. I want to read the question and answer:

> Mr. Wright: Was there any consultation with the representatives of the western wheat pools or the advisory committee of the wheat board between the time the Minister of Trade and Commerce returned from England, in the latter part of May, and the time the government accepted the proposals that he brought back from the British government with regard to the final settlement?
>
> Mr. St. Laurent: There was no consultation with the advisory board or the wheat pool between the return of the minister and the acceptance of the proposals. The proposals were proposals for the purchase of a certain portion of the 1950 crop. We did not treat as a proposal their declaration that they had fulfilled all their obligations under the contract. We treated that as their decision, and we accepted it as their decision.
>
> Mr. Wright: You accepted it, though, as a final settlement without consultation with the producers or their representatives.
>
> Mr. St. Laurent: There was no consultation at that time.

There is the breach of faith in relation to this whole wheat situation. That breach of faith occurred when this government agreed that Britain had fulfilled the "have regard to" clause, without prior consultation with the farmers or with the representatives of farm organizations. This was literally nothing more than a sell-out of the western wheat producers and the western farm organizations.

Then last month we had the spectacle of the Minister of Agriculture making a flight to Britain and taking with him a representative of the Saskatchewan wheat pool, the president, Mr. J. H. Wesson. I say that Mr. Wesson would not have made that trip had he known that this government had agreed on May 30, and had he seen the document that was produced in relation to that agreement. But I have no doubt in my mind that the Minister of Agriculture said exactly the same thing to the president of the Saskatchewan wheat pool as he said to parliament and to the people of Canada last Thursday night, namely, that Britain had not fulfilled the "have regard to" clause, and

that the Canadian government had never agreed that Britain had fulfilled that clause.

Mr. McCusker: Will the hon. member permit a question?

Mr. Argue: Yes.

Mr. McCusker: Is he aware that one of the ministers of the C.C.F. government in Saskatchewan has twice made the statement in the Saskatchewan legislature that Britain overpaid us?

Mr. Argue: Of course I can answer the hon. member. The statement made in the Saskatchewan legislature a few days ago has nothing at all to do with what this government did on May 30, last year, namely—

Mr. McCusker: Why doesn't the hon. member answer my question?

Mr. Argue: I am answering. Namely, not consult the farmer organizations before the government said the "have regard" clause had been fulfilled. Nothing the hon. member for Regina City (Mr. McCusker) can say will get around that fact. Again I say—

Mr. McCusker: My question has not been answered.

Mr. Argue: You can make your speech. Follow me, and take your forty minutes. Nothing the hon. member for Regina City can say removes the clear fact that the Canadian government agreed that Great Britain had fulfilled the "have regard" clause, without having first consulted the representatives of the wheat producers.

I can say that, step by step, throughout the years of the agreement, and since that time, the government has not hesitated to play politics of the worst kind with the Canadian wheat board. I am just wondering if one of the reasons the settlement of the "have regard" clause was postponed from January 20, 1949 to July 31, 1950 was that within that period of time a federal election was to be held in Canada.

Mr. Ross (Souris): Sure it was.

Mr. Argue: And another thing: For ten months the government concealed the fact that by making the 20-cent payment in 1949 they were placing the wheat board in a deficit position.

The Liberal party does not have to go around at election time and make little, petty promises, or pass out a few dollars, in the hope that it will get votes, because by manipulation of the wheat board they have hundreds of millions of dollars of the farmers' own money; and by paying it out just before an election, and not revealing the facts of the situation to the farmers, they were successful of course in misleading them to the extent that many farmers voted for the government.

Although a document was agreed to on May 30 of last year, it has taken the government ten months to reveal a transaction in which western farmers had an interest running to as much as or more than $100 million.

I support the wheat-board method of marketing grain, but I deplore the government's using the wheat board as a tool for its own political purposes and advancement. We have had one vote in the debate in which Liberal members from the west voted against a 25 cents a bushel final payment. Notwithstanding the very clearly stated facts, they have risen in the house and said that the British government should have paid more; but I have gone through their speeches carefully and I find that not one of them has said to the government, which in the final analysis is responsible to the Canadian wheat producers, "We want more than $65 million." Not one of them has said that—although when I make that statement I must add that I was pleased last night to see the hon. member for Prince Albert (Mr. Helme) and the hon. member for Vegreville (Mr. Decore) stand in their places and vote for the payment of 25 cents a bushel. I am going west at Eastertime, and a number of meetings have already been arranged for me. I shall be speaking in the constituency of Prince Albert, and when there I am going to say at each of the meetings that I was pleased to see that the hon. member for Prince Albert supported the C.C.F. motion calling upon the government to consider a payment of 25 cents a bushel, even though his colleagues from Saskatchewan voted against it.

Do you know, Mr. Speaker, the Liberal party is a funny animal.

An hon. Member: The C.C.F. is, too.

Mr. Argue: They say one thing in Ottawa and something else in Saskatchewan. The other day one Liberal member said he was tickled to death that the government was paying $65 million. I think if he went back to Saskatchewan the farmers would probably tickle him to death. In any event, the $65 million, which is plenty for western farmers, so far as the Saskatchewan Liberal members of parliament as a whole are concerned, the $65 million which is plenty so far as Liberal members from other parts of Canada are concerned, is not enough for the leader of the Liberal party in Saskatchewan. For, according to the *Leader-Post* of March 12:

> Walter Tucker, Saskatchewan Liberal leader, and other party officials were empowered Saturday by the Saskatchewan Liberal executive to co-operate fully with the Saskatchewan wheat pool and other organizations in an attempt to obtain at least

another $48 million from the federal government to compensate western wheat producers for wheat used for domestic consumption at $1.25 a bushel, between March 1, 1945 and February 17, 1947.

Liberals in Saskatchewan are going to co-operate to bring pressure upon the government to get another $48 million. They should begin by bringing pressure upon Saskatchewan Liberal members of parliament to stand in their places in the House of Commons and ask now for a further payment of $48 million.

To sum up, I deplore the statements which have been made that Great Britain has not fulfilled the contract. I am afraid that statements like that, which are not in any way based upon the facts of the situation, may well lead to difficulty in maintaining an adequate market in Great Britain for our wheat in years to come. I deplore the fact that Liberal members of parliament from western Canada have not come out and demanded a further substantial payment.

I say this to them in conclusion: They could not see fit to vote for the C.C.F. subamendment calling upon the government to pay another 25 cents a bushel, but certainly there should be nothing to stop them standing in the house and going at least as far as the Liberal leader of Saskatchewan by asking now for a further payment, over and above the $65 million, of not less than another $48 million.

Mr. Bruneau: I rise to a question of privilege. The hon. member who has just taken his seat claims that the Liberal is a strange animal, because certain members say one thing out west and another thing here. If we were to follow up that argument, then I should think that if the Liberal party is a funny animal then, much as I hate to say it, the C.C.F. party is a monster. Because not so long ago in a speech in the house—

An hon. Member: What is the privilege?

Mr. Bruneau: The question of privilege is this: I draw the attention of the house to the fact that the hon. member for Saskatoon (Mr. Knight) said out west that he was opposed to price control—

Mr. MacInnis: He denied it.

Mr. Bruneau: —and then he supported a subamendment in the house to the effect that he was for price controls. Now, that is surely saying one thing out west and another thing here.

Mr. Coldwell: On a point of order, the hon. member for Saskatoon rose on a question of privilege and put the record straight. The newspaper in question, the Saskatoon *Star-Phœnix*, corrected its error.

Mr. MacInnis: He would not know that.

Mr. Bruneau: Those are the remarks of the hon. member for Saskatoon. He claims the newspaper was wrong. That is all we were given.

Mr. Coldwell: The newspaper accepted his correction and admitted that its reporter was wrong.

Mr. Ferguson: Mr. Speaker, it has been suggested—

Mr. Knight: On a question of privilege: my name has been brought into the debate. I say this, and I think I am safe in saying it, that the hon. member for Prescott (Mr. Bruneau)—I think that is the constituency he represents—accepted my word that the original report in the *Star-Phœnix* was wrong. I have in my files at the present time—unfortunately I do not have it in my desk here in the house—a further report from the same paper of a few days later recording the incident in the house and admitting the original report was wrong. I reported all this to the hon. member for Prescott and at that time he accepted my explanation in words to the effect that the press does make mistakes or that sort of thing. The matter has been abundantly proved both by the acknowledgment of the paper in question and by a letter, a copy of which I have, which was received—

Some hon. Members: Order.

Mr. Deputy Speaker: The hon. member cannot start a new debate.

Mr. Coldwell: Mr. Speaker, the hon. member has a right to put the record straight and to ask the hon. member for Prescott, who was elected under one guise and who sits under another, to withdraw.

Mr. Bruneau: On a question of privilege—

Mr. Deputy Speaker: The hon. member has placed on the record everything that is sufficient and I think the matter should be closed.

Mr. Knight: I have to say that—

Some hon. Members: Order.

Mr. Knowles: The hon. member has the right to speak.

Mr. Deputy Speaker: I think the hon. member has proved his point.

Mr. Knowles: The hon. member has a right to speak for forty minutes.

Mr. Deputy Speaker: In the debate, not on the point of order.

Mr. Knight: Mr. Speaker, you have just said that I have put everything on the record that was sufficient, but I just wanted to finish my last sentence and state that I have in my

possession a letter from men who attended that particular meeting and who informed me they had written to the *Star-Phoenix* protesting against the inaccuracy of the report and corroborating that I had always been in favour of price controls at any time they had heard me speak.

I have now finished with my question of privilege, but since I have been dragged into this debate, since my name has been mentioned, I should like to say a word or two about the subject under discussion. I had not intended to speak upon the matter but when my Liberal friends bait me I have to rise to the occasion. The hon. member for Assiniboia (Mr. Argue) has made certain charges and has pointed out that the attitude of the Liberal supporters in this house who are from Saskatchewan is different from the attitude of the Liberal leader in Saskatchewan. He had before him the report of the *Leader-Post* from which he quoted, and I have also my own paper, the Saskatoon *Star-Phoenix*, to which the hon. member for Prescott referred. I do not see why a Regina paper which is an inferior paper should be quoted in this house without my putting my own paper on the record.

Mr. McCusker: May I ask the hon. member a question?

An hon. Member: Make a speech.

Mr. Deputy Speaker: I must remind hon. members that a member cannot be interrupted without his consent.

Mr. McCusker: I was asking the hon. member if I could ask a question?

Mr. Knight: No.

Mr. Ferrie: He is scared of you.

Mr. Knight: I would suggest to my hon. friends who see a C.C.F.'er under every bush that they make their own speeches. They have been challenged by the hon. member for Assiniboia to get up and talk for forty minutes and let us know what they think about this particular wheat settlement. The hon. member for Regina City (Mr. McCusker) will have an opportunity to speak for forty minutes after I sit down and if he does I shall listen to him with great attention.

I was saying when I was interrupted that misrepresentation is not confined to the Minister of Agriculture (Mr. Gardiner). The Liberal leader in Saskatchewan has been keeping true to form. I should like to put on the record a certain statement of his which the hon. member for Assiniboia could have used if he had desired. The following report appeared in the *Star-Phoenix*:

> Regina, March 12 (CP)—Walter Tucker, Saskatchewan Liberal leader, said Friday night in a radio broadcast that moral support from C.C.F. speakers might have had "a definite influence" on Britain's decision to refuse Canada a further payment on the Anglo-Canadian wheat agreement.

According to the date of the report, Mr. Tucker must have made that statement in full consciousness of the statement made by the Minister of Trade and Commerce (Mr. Howe) to the effect that they knew, that the Canadian government knew, last May, that the obligations of the British government had been completely fulfilled. Yet he proceeded at this late date, March 12, to say what I have just quoted. The article continues:

> The Liberal leader said the British government had at one time recognized its obligation to make an additional payment at the conclusion of the wheat contract.

The Minister of Trade and Commerce has dealt with that statement much more adequately than I can. Another paragraph in the article is in quotation marks as indicating the actual words of Mr. Tucker. This reads:

> "Unfortunately the view of a definite obligation of the British government to make a substantial payment in settlement of her obligations under the agreement was not supported by all Canadian political parties."

It was certainly not supported by the Minister of Trade and Commerce. It is not supported by the majority of Liberals in this house. You have definite proof of the truth of what the hon. member for Assiniboia has said that what the Liberals in this house are saying is different from what is being said by their counterparts in Saskatchewan.

Those who have listened to this debate know of the gross misrepresentation that has been made here. The crux of the whole debate, the high point in the discussion, I think everyone will agree, was the production of the memorandum of the meeting between representatives of the British and Canadian governments which the hon. member for Rosetown-Biggar (Mr. Coldwell) read into the house record last night. That was a memorandum of a conference held in London on May 22. On May 30—I draw this to the attention of my Liberal friends and of Mr. Tucker—the Canadian government acknowledged to Britain that she had fulfilled her obligations. They apparently did not tell anyone about it. Apparently Mr. Tucker did not know. Apparently the grain producers in Canada did not know. Apparently Mr. Wesson of the wheat pools did not know. The Minister of Agriculture knew, but he did not tell. He laid his plan for what I might term the great deception.

While I am on my feet I might say that I am in accord with the amendment which we moved to increase the payment to at least

25 cents per bushel. I am in favour also of the amendment moved by the leader of the Conservative party.

Mr. Ross (Souris): Not the leader yet.

Mr. Knight: I mean the Conservative amendment moved by the hon. member for Souris.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, I want to say just a few words about the false hopes which were held out to the western farmers of an ultimate further payment for their products by certain members of parliament and of the government. In my opinion that was shameful. I only hope that the same practice is not being carried on, and that false hope is not being raised, so far as the producers of all other commodities produced by all farmers are concerned. At the same time I should like to introduce into the House of Commons today something that was pleaded for by a senator in Washington with tears in his eyes just a few days ago, a little more of the word of the Lord. The fact that the government have offered in their generosity to cover up their sins with a payment of $65 million to the western farmers, and their lack of reasons for their action, remind me of certain passages in the Bible. I refer to St. Matthew, chapter 19, verses 23 and 24, which read as follows:

> Then said Jesus unto His disciples, Verily I say unto you, That a rich man shall hardly enter into the kingdom of heaven.
>
> And again I say unto you, It is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God.

That is not simply a text; it is a parable given to all mankind to read, digest, remember and abide by. Let me say to members of the Liberal government that $65 million, or any amount of money, will not make it any easier for them to put it over on the public of Canada at the next election than for a camel to go through the eye of a needle and the rich man to enter into the kingdom of God. Falsification and riches will not get them any further with any more success than is contained in the warning of the Lord.

Mr. Drew: Mr. Speaker, on a question of privilege, I wish to place one matter clearly before the house. I must confess I was somewhat surprised at the statement made by the Secretary of State for External Affairs (Mr. Pearson) when he challenged my interpretation of what he said earlier this afternoon. I now have *Hansard* typescript, and I find that the remarks I referred to of the Secretary of State for External Affairs are reported as follows:

> Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I might just say that my recollection in regard to these matters, in regard to all matters that have been brought up, coincides exactly with what has been said by the Minister of Trade and Commerce.

It was to that statement that I referred namely, when he said that his recollection coincided exactly with that of the Minister of Trade and Commerce in regard to all matters that had been brought up. He then challenged my statement and said that he was referring only to the first sentence of paragraph (c) in this communiqué. *Hansard* does not bear out what he said.

Mr. Pearson: Mr. Speaker, on a matter of privilege, in reply to what the hon. gentleman has just said about my remarks as quoted from *Hansard* by him, I would say that the matters to which I was referring at that time, and to which the hon. gentleman was referring, were those arising out of paragraph (c) of the document in question.

The house divided on the amendment (Mr. Ross, Souris), which was negatived on the following division:

YEAS

Messrs:

Argue	Hodgson
Aylesworth	Johnston
Beyerstein	Jones
Black (Cumberland)	Knight
Blackmore	Knowles
Blair	Lennard
Brooks	Low
Bryce	Macdonnell (Greenwood)
Casselman	MacInnis
Charlton	McGregor
Coldwell	McLure
Drew	Noseworthy
Fair	Quelch
Fairclough, Mrs.	Rowe
Ferguson	Shaw
Fulton	Stewart (Winnipeg North)
Gillis	Thomas
Hansell	Tustin
Harkness	White (Middlesex East)
Hatfield	Wright
Herridge	Wylie—42.

NAYS

Messrs:

Abbott	Claxton
Applewhaite	Cleaver
Ashbourne	Cloutier
Balcom	Conacher
Bater	Corry
Beaudoin	Cote (Verdun-La Salle)
Benidickson	Cruickshank
Bertrand	Darroch
Boisvert	Dechene
Boucher	Decore
Bradette	Dewar
Bradley	Dion
Brisson	Dumas
Brown (Essex West)	Eyre
Bruneau	Ferrie
Byrne	Fontaine
Campney	Fournier (Hull)
Carroll	Fulford
Carter	Garland
Cauchon	Garson
Cavers	Gauthier (Lake St. John)

Gauthier (Lapointe)
Gauthier (Sudbury)
George
Gibson
Gingras
Gregg
Harris (Grey-Bruce)
Harrison
Helme
Henry
Hetland
Hosking
Howe
Jeffery
Jutras
Kent
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Gaspe)
Larson
Leger
Little
Macdonald (Edmonton East)
MacDougall
MacLean (Cape Breton North and Victoria)
MacNaught
McCann
McCubbin
McCulloch
McCusker
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
Maybank
Mayhew
Mott
Murray (Cariboo)
Mutch
Nixon
Pearson
Prudham
Richard (Gloucester)
Riley
Roberge
Robinson
Rooney
Rousseau
St. Laurent
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Stewart (Yorkton)
Stuart (Charlotte)
Studer
Tremblay
Viau
Ward
Warren
Weaver
Weir
Welbourn
Whiteside
Winkler
Winters
Wood—112.

Mr. Ross (Souris): I was paired with the right hon. member for Melville (Mr. Gardiner). Had I voted I would have voted for the amendment.

Mr. Cardiff: I was paired. Had I voted I would have voted for the amendment.

Mr. Browne (St. John's West): I was paired with the hon. member for Yukon-Mackenzie River (Mr. Simmons). Had I voted I would have voted in favour of the amendment.

Mr. Catherwood: I was paired with the hon. member for Kent, Ont. (Mr. Huffman). Had I voted I would have voted for the amendment.

Mr. Speaker: The question is on the main motion.

Mr. William Bryce (Selkirk): Before I start, Mr. Speaker, I want to assure you that in what I am going to say I am not going to talk about the British agreement. I want to talk about and to support the amendments to the wheat board act.

Mr. Speaker: Order. Could the house decide now that no further discussions, on second reading, be allowed on the United Kingdom agreement?

Some hon. Members: Hear, hear.

Mr. Speaker: Agreed.

[Mr. Pearson.]

Mr. Bryce: In rising to support the amendments to this act, I want first to say how pleased I was when this act was put on the statute books away back in 1935. It was something for which the western farmer had fought a long time. While we can sit back now and criticize the things that the government has done with the board, there is no doubt that the wheat board has given to the grain farmer stability which he never had before. At one time we had in operation two systems which were available to the producer; that is, he could sell his wheat on the open market or he could sell it to the wheat board. But it was found that when wheat was scarce and commanded a good price, the farmers had a tendency to take the big price as long as it lasted and then, when the price fell, they immediately sold their wheat to the board.

It has been a great step forward in western Canada to have the wheat board handle not only wheat but also oats and barley. As to oats and barley, I believe further improvement can be made. But we still have speculation in rye and flax. You cannot go to a farmers' meeting in western Canada without being confronted with the questions: When is the wheat board going to take over rye and flax? When are they also going to be taken off the speculative market? Why should the farmer have to sell his flax and rye on a speculative market when we have the facilities for handling those grains in a pooling system?

I should like to quote from the Toronto *Daily Star* of January 29, 1951. This statement relates to some remarks the editor made with reference to a statement made by Professor McDougall of Queen's university, and is as follows:

> The strong feelings expressed by the farm representatives are rooted in the history of Canadian grain marketing. During the many years when grain was traded on the Winnipeg grain exchange, many farmers believed, correctly or incorrectly, that speculators were depriving them of profits. The great majority appear content to have the government market their grain through the Canadian wheat board, with the year's price assured when planting begins. Practical experience, not merely theories or suspicions about private grain companies, underlies prevailing prairie opinion about the wheat pools. These giant co-operatives now handle virtually half the grain produced in the three prairie provinces. Through them the member farmer can assure himself of fair grades on his grain and minimum handling charges. The pools pay the farmers dividends based on the volume of grain they market, and during the quarter-century in which the pools have operated these patronage dividends have totalled more than $27 million. To stay in business, some private grain companies have been forced to do likewise. Where else in Canada do private firms pay dividends to their customers?
>
> In view of such results, it is futile to tell grain growers that their pools have no real value.

This shows what the farmer thinks. We have come a long way since the days of Roderick McKenzie, Colin Burnell, Dan Chapman and other men like that who fought for the right to be allowed to load their own grain in a car without putting it through the elevator. Along with these can be added names of men from Saskatchewan and Alberta who have been pioneers in the farm movement in those provinces. The dreams of these men are gradually becoming true, but as long as we leave rye and flax in a speculative market we still have something to fight for.

Last fall it was estimated that western Canada would have a crop of flax of about three million bushels; that is, for the 1950-51 crop year. Statistics show that about two and a half million bushels were delivered up to about December 1, so the tremendous increase that took place in flax prices never gave any benefit to the man who produced the flax; because I would say 75 per cent of the farmers market their crops when they have to make their payments—and that is in the fall—and do not wait until the spring to sell their crops. Of course some farmers do; some who are financially well fixed can play the market, and delight in doing so. But the bona fide farmer who is out for stability and steady prices over a period of years does not try to play the market.

I should like to draw to the attention of hon. members the fluctuation that took place in flax in six months. On August 1, 1950, the price of No. 1 C. W. flax was $3.63; on September 1, 1950, it was $3.82; on October 2, 1950, it was $3.68; on November 1, 1950, it was $3.58¼; on December 1, 1950, it was $3.81; on January 2, 1951, it was $4.21; and on February 1, 1951, it was $5.71. You have a spread there of $2.08. The farmer did not get that. That went into other channels. I leave you to guess who got it.

Under the pooling system all producers agree to accept the same price, which would in most cases be an average price. I would at this time urge the government to place flax and rye under the wheat board because I honestly believe it is beneficial to the producers of grain, no matter what grain he is producing. I am not going to deal with the speculation which has taken place on rye over a number of years, as I have put that story on record here before. But what has happened to flax and rye on a speculative market could happen to any grain, and we know that the wheat board could and can protect the farmer.

The wheat board is still using the speculative market to sell oats and barley against the wishes of a large majority of the western producers. This is borne out by some of the recent pool conventions where resolutions were passed asking that the wheat board discontinue the use of the speculative market in the selling of oats and barley. The Canadian Federation of Agriculture in their most recent brief asked that the use of the speculative market be reduced or eliminated altogether.

I would have liked to bring in an amendment at this time to include these things, but I have read very carefully the remarks you made two days ago, Mr. Speaker, and I had an idea you would rule me out of order. I want to play safe, but to my way of thinking as a layman, rye and flax are tied in with barley, oats and wheat. The amendment that I would have liked to bring in at this time would have been quite all right so far as I am concerned, but I have never been able to look at a thing in a legal way as you can, sir, and sometimes when I hear some of the legal opinions expressed in this house I am glad that my mind does not act in that way.

I think I have made my point quite clear. I do hope the day is not far distant when the western farmer will market all his grain through the pooling system, and through the wheat board. While I shake my head and frown sometimes when I see and hear the things that the wheat board is blamed for in connection with political manoeuvring, I hope that not only this government but any other government that is in power in Canada will get rid of that sort of thing and not make the wheat board a political tool.

Mr. P. E. Wright (Melfort): I should like to say a few words in support of what the hon. member for Selkirk (Mr. Bryce) has just said. We are supporting the amendments which are in this Bill No. 5, which is now before the house, but I wonder whether they will be implemented or not, because last year we passed an amendment in this house to the wheat board act, which gave the government authority to add two additional members to the wheat board. So far as I know that has not been implemented up to date.

In my opinion the present members of the wheat board are overworked. As a matter of fact, we are simply killing these men. They are valuable men; they are men who have done a very good job for the western farmer in the marketing of his grain. Probably they are three of the best informed men in grain marketing in the world today. It is a shame that we should overwork them. It is a shame that they should not have some more assistance on the board, because the marketing of coarse grain has become quite a problem.

Some of the things that we are suggesting, and I am going to suggest as we go along in this debate, are not offered as a criticism of the wheat board itself but as a criticism of the authority the government is giving them in the matter of the marketing of our grain. I am sure that when the western farmers asked that their grain be marketed through the board they had three major objectives in mind. First, they preferred an average price for the grain that they had to sell over the years. They have tried for the last thirty or forty years to guess the market as to when they could get the best price for their grain, and they have come to the conclusion that as far as they were concerned they would rather see their grain sold by some organization or some board and obtain an average price for that grain over the years so that they would not have to guess the market. The second reason why they preferred to have their grain marketed under a board system was to get away from the speculative market and to prevent speculation in their products.

The third reason—and I want the eastern people to remember this—was that we in western Canada wanted to get our grain to the ultimate consumer in the most direct method that was possible and with the least margin between what the consumers in eastern Canada had to pay and what we as western producers received.

Under the present wheat board system I think we have gone only part of the way in accomplishing those objectives. The first objective we have accomplished fully. That is, we do get the average price that is obtained for our grain over the years, and we do not have to guess the market.

The second matter, that of preventing speculation, has only been partially accomplished because the board are continuing to use the Winnipeg grain exchange in the marketing of our coarse grains. It has been very definitely indicated to the government by various farm organizations that they would prefer to have the board stop using the Winnipeg grain exchange as the method of marketing of coarse grains.

I hold in my hand the twenty-sixth annual report of the Saskatchewan Co-operative Producers, Limited, and under the heading "coarse grains marketing" the following appears:

> A resolution passed at the last annual meeting of delegates urged that the speculative element in marketing grain should be eliminated and a marketing system established which would ensure stability in prices, both for producer and consumer. The resolution also asked that the wheat board's coarse grains marketing policy be changed to give effect to the wishes of organized farmers in this connection. This matter was also taken up with the government in the submission above referred to and it was urged that the marketing of coarse grains should be the responsibility solely of the Canadian wheat board and that the speculative market should be closed.

The Canadian Federation of Agriculture in their last submission to the cabinet, which they presented just recently, had this to say:

> Our convention favoured the continuation of the wheat board as the sole marketing agency for coarse grains but they expressed the view that the board should make only the minimum use of the future market in order that experience may point a way to a sounder and more acceptable marketing policy.

In other words, they want the board to discontinue the Winnipeg grain exchange except in a moderate way.

I had a return tabled in the house recently in answer to a question of mine. In the question I asked the government as to the amount of sales of each coarse grain in the Winnipeg grain exchange. The return was tabled on February 9. I am just going to give the round figures. It says that the wheat board bought 80 million bushels of oats from the western producer and 53 million bushels of barley. It shows that of that 80 million bushels of oats which they had bought from the western producer, 65,785,000 bushels were sold through the Winnipeg grain exchange. Of the 53 million bushels of barley bought from the western farmer, 37,808,000 bushels were disposed of on the speculative market, through the Winnipeg grain exchange. I know that with the board controlling all this grain there is not the same speculative element on the market that there was before we had the board, but nevertheless there is a speculative market, and I want to give the reason why. The reason is this: climatic conditions in this country are such that when we thresh our crop in western Canada in August, September and October there are large deliveries of coarse grains. Those coarse grains must be moved or can be moved more cheaply to eastern Canada before navigation closes.

As it now operates, the wheat board does not ship grain, except to Port Arthur and Fort William. Therefore they have to sell large quantities of that grain, as is indicated in the return made to me, on the speculative market in Winnipeg. They have to sell it on the Winnipeg grain exchange, so that the commission firms may get possession of the grain and move it to eastern Canada before navigation closes.

The return tabled in my name shows that sales of oats by the Canadian wheat board in the months of August, September, October and November in the 1949-50 crop year were, in August, 6,843,319 bushels; September, 8,816,078; October, 11,158,399 and November, 11,653,206. The other months dropped to 5

million or less. During these same months there were sold on the Winnipeg grain exchange the following amounts of oats: August, 6,596,000 bushels; September, 7,365,000; October, 8,880,000 and November, 10,128,000.

This grain was sold to the commission firms through the Winnipeg grain exchange. During those months the price of oats in particular was much lower than it was in the early months of the following year. By March the price had jumped from approximately 90 cents, as it had been in the fall, to well over $1.25.

My contention is that we will never have a satisfactory wheat board until it is prepared to move this grain from western Canada to the terminal elevators in eastern Canada, to keep control of the grain, to establish selling agencies in eastern Canada and to sell the grain direct to the consumers in this part of the country. To do that they will have to have more personnel on the board. But as it stands at the present time, the small consumer or small co-operative in eastern Canada, the small chap in this part of the country who has a feed plant and grinds that feed to sell in his neighbourhood, finds that he cannot deal directly with the board.

I know the provisions state that the board can sell directly to him. Nevertheless the procedure is such that he is not able to buy directly from the board. I have before me a copy of a letter sent to one of the eastern mill owners who is grinding feed to serve his own locality. This man wrote to the board to see if he could buy directly from it, and this was the advice they gave him:

> It is the general practice for eastern feeders to procure their supplies of feeding grains through the commercial channels in the Winnipeg grain exchange. Most of these organizations maintain stocks in positions applicable to the requirements of the eastern trade. Daily quotations may be procured from such firms. All the forwarding details and collections are the responsibility of such forwarding firms.

Then, proceeding to tell him how he can buy directly from the board, they say:

> The Canadian wheat board does not forward coarse grains beyond the in store Fort William/Port Arthur position. If you so desire, however, this board will sell such grains as they have on hand to eastern customers upon application. The prices will be those established at the close of each day's market. Such prices are in effect from the close of one day until 9.30 the following morning. These prices are available at all large trading centres across Canada, and are published daily by the Canadian wheat board.
>
> When such purchases are made, it is the responsibility of the buyer to appoint an agent such as a bank or an accredited legal firm to take delivery of documents covering the grain required. It is also the responsibility of the purchaser to arrange with terminal elevators at the head of the lakes for the loading of such grain. You will also be required to file orders with the railroads giving proper destination. The Canadian wheat board will deliver to your agent the warehouse receipt covering the grade of grain required in some designated elevator in Fort William/Port Arthur. Such terminal elevator would require that these documents be turned over to them before the grain is loaded out and billed for your account.

And then they go on to say:

> The procedure is rather involved and I doubt that any saving would be made by you in following such a course.

The average small co-operative in eastern Canada, in other words, just does not have an agent in Winnipeg. He does not have an agent at the head of the lakes. The result is that he must depend upon a commission firm in Winnipeg to bring that grain forward to eastern Canada and thus make it available. The result was that this year our harvest was late and very little of our grain was moved into forward positions in eastern Canada to serve the eastern feeder during the winter months. I believe if the board had been handling the matter and had not been depending upon commission firms it could have moved greater quantities of that grain into forward positions in eastern Canada.

After all, those of us in western Canada are interested in making our feed grains available to our customers in eastern Canada in the best possible way. We would like to see that grain placed down here in eastern elevators. We want the grades maintained right up to the time the ultimate consumer gets that grain. At the present time the grain loses its identity at the head of the lakes. The commission firm buying it up there brings it to eastern Canada and is permitted to mix it or do anything it likes. The result is that the feeder in eastern Canada is not getting as good a grade as he should be. I have seen many samples of feed grains being sold in eastern Canada, and they certainly have not been the grades of grain we sell in the west. It is mixed before it goes to the small mill owner, the small crushing plant or the co-operative in eastern Canada.

I do not think our wheat board will be the success it should be in the marketing of our coarse grains until it takes the responsibility of bringing the grain forward to eastern Canada and placing it in terminal elevators, so that the producers in eastern Canada may go to those agencies and make direct purchases of their requirements, in the knowledge that they are getting a fair sample of the grain they are supposed to be purchasing. I believe this could be done; to my mind there could be no objection to it.

That is what our farm organizations are seeking. A year ago, because of the quality of the feed being sold in eastern Canada, the Canadian Federation of Agriculture, in their presentation to the cabinet said, as it is set

out at page 12, that an investigation should be made into the marketing and distributing of feed grains going into protein feeds in Canada, because of the mixing which takes place. I believe much of that could be prevented if the wheat board were to move the grain to forward positions in eastern Canada.

Another matter I should like to bring to the attention of the government is that we should make greater use of the port of Churchill. At present there is in storage at that point approximately 450,000 bushels of grain. The capacity of the port is 2,500,000 bushels. It has a drying capacity of from 15,000 to 20,000 bushels of grain every twenty-four hours. We are not moving any grain to that port for drying. I suppose the reason is that the wheat board believes that that grain which needs drying will be difficult to sell to European buyers out of that port when ships are available next July.

I would point out that a lot of this damp and tough grain is feed grain which could be moved into that port, dried, and then moved to the maritime provinces, if the wheat board wanted to take the responsibility of chartering vessels, to the elevators at Saint John and Halifax and made available for feed in eastern Canada. I hope the government will endeavour to make the wheat board the useful agency that it can be in the marketing of our grains.

I agree with the amendments provided for by this bill. As a matter of fact when I spoke on the speech from the throne I indicated that there had not been some mention made of amendments to the wheat board act which would do exactly what is done by section 3 of this bill, that is, give the wheat board authority at the end of each crop year to close out the pool and make some arrangement to take over the grain that remained and carry it forward into the next pool year.

When the bill is in committee we will have some suggestions to make and amendments to offer. I think perhaps the bill is loosely worded because it does not indicate at what price the government shall take over the grain. It simply states that the government may take over the grain. I think there should be an obligation on the government to take it over within a stated period.

We would then be passing a bill which meant something, not just placing another piece of legislation on the statute books as we did with the amendment last year to the wheat board act to increase the membership to five. I hope the government will implement that amendment passed last year so that this board will be able to do an even more efficient job than they have been doing in the past.

[Mr. Wright.]

I believe they have been doing a most efficient job in the marketing of our grain as far as their end of it is concerned. I do not agree with all the policies that they have had to carry out on behalf of the government but, as I say, they have done an efficient job. I am one hundred per cent behind the board method of handling our grain in western Canada.

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, the hon. member for Melfort (Mr. Wright) has referred to the amendment passed last year to increase the board membership to five. I certainly endorse that wholeheartedly and I would like to see one of the new members come either from Ontario or eastern Canada. I know the feed men and dealers in Ontario would strongly support this idea as they feel it would give a more efficient handling of feed in eastern Canada. I strongly support the suggestion.

Motion (Mr. Howe) agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*"Pool period" defined.*

Mr. Ross (Souris): Mr. Chairman, I have had to keep quiet for some days because I have taken full advantage of every opportunity afforded me to speak. However, I am not going to go over all the details that have been dealt with. I was one of the members who had questioned the Minister of Trade and Commerce on March 5 and I was disappointed that I could not speak at that time. Some people may wonder why I have not spoken again, and I am taking advantage of this opportunity to say a few words about coarse grains.

I am sure that our party is in favour generally of these amendments, but I should like to say just a few words about oats. I have always been a supporter of the wheat board, and am still. I am in favour of these amendments in principle, but there has been considerable dissatisfaction in connection with feed grain. As an example, a neighbour of mine has been growing registered seed. His product was being properly inspected and as he lived only twenty miles from the United States boundary there were people from the United States coming over and offering 90 cents a bushel for his oats. He wrote to the wheat board for a permit to sell his oats to the United States buyers who were ready to truck it away, but was refused.

Mr. Howe: Of course he was.

Mr. Ross (Souris): I think some of the regulations are pretty stiff under the circumstances. Then there is the other matter that was dealt with by the two speakers just

before we went into committee. I refer to the differential between the price paid to the farmer and what is paid for feed in places like Russell and Glengarry counties close to Ottawa. Last year our final settlement for oats in my neighbourhood was approximately 70 cents, but the hon. member for Russell has stated that on April 5 he paid $76 per ton for oats. You can figure that out into the price per bushel and readily see the difference between what the producer gets and what the consumer in eastern Canada had to pay for his feed grain.

I think something should be done to improve the method of handling. Subsidies are being paid by the taxpayers, of which the producers pay their share, and the feeders down here should have been able to buy oats on a pooling basis at a price much closer to what was received by the producer. I should like to see some improvement made in this connection which would benefit both the producer and the feeder.

I do not want to delay this bill because, as I said, I am quite sure that this party is in favour of the amendments. If there has been hardship in connection with this year's crop it is most essential that some provision be made to meet it. I hope that as we take up the bill section by section something can be done to improve it still further.

Mr. Wright: Will the minister indicate what is the position in connection with implementing the amendment passed last year to increase the membership of the wheat board?

Mr. Howe: My hon. friend said that the membership of the wheat board is made up of the ablest men to be found in Canada. I am not sure that he did not say in the world. If I could find a fourth ablest man I would be very glad to appoint him to the board. It is not easy to get men of that calibre. I am not willing to take anything less. I am not willing to take a man who is not up to the calibre of the three men I have on that board. If my hon. friend can name a man who knows as much about marketing wheat as those three I will be very glad to appoint him.

Mr. Wright: I am afraid I cannot, but I am afraid that one of these three men will be dead inside of another eighteen months unless some assistance is given. I think you have got to take that into consideration. These men cannot carry the load they are carrying indefinitely. In my opinion even a man who did not have all the qualifications of the three men presently on the board would be better than no man at all.

Mr. Howe: I would question that. I would want to have the board tell me that the man I proposed to appoint would actually be a help to them rather than otherwise. I know enough about boards to know that a man who is not competent actually slows down the work of competent men rather than speeding it up. Therefore I am very careful about making the fourth appointment, although I have no objection to doing so, and would do so if the board would indicate to me that the appointment of any certain man would speed up their work.

Mr. Applewhaite: When the minister introduced this bill he referred to the difficulties and delays caused by the situation the country finds itself in with respect to tough and damp grain. I shall read one sentence only. At page 1052 of *Hansard* for March 8 he said:

> I hope it will be possible to find storage for stocks of tough and damp grain remaining on farms, as well as terminal accommodation for the tough and damp stocks still in country elevators, before warm weather sets in.

I am in this position in this debate. There is no wheat in my constituency but we have in Skeena a very good elevator owned by the dominion government with a capacity of 1,250,000 bushels, constructed by one of the world's outstanding engineers, with a drying capacity of some 48,000 bushels per day, depending of course upon the moisture content of the grain. In view of the fact that this government-owned elevator has stood empty for some six years, and the country as I understand it finding itself with an embarrassingly large quantity of tough and damp grain on hand at the present time, my question to the minister is: Have they considered, and if not will they consider, making use of their own elevator for the purpose of taking care of some of this grain?

Mr. Howe: I shall be very glad to put that question to the board. I see the members sitting in the gallery so I will be able to do that quite soon. I know that with respect to other wheat crops it has not been found feasible for marketing reasons to use the Prince Rupert elevator as an outlet for west coast grain. I have not inquired from them just what the effect of the tough and damp grain situation is but I will do so. I can assure the hon. member that there is no lack of desire on my part to have the Prince Rupert elevator in operation once again.

Mr. Sinnott: I believe the suggestion made by the hon. member for Melfort (Mr. Wright) to increase the number of members of the board is a good one. Sometimes these days heart attacks occur very suddenly, and we would then find it necessary to appoint someone. I know that the minister possibly has

someone in mind, and I believe such a man might carry on the duties of a deputy until such time as he had acquired enough experience to carry on as a regular member.

Mr. Catherwood: The minister intimated that if he could find a good man he might possibly consider appointing him to the wheat board, and I should like to ask him to give consideration to my previous suggestion as to the appointment of a member from eastern Canada.

Mr. Howe: The duty of the board is to market wheat, oats, and barley from the designated area. Eastern Canada is not in the designated area. I think my hon. friend has in mind appointing a man whose objective would not be the same as the objective of the present three members of the wheat board, which is to sell wheat, oats and barley from the western provinces at the best price obtainable.

Mr. Argue: Last fall, as all members are aware, we had the greatest difficulty getting sufficient cars and elevator space to market even the eight bushel quota which was first established. My question has to do with the quota system. I am in favour of the quota system, and when it is applied equitably I think it is to the advantage of all producers. I should like to know why the eight bushel quota was lifted at a number of points, to my personal knowledge, long before the producers at those points had anywhere near the eight bushels delivered to the elevators. There is one elevator point within a few miles of my home, and I know that on October 5, the Thursday before Thanksgiving, the quota there was lifted entirely. At that time the farmers had marketed only a small portion of the eight bushel quota, and it left marketing at that point in a mess. I know that up until a month or two ago a good many producers in that area had not marketed a bushel of grain. I want to say I am in favour of the quota system but I wonder why consideration was not given to the marketing situation at some of these points before the quota was lifted entirely.

Mr. Howe: I am afraid I cannot answer that question. The quota system is operated by the wheat board, and I presume it is operated according to their best judgment of how to best take care of the crops in the area. I have heard other suggestions that quotas have been lifted too soon, and while quotas were in effect I have heard suggestions of great injustices that were caused owing to the fact that, while a man could not deliver within the quota of his own elevator, he could deliver into someone else's area. We get complaints both ways. However, I think the board has had a good deal of experience in operating the quota system, and I am sure they use the best judgment that they can bring to bear on the manner in which the quotas operate.

Mr. Argue: Could the minister give me a more complete answer on the estimates? On the other hand, if the wheat board report is to be referred to the standing committee on agriculture that will be fine. We will get the information there.

Mr. Howe: Since my hon. friend has asked about a particular point, a question on the order paper would be referred to the board and would probably elicit the answer he wants.

Mr. Argue: A month or so ago I referred to the situation that prevailed at Moose Jaw last year. I wonder whether the minister knows anything about that. If he does not, I will leave it to some later date.

Mr. Howe: I am sorry, I do not know anything about it.

Mr. Argue: I know that any member of the agricultural committee has the right to call for a meeting thereof, but is the minister prepared to have the wheat board report referred to that committee again? I should like to see that done. I think it is in the interest of the wheat board system to have the board officials appear before the committee. They have always given an excellent account of themselves in the past, and I believe they will do so again. I think the producers of western Canada feel better if the officials of the board appear before the agricultural committee at which time we can go over their annual report.

Mr. Howe: All I can say at the moment is that consideration will be given to that request. I might remind the hon. member that the overworked wheat board of three members is pretty busy, and it means a week or so away from their normal occupation. However, I will discuss it with the board and give my hon. friend an answer later.

Section agreed to.

Section 2 agreed to.

On section 3—*Transfer of wheat from one pool period to subsequent pool period.*

Mr. Argue: Section 3 reads as follows:

> The governor in council may authorize the board to adjust its accounts at any time by transferring to the then current pool period all wheat delivered during the preceding pool period and then remaining unsold, and the board shall credit to the accounts for that preceding pool period, and charge against the accounts for the current pool period, such amount as the governor in council deems to be a reasonable price for the wheat so transferred . . .

I think this section gives the governor in council a discretion which it might not be too happy to have. It would have to decide the time at which the transaction should take place. It would have to decide the price at which it would take place; and, whether or not there should be a transaction at all. It seems to me the producers themselves would be much happier if at the end of any one year pool it was mandatory that the transfer of the surplus remaining should be made. My suggestion would be within sixty days after July 31, at the end of any one year pool. I think that will have to be done in any case if the payments are to go out, as they should, shortly after the end of each one year pool period. I do not think our experience in relation to the "have regard to" clause has been too happy. I am not going back to it now, but it was loosely worded and left everyone a great deal of discretion. I do not think the experience of anyone with it was too happy. I am just wondering if the Minister of Trade and Commerce might accept an amendment such as I am going to move, seconded by the hon. member for Melfort:

That clause 3 be amended by deleting therefrom the words "the governor in council may authorize the board to adjust its accounts at any time" and by substituting therefor the following words: "The board shall, not later than the 30th day of September in each year, adjust its accounts."

I think that should cover it. After each one year pool period the inventory would be sold to the following one year pool, so the payments could be made say not later than January 1 of the year following the conclusion of the crop year.

Mr. Howe: I am sorry the government could not accept that amendment. Conditions might be such that the risk would be too great for the second pool to accept. My hon. friend realizes that the transfer of the accounts to the second pool means that the first pool is paid the value of that wheat by the second pool. If we had some accurate way of fixing the value of the wheat at that time, this amendment would be proper, and very often I think it will be possible to safely make the transfer by the date mentioned. This year, however, about half the crop or a little more was feed grades of wheat. Whether that amount of feed grain would be reduced to manageable proportions by the end of September no one could be sure. If there should be a great quantity of feed wheat to be sold I do not think anyone would care to take the responsibility of putting a price on it and closing out the first pool, leaving the second pool to take all the risks of selling that wheat in the period of the second pool.

The purpose of this amendment is to permit small lots of wheat to be cleaned up. I have in mind lots of wheat that really could not very much affect the payment of either pool. For instance, you might have a hundred bushels of No. 3 durum wheat left over, which is a difficult grain to sell. Nevertheless that grain must be sold under the present legislation before the pool can be closed out. In the five year pool substantially all the wheat had been sold by the end of September, but there were dribs and drabs left over that were not sold until well into December. Therefore the final payment on that five year pool was delayed several months for no particular financial reason.

Mr. Argue: This amendment would permit the governor in council to set the price of wheat for the carry-over and they could take into account any conditions that had prevailed during the preceding year in relation to feed wheat or anything else. The minister's explanation shows, I think, that this amendment really does not mean very much, if it is only to allow the board to clean up a few hundred bushels of durum wheat or other almost negligible quantities in order to make the final settlement. We shall continue in future to be in the position we sometimes have been in the past, with the farmer not knowing when or on what basis a final settlement will be made. I thought this amendment was intended to take care of this huge quantity of frozen wheat the board now has on hand. If it is not intended to handle a hundred million bushels of wheat, or any quantity of that nature, then the wheat board may have a carry-over of this frozen wheat for two years or even longer. Certainly the western producers will not be satisfied to have the final payment on this year's crop dangling before them for another year or another two years or another four years, with the governor in council having discretion to turn it into another pool period and play around with the wheat in that respect. If the minister cannot accept our amendment I am afraid that will be the end of it, but certainly the explanation by the minister will not meet the objections of the western producers against the final settlement of any one year pool being extended for a long period of time after that pool comes to an end.

The Deputy Chairman: Is the committee ready for the question?

Mr. Wright: Six o'clock.

At six o'clock the Speaker resumed the chair and the house took recess.

Private Bills

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Bill No. 119, for the relief of Antonio Romeo.—Mr. Winkler.

Bill No. 120, for the relief of James Edward Thomas.—Mr. Winkler.

Bill No. 121, for the relief of Mary Louise Webster Hunt.—Mr. Winkler.

Bill No. 122, for the relief of Marie Blanche Amilda Lessard Duplessis.—Mr. Winkler.

Bill No. 123, for the relief of Anne Fineman Segal.—Mr. Winkler.

Bill No. 124, for the relief of Ida Weinstein Yaphe.—Mr. Weir.

Bill No. 125, for the relief of Shirley Titleman Rodin.—Mr. Winkler.

Bill No. 126, for the relief of Yvette Ernestine Gagnon Lyons.—Mr. Winkler.

Bill No. 127, for the relief of Rose Pakidailo Greenberg.—Mr. Winkler.

Bill No. 128, for the relief of Marie Jeanne Dragon Bigaouette.—Mr. Winkler.

Bill No. 129, for the relief of Olive Marguerite Cann Nichol.—Mr. Winkler.

TRANS MOUNTAIN OIL PIPE LINE COMPANY

The house resumed, from Tuesday, March 6, consideration of the motion of Mr. Laing for the second reading of Bill No. 115, to incorporate Trans Mountain Oil Pipe Line Company.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am not going to detain the house long in connection with this bill, but I wish to say a few words in support of it because of its great importance to the people and to the economy of British Columbia.

All members of this house and, I think, most people in the country realize that the party to which I belong favours public ownership of transportation, communications, and things of this type particularly. When the bill was under discussion on Tuesday, March 6, the hon. member for Melfort (Mr. Wright) dealt at some length with our policy in that connection and moved the following amendment:

That this bill be not now read a second time but that further consideration thereof be deferred until this house has had an opportunity to record its opinion that consideration should be given to the construction and operation of pipe lines by a crown corporation, or by a public agency owned and controlled by the government of Canada.

[Mr. Wright.]

Mr. Fulton: Order.

Mr. Speaker: That motion was put to the house and, I believe, declared lost. I am not sure whether there was a vote.

Mr. Herridge: Yes, Mr. Speaker.

Mr. Speaker: In any event, it was declared lost and it is not debatable.

Mr. Herridge: I am sorry, Mr. Speaker, if I am out of order; but I just wanted to mention the fact in order to re-emphasize our position in this connection. The motion was lost by a vote of 172 to 12, so we in this party realize that at this time there is not among the members of this house support for the principle of public ownership with respect to oil or gas pipe lines. Realizing that fact, Mr. Speaker, we are supporting the principle of the bill because we believe that the building of this oil pipe line will be of great advantage to the people of British Columbia, to the economy of British Columbia and to Canada as a whole.

Before proceeding with my brief remarks, Mr. Speaker, I want to congratulate the sponsor of this bill, the hon. member for Vancouver South (Mr. Laing), on the detailed information he gave the house on the motion for second reading of this bill. I have sat in this house and heard bills of this type introduced on second reading, when the sponsors gave an extremely sketchy account of the purpose and the intentions of the bill. I am of the opinion that the attitude of some members, such as the hon. member for Fraser Valley (Mr. Cruickshank) and the hon. member for Comox-Alberni (Mr. Gibson), in requiring fuller explanation, has caused members introducing pipe line bills to realize that hon. members are not going to be satisfied with just a sketchy introduction. I forgot to mention the hon. member for Kamloops (Mr. Fulton), but I include him at this time and also the hon. member for Coast-Capilano (Mr. Sinclair).

Mr. Fulton: He was a late convert.

Mr. Herridge: I must say that we appreciated the information given to the house on the motion for second reading. The hon. member for Vancouver South told us the exact location of the route—that has not happened on another occasion—namely, from Edmonton to Vancouver through the Yellowhead pass. He gave us information as to the capacity of the pipe. He gave us the history and record of the company. He gave us information as to the use of Canadian

personnel in construction and in maintenance, and as to the use of Canadian materials. He gave us information as to the potential markets. He also gave us a great deal of other useful information which we have had the opportunity to reread before this bill came before us for debate again this evening. We appreciate this procedure, and we hope it is a practice which will be followed by other members introducing bills of this type.

I was pleased indeed, Mr. Speaker, to note that the hon. member stressed the fact that this was an all-Canadian route. After my recollections of the debate on pipe lines last year, I am pleased indeed to see the hon. member for Vancouver South standing shoulder to shoulder in this house with that delightful, irrepressible and indefatigable gentleman, the hon. member for Fraser Valley, to fight for an all-Canadian route for gas pipe lines and for oil pipe lines. I think the house and the country owe the hon. member for Fraser Valley particularly a debt of gratitude for focusing public attention, in his own unique and, shall I say, inimitable manner, on a matter of great importance. I trust that when this oil pipe line is constructed from Edmonton to Vancouver, a gas pump will be erected in Chilliwack to commemorate his efforts in this respect.

We are delighted to know that this is the second bill that has come before the house this session in which the sponsor says the main line of the gas or oil concern will follow an all-Canadian route; because that means a great deal to British Columbia in this case and to Canada in general. It means the use of Canadian resources by Canadians first. It means the use of Canadian materials in construction and in maintenance. It means employment for Canadians. It means permanent tax revenue for the provincial government and for the federal government. The construction of this oil pipe line will mean a great deal to the further development of British Columbia and that development will be to the general advantage of Canada. I hope that the bill passes this evening and goes to a committee so that we can hear the rest of what appears to us to be a most interesting story in connection with the further development of our great province, British Columbia.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, in the months that we have listened to these pipe line bills, I have more or less viewed the operations with a jaundiced eye because I thought that not only were politics involved but that a great deal of money was behind the people who were seeking incorporation. I did not view with much favour at the last session the efforts of some people to tell us that an all-Canadian route could be constructed. I want to tell the house tonight that I have now found that I am wrong. I am wrong for one reason. I am still not convinced that it will be financially successful for the pipe line to be built through the Yellowhead route; but after listening to the hon. member for Vancouver South (Mr. Laing) the other night I came to the conclusion that he had a good story to tell, and I congratulate him on telling that story. Not only that, but there is some confirmation of the introduction that he gave to this bill.

Since he talked in the house the British American Oil Company have decided to build a $10 million oil refinery in my constituency of Burnaby. That means a tremendous amount to me and to the people of my riding. We are not an industrial riding; we are a dormitory municipality. W depend on the city of Vancouver for most of our pay cheques. Here is an opportunity that I have to get behind something that is really good for my people, and after listening to the hon. member for Vancouver South the other night I will tell you now, sir, that I intend to support this bill with all the endeavour that I can put at my command.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

BRITISH COLUMBIA TELEPHONE COMPANY

The house resumed, from Friday, March 9, consideration of the motion of Mr. Applewhaite for the second reading of Bill No. 116, respecting British Columbia Telephone Company.

Mr. G. A. Cruickshank (Fraser Valley): As usual, Mr. Speaker, I am to be assisted in a minor way by a lesser light from my own province.

Mr. Stuart (Charlotte): That will hold him.

Mr. Cruickshank: Because of what happened tonight, Mr. Speaker, in connection with another bill, I would suggest through you to hon. members that they come earlier on Tuesday night to get a good seat to hear the excellent reason why the preceding bill received the excellent reception it did. I have myself prepared one or two things to say on that occasion, and I assure you that there will be other hon. members from he province of British Columbia who will endeavour to gain converts, as we have done in the past year.

I said the other night, Mr. Speaker, in connection with this bill, that I am in favour of the increased capital asked for by the company but not to the extent called for in the bill. One reason why I am not in favour

of the increase asked for is that some years ago when this company applied for an increase we asked for certain information. I well remember the hon. member for Vancouver-Quadra (Mr. Green) who was then the hon. member for Vancouver South asking for and receiving the clear guarantee from the telephone company that no increase in rates would be asked for because of the increase in capitalization. We have now found that that was not true. Two increases have been asked for within one year by the telephone company and have been granted by the board of transport commissioners. No doubt other speakers from the city of Vancouver will go into detail and give some of the reasons why that city does not think the capital should be increased to the extent asked for by the sponsor.

I am not from the city of Vancouver, but my district is particularly interested in the lack of service, poor service and lack of additional telephone connections that exist. We dispute definitely the statement made, I believe by the sponsor, although I am not sure of that, but certainly by the representatives of the company, that it has not been able to improve the service or extend it because of the lack of capital. In other words, the reason they are asking for this immense increase is to increase their services, give better connections and better service.

In order that that argument may be answered right now let me point out to you that at the time they put in their application they had the privilege of increasing their capital by $5 million under the last increase they asked for here. They still had $5 million left. The city of Vancouver has gone to a great deal of trouble in this connection. Naturally they should. They represent by far the largest portion of the population of the province of British Columbia.

If you remember, sir, I mentioned the other night that this is one of the finest companies we have. They have an excellent management. If that management were allowed to manage the affairs of the company I do not believe that we would have the poor service we now have nor would they require the immense increase in capital that is being asked for. If these Canadians in Vancouver were allowed to manage the company none of these things would be necessary, but the most amazing thing, Mr. Speaker, is that the management in Vancouver cannot run their company. I want to qualify that to this extent. I believe they are still allowed to hire a janitor or fire a gardener on some of the lawns in front of their offices without consulting their parent company in Montreal. If they want to hire somebody higher up than the janitor apparently they would have to consult the parent company in Montreal.

They have a licence contract, Mr. Speaker, which provides for an annual payment by the B.C. Telephone Company of 1 per cent of its gross operating revenues to the parent company, the Anglo-Canadian Telephone Company of Montreal. This Montreal company is a holding company and through its ownership of common stock controls the following companies operating in British Columbia: British Columbia Telephone Company; Canadian (B.C.) Telephone and Supplies Limited; Dominion Directory Company Limited; Chilliwack Telephones Limited; Kootenay Telephone Company, Limited; Mission Telephone Company Limited and North-West Telephone Company.

Probably one reason why I am particularly interested in these companies is that the Chilliwack Telephones Limited and the Mission Telephone Company Limited happened to go through the finest riding of Canada.

An hon. Member: Where is that?

Mr. Cruickshank: In the Fraser valley. I admit I very seldom mention the Fraser valley, but I intend to talk twenty or thirty minutes about it next Tuesday night, commencing at eight o'clock.

This annual payment to this company in Montreal is supposed to be for expert advice and assistance in any financing which the British Columbia Telephone Company requires for the extension, development or improvement of its telephone system and services. It used to be more, Mr. Speaker. It was formerly 1½ per cent of its gross operating revenues, and it was reduced to 1 per cent. But that reduction from 1½ per cent to 1 per cent took place just before they made their application for an increase in rates.

I want to point out some figures to show what this company, the British Columbia Telephone Company, has paid to what might be called an imaginary company in Montreal which has far too much power and authority over the people of British Columbia. For the year 1948 payment at the prior rate of 1½ per cent was $181,051; for the year 1949, payment at the current rate of 1 per cent was $129,711. That is a lot of money to be taken out of the people of British Columbia and paid to this company in Montreal. But the significant fact is that this holding company or parent company at Montreal has no staff available to render this extensive service that they are supposed to render for this tremendous amount of money that they get. I do not want to weary you too much with figures, Mr.

Speaker, but it is a peculiar thing. This company has a staff of only a handful, perhaps about six or seven. They, in turn, get their advice from another company, and, mark you this, it is a company from outside this parent company. We people who pay the telephone bills in British Columbia paid $181,000 for that advice. But the peculiar thing is that the advice for which we paid $181,000 they paid another subsidiary company $3,150.

Frankly, I am referring now to the brief prepared by the experts of the city of Vancouver. I would presume that it would be more appreciated if the members representing greater Vancouver would go into the matter in greater detail than I am able to do, or should be called upon to do. Because, after all, Vancouver is their native city; I just happen to represent a riding which keeps their city going.

To show you, Mr. Speaker, and through you the House of Commons, the particular significance of these figures, let me point out that this amount was disallowed by the income tax branch. They would not allow it.

Mr. Sinclair: Louder.

Mr. Cruickshank: My colleague who sits to my left, the junior member from Coast-Capilano, says "louder". I would presume that he would get up, in due course and, without the aid of the new microphones we are to have in the chamber, would succeed in making his voice heard in every corner of the chamber in defence of the rights of his province, and on behalf of the people in his riding who unfortunately have to pay exorbitant rates for their telephone service. If my voice does not carry to the far corners of the chamber, we will hear from that great exponent, no doubt, that the service is needed for the people of Vancouver. I have no doubt the hon. member for Coast-Capilano, assisted by his colleagues from greater Vancouver, will endeavour to prove, as I am attempting to do, that this capital should not be increased to the exorbitant amount of $75 million. Perhaps that is wishful thinking. However perhaps some of my junior colleagues will do as they did eventually last year in connection with another matter which affected British Columbia; perhaps they will get on the bandwagon.

I do not want to take up too much time of the house. I am making no attempt to stage a filibuster on this telephone bill; I hope it goes through tonight. However I would feel derelict in my duty to the people I represent if I failed to object to this request for what I consider to be an excessive increase in capitalization.

I said the other night, and I now repeat, that I believe they should have some increase in capital, but not to the extent of $50 million —and I am using their own figures. The sum I would hope might find favour—and I am not going to move an amendment at this time; I shall do so in committee—would be an extension by $20 million. This would be in addition to the $5 million they now have available. My reason for not moving at this time is exactly that indicated by the hon. member for Comox-Alberni (Mr. Gibson) who in connection with another matter this afternoon said he was not sure he had a seconder. I notice that my seconder, the hon. member for Spadina (Mr. Croll), is not in his seat at the moment—and I am not sure that any of my colleagues from British Columbia would second it. They might want $50 million.

The figures given by the experts from the city of Vancouver would permit an expenditure of $10 million a year, and thus enable the company to carry on for from six to ten years, through an increase in their capitalization of $20 million. At the end of that time they could come back to the house and ask for more.

Unlike the Bell Telephone Company and other telephone companies in Canada, the B.C. Telephone Company must appear before the board of transport commissioners in the matter of rates. Our public utilities commissioner has no control in the matter. The only weapon the people of British Columbia have, in so far as rates are concerned, is through the jurisdiction of the board of transport commissioners. I believe, and I know the people of my riding believe—and I have every reason to think that the people of Vancouver hold the same view, if one may judge by the very excellent brief prepared by experts—that this company could come back in eight or ten years to the board of transport commissioners and ask for a further increase, if at that time it is justified, and I presume it would be.

The only thing that would bother them at all—and it should not bother them too much —would be this expenditure of a few thousand dollars. I can show that they have paid $181,000 to one company and $3,000 to another company to get the information. The fact that they have to pay another firm of Vancouver lawyers a few thousand dollars to prepare another brief would not bother them too much in eight or ten years time. As a matter of fact, I am very fond of the lawyer in Vancouver who now represents the company, and I would hope that in eight or ten years from now he may get another fee.

Mr. Sinclair: The people have to pay for it.

British Columbia Telephone Company

Mr. Cruickshank: As my hon. friend points out, the people have to pay for it. I defy challenge of the figures I have given, and I make the statement that if this were carried through by a subsidiary company the people of British Columbia would be faced with another increase in rates, because the B.C. Telephone Company could lease their present building from another company. The men and women out there employed by them are of a most excellent type and, despite limited facilities, give an excellent service in some cases.

Mr. Sinclair: Intelligent voters; I can see that.

Mr. Cruickshank: My hon. friend says he can see they are intelligent voters. I agree with him—and I express the opinion that they are so intelligent that my hon. friend may feel himself fortunate that he is in the riding he now represents, and not my riding.

Mr. Sinclair: Do you mean there are none there?

Mr. Cruickshank: I am not worried about that. And I can tell my hon. friend, too, that in the Fraser valley exchange we have the best looking girls in the telephone service to be found in any telephone exchange in Canada—and that includes Montreal, too.

Mr. Sinclair: The voice of experience.

Mr. Cardiff: Have you been all around?

Mr. Cruickshank: I have not been all around, but I have covered as much territory as I could. I know of course that my hon. friends are trying to get me into shape so that I may speak again on Tuesday night—and, by the way, be here early next Tuesday night if you want to get a seat.

And, on top of that, keep in mind that, as an amateur from a country district, I in company with the then hon. member for Vancouver South—now the hon. member for Vancouver-Quadra (Mr. Green)—and the hon. member for Vancouver East (Mr. MacInnis) fought this battle on two former occasions. I would ask hon. members to check through *Hansard* to find the support we got from the lower mainland or, in fact, from any other quarters, in trying to maintain and regulate telephone rates in British Columbia.

Of course hon. members from greater Vancouver have before them exactly the same brief that I have, prepared by experts. I am sure that with their immense ability, their superior knowledge, their super-desire to serve the people of their districts and of the province, when I take my seat they will be clamouring to speak. I can visualize, Mr. Speaker, the difficulty you will have in deciding which of them you will recognize as having the floor. Who, among the greater Vancouver members, will be on his feet to take over where I leave off in an endeavour—and I hope the Vancouver papers will carry this—in an endeavour to put before the house the reasons why we should not allow an increase to the extent asked in the present bill? Who among them will ask for this limitation, and the granting only of sufficient money—perhaps $20 million by way of increase—to allow them to carry on? They claim this is necessary in order to produce the service required under the officials they have in Vancouver. This will be used to sustain—I was going to use a word I probably should not use as it might be offensive to these gentlemen in Montreal—I was going to say this phony company, this fictitious company, but I will just say this unnecessary company, the parent they have in Montreal which receives $181,000 for $3,100 worth of experience and advice. That advice is so poorly thought of that the income tax people would not let them deduct it.

Mr. Applewhaite: I know the hon. member desires to be fair. I ask him if it is not a fact that the decision of the income tax department in connection with that contract was made before the contract was ruled upon by a judicial body and decided to be legitimate.

Mr. Cruickshank: If that is correct, I am glad to know it. I hope that this coming year the income tax people will reverse their decision and not permit the people of British Columbia to be milked for $181,000 for $3,100 worth of services. I am glad to have it on the record if that is a fact. That is just one more thing the board of transport commissioners should consider and render a decision upon.

I intended to move an amendment when the bill was in committee, but as I mentioned my seconder is not in the house. I have not had time to confer with the hon. member for Comox-Alberni or anyone else, but I move, seconded by the hon. member for Comox-Alberni:

That section 6, clause 1, of Bill E be amended by striking out all the words on the eleventh line after "exceed" and the following words added, "thirty-five million dollars."

Mr. Knowles: Out of order.

Mr. Cruickshank: I believe I am allowed to say one word after having moved the amendment. I would assume that any decision as to the amendment being in order or out of order will be made by Your Honour rather than by the hon. member for Winnipeg North Centre.

Mr. Speaker: Is the house ready for the question?

Mr. Applewhaite: I would draw to your attention that we are dealing with the motion for the second reading of the bill and in my submission an amendment to one of the sections is out of order and should not be placed before the house when it is considering the principle of the bill.

Mr. Fulton: Mr. Speaker, while you are considering that question I think it might have some bearing if the house were to know whether the seconder of the amendment had had an opportunity to see it before he seconded it. From the sudden change indicated by the hon. member for Fraser Valley (Mr. Cruickshank) it would seem quite certain that the hon. member for Comox-Alberni (Mr. Gibson) has not seen the amendment which he seconded. Perhaps he would change his mind if he had an opportunity to see it.

Mr. Gibson: I am delighted that the hon. member for Kamloops has seen fit to advise me in this matter, but I can assure you that I am quite pleased to second the amendment and I know all about it.

Mr. Speaker: I had hoped that a number of hon. members would have expressed opinions as to whether this amendment is in order. Does any other hon. member desire to speak on the point of order? Without doubt the view expressed by the hon. member for Skeena (Mr. Applewhaite) is correct. When we are considering the principle of a bill it is not in order to move an amendment to one of the sections. Accordingly I shall have to rule the amendment out of order.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I believe the house is in debt to the hon. member for Skeena (Mr. Applewhaite) for the able way in which he has presented the motion for second reading and for the information he has given us while speaking in support of his motion. There are a number of questions—in saying this I do not take away from the sincerity of my first words—which I think we are entitled to ask in order that we may have further details before the motion for second reading is decided upon. I should like to deal with some of these tonight and to place certain considerations before the hon. member which we would appreciate having him deal with when he replies.

Then the hon. member for Fraser Valley (Mr. Cruickshank) raised a point in connection with the increase in capital which the company is asking for. As I see it, this bill divides itself conveniently into two objectives. The first is to obtain authority from this house to increase the share value by $50 million, from $25 million to $75 million. The second is to ask this house to amend the incorporating act to permit a reorganization of the capital structure, a subdivision of the common shares and also a subdivision of the preference shares, with certain other incidental consequences.

The hon. member for Fraser Valley has raised a point in connection with the first of these two objectives, that is, the increase in the capital which is requested. I think that point is one about which we should hear more from the hon. member for Skeena. As the hon. member for Fraser Valley has correctly pointed out, this increase of $50 million in the share capital would not only have the effect of allowing the company to increase its working capital by $50 million—I hope the hon. member for Skeena will correct me if I am wrong—but I understand the practice of the company is to finance its operation with approximately 50 per cent of share capital and 50 per cent of bonds.

If they obtain authority to issue and in fact do issue another $50 million of shares, as those shares were issued and in accordance with their normal practice they could float bond issues of approximately the same value. Possibly they might not issue all the $50 million of shares at once; they would perhaps issue $10 million and about the same time they would normally float a bond issue of the same value. According to their method of financing, if this $50 million increase is granted it would mean that this company could avail itself of $100 million additional working capital through the issue of shares and the floating of bonds.

The point has been raised by the hon. member for Fraser Valley that such a large increase in capital would enable the company to carry on for a great length of time without the necessity of coming back to this house. I think that point is well taken. It is of increasing seriousness in the light of the ordinary practice of this company with respect to financing. I am making no suggestion that that is an improper method of financing. I am merely drawing to the attention of the house that that is the normal practice followed by this company and I understand that they do not intend to depart from that practice. So I ask the house to have it in mind that this bill may have an over-all effect of giving this company another $100 million to go on with. I think the house should consider that in the light of the point raised by the hon. member for Fraser Valley with respect to the rate of increases, with respect to the fact that the only time when parliament at any rate has a chance to express its opinion concerning the operations of this company is when it comes before parliament for an

increase in capital, and also in the light of the fact that the city of Vancouver has presented a very well reasoned and excellent brief questioning the propriety of granting this large amount of increase of $50 million.

I think there is no doubt that the company requires additional capital. The hon. member for Skeena (Mr. Applewhaite) has told us of some of the plans of the company. He has told us of the great backlog of applications for additional telephones which the company has on its files. The majority of members from British Columbia have had the opportunity of interviewing the solicitor who is acting for the company in connection with this bill. I should like to associate myself with what the hon. member for Fraser Valley said about him as to his qualifications and integrity. I am not so certain that I necessarily wish to see him get another fee because he comes back to parliament. I think from what I know of his business that he does not require it to be able to conduct a very successful and prominent business.

Members have had an opportunity to see him, and he has made a very good case indeed for an increase in capital. I do not feel, however, without further consideration, that he has substantiated a case for an increase of $50 million at this time which would have the effect of giving them another $100 million working capital, and which would in turn have the effect that until that capital was exhausted they would not have to come back to parliament for a review of their operations. It might well be that in the eyes of the company that would not be a bad thing. I can imagine that they are not anxious to come before parliament. One hears the suggestion occasionally that these bills are held up. I am quite sure that this measure, whether amended or not, will be considered and dealt with at this session. I do not think it does the company any harm, and I think it is an opportunity which parliament should have to keep the bill before it for several days so that the matter may be thoroughly considered, because the interests of the province of British Columbia are certainly bound up in this question.

At the moment I do not propose to express myself definitely against the increase of $50 million. I wish to hear more from those members who have studied the brief of the city of Vancouver, and I wish to have the opportunity of hearing further from the hon. member for Skeena before finally deciding on that point. But there is another point, Mr. Speaker, which I think should be drawn to the attention of the house, and it has to do with the second object of the bill, to effect a re-organization of the capital structure of the company. What I wish to refer to particularly here is that portion of the bill which deals with preference shares. This company was incorporated as the Western Canada Telephone Company by an act of the federal house in 1916. I should pause here to interject that prior to that time it had been a company operating under a provincial charter from the province of British Columbia.

In 1916 it was decided by the directors that the scope of their operations was expanding and they desired to make connections with other telephone companies. As a matter of fact there were financial affiliations which took it outside the sphere of the province. It was decided to apply for incorporation by an act of this house and the works were declared to be for the general advantage of Canada. By section 5 of the statute, being chapter 66 of the statutes of 1916, it was provided:

> The company, if previously authorized by resolution passed by the ordinary shareholders at any annual meeting or at any special general meeting duly called for that purpose, at which meeting shareholders representing at least three-fourths in value of the subscribed ordinary stock of the company are present or represented by proxy, may issue any portion of its capital, whether part of the original stock or any increase thereof as preference stock, and preference stock so issued shall have such preference and priority as respects dividends, capital or otherwise over ordinary stock or such qualified rights as is declared by such resolution.

Under the authority then obtained, and subsequent authorities, there was in fact issued $5 million of preference stock divided as of $500,000 original preference shares and $4,500,000 preference shares. These shares bear a fixed cumulative dividend of six per cent which represents, as hon. members will appreciate, what might very properly be described as a gilt-edged security. I would draw your attention, Mr. Speaker, and the attention of the house particularly to the terms of subsection 2 of section 5 of the incorporating act to which I have already referred, which reads as follows:

> Holders of preference shares shall not have any right of voting at meetings of the company except the right to attend and vote at general meetings on any question directly affecting any of the rights or privileges attached to such shares, and then there shall be one vote per share, but no change in the rights or privileges shall be made unless the holders of seventy-five per cent of the preference shares agree to same, and such shares shall not qualify any person to be a director of the company.

These shares were issued with a value of $100, and each share entitles the holder to one vote per share. No change in the rights of the preference shareholders can be made without the consent of seventy-five per cent of such shareholders. Subsection 2 of section 5 of the act of 1916 was subsequently changed

by chapter 36 of the statutes of 1940-41. I might say at this point that in 1940 a former hon. member from Vancouver, the late Senator McGeer, and also at one time mayor of Vancouver for a considerable period, introduced a bill which had the effect of increasing the capital of the company and altering the structure with regard to preference shares. The effect of the alteration with regard to preference shares would have been to interfere seriously with their preferred position, and to provide that their rights might be taken away, in a manner of speaking, without their full consent.

That point was raised and was debated at some length in this house at that time. The result was that the sponsor of the bill, after consultation with the critics, introduced an amendment to his own bill which had a much less drastic effect on the rights of the preference shareholders. That is now incorporated as section 1 of chapter 36 of the statutes of 1940-41. It has the effect of amending subsection 2 of section 5 of the original act so that it now reads as follows:

> Holders of preference shares shall not have any right of voting at meetings of the company except the right to attend and vote at general meetings on any question directly affecting any of the rights or privileges attached to such shares, and then there shall be one vote per share, but no change in the rights or privileges shall be made unless the holders of seventy-five per centum of the preference shares agree to same, and ownership of ordinary or preference or preferred shares shall qualify any person to be a director of the company.

I think it is important to note that the only effect of the change in that portion of the act dealing with preference shares was to provide that the ownership of such shares qualified the holder to be a director of the company. So the bill introduced in 1941 in effect was abandoned with respect to that part affecting the rights of the preference shareholders, and the only change made was that the holding of preference shares would qualify a person to be a director. In the bill now before the house it is stated that the only change proposed to this section of the existing act dealing with preference shares consists of the addition of the words "in par value" and "issued and outstanding" in one portion of the act. Then a new portion is added, and in the explanatory note it is explained as follows:

> Subsection four of section five is a new subsection and its purpose is to provide that future preference or preferred shares may be of a par value of either twenty-five dollars or one hundred dollars each.
>
> The reason for the amendment is that shares of the lower par value, namely, twenty-five dollars, may be more easily and conveniently marketed.

So far I have no objection or criticism to offer; I think it is perfectly proper to provide that in future shares may be issued, either common or preference, of the par value of $25, because they are easier to market. But at this point I make the reservation that if those shares are to be issued and if it is to be provided, as it is, that the holding of one share shall confer one vote, then I think we must insert a safeguard at this point for the rights of the present holders of preference shares of $100 each, which also carry one vote. Otherwise we will have this position, that preference shares of the value of $25 may be issued each carrying one vote, so the holder of $100 worth of new preference shares will have four votes as against the one vote of the holder of an old preference share of $100.

My objection to this portion of the bill is that there is no safeguard for the rights of the old preference shareholders. The bill provides that the directors can subdivide the outstanding preference shares into shares of $25 each, subject always to the consent of at least 75 per cent in par value of the holders of each class of such preference or preferred shares proposed to be subdivided. The important point there is that the directors may do that, subject to the consent of the present preference shareholders, but there is nothing to compel the directors to do it, and nothing saying that until it is done the holders of the old preference shares shall have four votes.

So this situation might well arise. Let us say there are presently $5 million of preference shares outstanding. If the company is authorized to issue $50 million of new capital it might decide that $5 million of that capital should be in the form of preference shares, and that those will not be $100 shares but $25 shares. The result will be that you will have four times as many preference shareholders and four times as many votes, because each $25 share is going to carry one vote. So with the new $5 million in preference shares you will have four times as many votes as with the old; and there is nothing to provide that the holders of the old preference shares shall be entitled to four votes per share as soon as new preference shares of $25 are issued. So under the provisions of this bill as it now stands and as I read it, it is quite possible to issue new preference shares of no greater par value than the present outstanding preference shares and yet completely swamp the voting powers of the present holders of preference shares by four to one; and I have already pointed out that the six per cent cumulative dividend rate attached to these preference shares makes them a gilt-edged security.

I am not attributing any improper motives to this company, but I do want to make the position clear. If this or any company, let us say, desired to make some change in the guaranteed rights of the preference shareholders while preserving the appearance of impartiality by issuing new preference shares with one vote per share and providing that the old preference shares might be subdivided to give them the same voting privileges, yet wished to use that in order to take away the rights of the old preference shares, this would afford a very convenient way of doing it. Preference shares could be issued before the old ones were subdivided, before they were given any greater voting power, so that while the par value would be the same the new preference share would have four times the voting power. I do not know who are the preference shareholders. I do not care who they are. The point I want to lay before this house before I conclude is that under our system of corporate and private law, established rights can only be taken away with the consent of the persons who have those rights. I may point out that shares of this type are particularly attractive to small investors, people with small estates, widows who desire a safe investment with a reasonable return; and I do not think this house should permit anything of this sort to happen without writing into the bill a provision which would safeguard the rights of the present preference shareholders.

Mr. Speaker: The hour for public and private bills having expired, the house will revert to the business under consideration at six o'clock.

CANADIAN WHEAT BOARD ACT

PROVISION FOR EARLY DISTRIBUTION OF PAYMENTS AT END OF POOL PERIOD, ETC.

The house resumed consideration in committee of Bill No. 5, to amend the Canadian Wheat Board Act, 1935—Mr. Howe—Mr. Beaudoin in the chair.

The Deputy Chairman: When the committee adjourned at six o'clock we were considering section 3, and the amendment that had been moved by the hon. member for Assiniboia.

On section 3—*Transfer of wheat from one pool period to subsequent pool period.*

Mr. Wright: Mr. Chairman, the statement by the Minister of Trade and Commerce just before the dinner recess certainly came as a surprise to me. I thought under this amendment the government had intended at the end of this crop year, for instance, to take over what remained of the low grades, to be able to close out this year's pool and make the final payment some time this fall. According to his statement before recess, he indicated that it was simply to clean up tag ends of certain grades or certain types of grades that might be said to be dribs and drabs of separate grades or separate varieties of grades being handled, without making any general clean-up of the pool itself. I do not think that is what the farmer in western Canada expects out of this legislation. He would prefer to see the pool cleaned up each year. As the minister says, that involves a certain risk to the pool of the preceding year. But the government have the authority under the act to set the price at which they take it over.

Mr. Howe: The government would not take it over.

Mr. Wright: No, the wheat board would take it over; and the government, through the wheat board, have the say as to the price at which the board will take it over and wind up the pool.

Mr. Howe: They would take it over at a price, and the price would be paid by the succeeding pool.

Mr. Wright: Yes.

Mr. Howe: The government would not enter into it and would not guarantee the price or anything of that sort.

Mr. Wright: According to the act here, the government decides a reasonable price at which the board will take it over; so actually the government are responsible.

Mr. Howe: No.

Mr. Wright: Well, they are not responsible; they are responsible for the instructions they give to the board as to what the action of the board will be in taking over that particular grade of grain or whatever is left in the pool. I do not want to be political in this thing, but if it is left as it is the government could possibly, under certain circumstances—if an election were coming say, next fall—say that the board will take over this remaining quantity of wheat that there may be there at a pretty fair price and a pretty substantial payment.

Mr. Howe: My hon. friend is talking about just exactly what this bill will not do; and he knows it as well as I do.

Mr. Wright: It allows the government to do that. That is why we are moving this amendment, so that we will know definitely that there shall be a certain procedure for it. I think it is protection for the government itself that a definite procedure should be followed, that at the end of two months the board shall clean up the pool. They can

protect the pool in the following year by the price at which they take this over. Let me put it this way. They have a very good idea on July 31 as to what the crop is. They know practically what the crop is for the present year. They know pretty well what the world situation is. The board is therefore not running any very great risk of saddling the pool for the following year with a loss, when they know the market conditions and know the crop prospects at July 31. It is not as though they had to make the decision three months before. They have two months after the end of the crop year before they need to make a decision under the amendment as we have offered it. I think it would be more satisfactory both to the government and to the producers if the amendment were accepted.

Mr. Howe: It is not the purpose of this amendment to involve the government in any liability whatever. There is a job to be done there that should not cost anyone anything. It is simply to stop the long-drawn-out process of selling the remnants of all grades of grain that must be sold under the present legislation. I mentioned a few hundred bushels; it might be a few million bushels. If everyone was agreed on a price that would represent equity to both parties, the government would not hesitate to enter into that sort of a transaction. But it would want to be sure that no responsible farm body considered the price out of line. If I were minister in charge of selling wheat at that time, I certainly would not recommend to the government any transaction if there was any opposition whatever to it; because the purpose of this amendment is not to involve the government in any dispute such as the one we have had in this house in the last few days. Life is too short. I know that my hon. friends may think that a contract is good when it is made, but that does not stop them from being bitter opponents of it if it does not work out in the way they think it is going to. They always judge by results, exemplifying the great power of hindsight. The government has no intention of becoming involved in any dispute of that kind as a result of this amendment. But we think it desirable to make it possible to expedite the settlement of each annual pool.

Mr. Ross (Souris): I am sorry that I was called out of the chamber just before this discussion began, but I should like to know from the minister if, in winding up this year's pool, the intention is to make an initial payment and then, as the balance of the crop is disposed of, to clear it up? Is that the idea that the minister has in mind?

Mr. Howe: No. The pattern that we are following today is an initial payment, one interim payment and a final payment. The purpose of this amendment is to allow remnants of the various grades that often take time to liquidate, and which do not mean a great deal in dollars and cents to either pool, to be transferred from the current pool into the succeeding pool. As I said, it is not intended that the transactions will be large enough to involve any great risk of loss to either pool. But by the middle of September the wheat board would have a fair idea of the market conditions that would prevail during the few months that would be required to sell the wheat remaining from the old pool. If the responsible farm groups, such as the pools and the United Grain Growers, would decide that an equitable price could be arrived at, and the board could advise the government that such and such a price would meet with general approval, the government would then transfer the remaining wheat from the pool that terminated the previous July into the pool that was then current and allow the old pool to be wound up.

Mr. Ross (Souris): There would not be any other price basis than there was for that year?

Mr. Howe: The price basis would be the basis on which the board believed that the remaining wheat could be reasonably liquidated.

Mr. Argue: From the minister's statement, I do not see that this amendment is going to accomplish what, according to the explanation given on the opposite page of the bill itself, is stated as the purpose. The explanatory note reads in part as follows:

> Its purpose is to allow an early distribution after the end of a pool period of moneys payable under certificates issued to persons who have sold and delivered wheat to the board in that pool period.

It does not guarantee that that will be done.

Mr. Howe: That is right.

Mr. Argue: It does not guarantee that at all. If all the minister is talking about is dribs and drabs, a few hundred bushels, a few thousand bushels, even a few million bushels—a few odds and ends—when the amendment is passed it will allow the government—even although the minister may make the statement that they would not do it without consultation with the farm organizations—to get into the same kind of situation on account of this amendment as the government got into with respect to the wheat agreement. Even though the farmers of Canada feel that $100 million or more was involved in that "have regard to" clause, the

farm organizations were not consulted. The minister says tonight that the farm organizations will be consulted. We have his word for that, nothing more. But the bill, as it is drawn, will allow the cabinet to set the price as it sees fit for a carry-over and take it into another pool period any time it sees fit. If all that is meant by this amendment is that dribs and drabs can be sold at the end of the one-year pool period—a few hundred bushels, a few thousand bushels, or even a few million bushels—then the amendment should read to that effect. As the amendment is drawn, I can see no hope of the present pool period being wound up for many months after the end of the pool period on July 31 of this year. We have a lot of feed wheat. The minister has told us that it is going to be difficult to dispose of it. Does the minister intend that this amendment will be used, shall we say, sometime this year? Does the government intend to use this amendment to sell from the present pool period to next year's pool period the remaining stocks of feed wheat?

Mr. Howe: That will depend entirely on the view of the government as to the possibility of fixing a price on the remaining feed wheat that will represent neither a loss to the earlier pool nor a loss to the later pool. If there is a fairly stable market for feed wheat at the time, and a market that promises to absorb the balance of the wheat without any material change of price, then the transfer will probably be made, but the decision is entirely at the option of the government.

Mr. Argue: It is fairly clear that it is entirely at the option of the government whether it sells the wheat at a price that will help the Liberal party a few months before an election or not.

Mr. Howe: I do not think it will matter very much to the hon. member whether it helps the Liberal party or not.

Mr. Argue: That is exactly why we object to this loosely worded amendment. It allows the government to do anything under the sun with the wheat board act. Our farmers want each pool period wound up immediately, or as soon as possible, after the end of each pool period; and our amendment asks that the wheat be sold by the 30th of September. If that were put in legislative form the farmers would have a guarantee that within a certain period the government could use its discretion admittedly to sell the carry-over, but it would not have the authority to let the carry-over at the end of one pool period drag on until just a few months before the elections when I have no doubt at all in my mind that if this government felt that by selling it at a high price to a current pool and paying out a large final payment on some previous pool period it would help the election they would not hesitate doing it for one moment.

If this amendment means dribs and drabs then it should say so in the amendment. If it means that the feed wheat remaining at the end of this year's pool will be sold and the farmers paid out within a reasonable length of time, it should say so.

If the government wants parliament to change the legislation at any time there is no difficulty about getting that done; but in the meantime we should not be asked to pass on such a loosely worded amendment that might be used against the interests of the wheat producers.

Mr. Wright: The Minister of Trade and Commerce himself stated the other day that he objected to these loosely worded types of agreements, such as the "have regard to" clause. I am surprised at his bringing in a bill as loosely worded as this.

Mr. Howe: If you don't like the bill you can easily vote against it.

Mr. Wright: We will certainly vote for our own amendment. It is to clarify the thing and to protect the government as well as the producers of western Canada that we ask the government to accept this amendment.

Mr. Hansell: Just one word; I am in favour of this amendment by reason of the fact that experience in the west has long taught us that the farmer should have a little more definite knowledge of when he is to be paid for his wheat from time to time.

Before coming down this session and before Christmas, I was stopped many, many times on the streets of various villages and towns. I received numerous letters from people asking, when can we expect this payment? Nobody knew. Christmas was coming along. Several people came to see me complaining that they were afraid they would have to go to the banks or to the Alberta government treasury banks, or borrow money because they did not know when they were to be paid.

Various reports would come out from time to time to the effect that payment is expected now, payment is expected at a certain time. The ministers were asked. They attended conventions, and it was dribbling along, dribbling along, dribbling along. I am quite certain that the wheat board itself is not to blame. There is no reason why the wheat board, the same as any other concern, with a system of accountancy, cannot tell where the farmer stands periodically. I am in favour

of this. The hon. member who preceded me said that there was a tendency certainly for the government to play around with the wheat board act. Not only do they play around with the act, but they play around with the farmers' money. That is not right. I support the wheat board and the present system of marketing. I do not want to be misunderstood in what I am saying, but there was a time when the farmer could get his wheat to the elevators, sell it and get his grain checks and know where he stood. All other industries have a way of paying. Labour gets paid every couple of weeks or once a month. Even members of parliament know when they are to be paid and where they stand during the session. The whole country is run on a system of paying things at a certain time. But here we have the greatest industry in Canada in the position of not knowing how they are going to make out from one season to another season in the year.

The amendment is a good one and I can see no reason why the government would not agree with it.

Mr. Helme: In regard to the matter under discussion, I do not think there is any doubt but that the farmer would like to get settled for his grain just as soon as it is sold. As I understand this amendment, it asks that it be cleaned up by the end of September. Let us take the 1950-51 crop as an example. We have quite a large quantity of very low grade wheat out there. It may take a considerable time to dispose of that wheat. In talking to farmers out there before the session opened I found that they were a little bit concerned about getting rid of that stuff. I think I speak for the majority to whom I talked about it when I say that they do not feel the government should be in any too big a hurry to dispose of this stuff at fire sale prices, and that is the danger in the amendment as I see it.

Mr. Argue: The amendment is drawn in such a way as to avoid the fire sale of a carry-over of wheat. This amendment does not mean that if we have 100 million bushels or 50 million bushels of low grade wheat still in the present pool on July 31 the wheat board is required to dump that on the market at a fire sale price and to take anything they can get for it, no. This amendment says that if there are 50 million bushels of feed wheat remaining in the present pool period on July 31 then within sixty days thereafter the wheat board shall sell that carry-over from this year's pool to next year's pool at a price established by the governor in council.

We are not trying to set the price for it. The government will have to take into consideration marketing conditions and all of the relative factors. But we are asking that that price be set within a sixty-day period, the transfer made and the farmer's money paid out to him.

Mr. Macdonnell (Greenwood): I am not going to offer an opinion on the merits, but I should like to draw attention to one thing. I took down a few moments ago what the minister said in answer to an argument put forward in what seemed a most reasonable manner by the hon. member for Melfort. He said, "If you don't like it, you can vote against it". What does he mean by that? He means, "I am not going to discuss the merits at all with you. We have a majority here, and we will vote it down".

Mr. Fair: Mr. Chairman, without engaging in political discussions or considerations, as others seem to have done, in the interest of the farmers I should like to see the surplus of each pool carried over into the next pool, if it is possible to do that without getting into the mess we are in at the present time. It must be remembered that many farmers are still in debt and are paying interest on money which is being held over in wheat board funds, because the grain has not all been disposed of and settlement cannot be made until such is done.

If that can be worked out on a reasonable basis, and without endangering the financial position of the pool, or discriminating against the farmers of any particular pool, I should like very much to see it done. I believe such a system was carried out by the Alberta wheat pool in the early years of its operations.

Mr. Howe: It was to accomplish that that the bill was introduced. That is the purpose of it—to remove the difficulty of liquidating the pool quickly, under the present legislation.

Amendment negatived: Yeas, 27; nays, 55.

Section agreed to.

Preamble agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time?

Mr. Fournier (Hull): Now.

Mr. Knowles: By leave.

Mr. Howe moved the third reading of the bill.

Mr. Robert Fair (Battle River): Mr. Speaker, before the bill is read a third time I should like to read an editorial. There appears to be a good deal of misunderstanding between rural and city people across the

country. I have before me the September issue of *Country Life,* which is published in Vernon, British Columbia, by Country Life Limited. In this issue there is some sound advice I should like to place on record, in the hope that all parties concerned will take cognizance of it. It states:

Tonic Needed Badly

When an important farm group meets in a Canadian city, the businessmen, if given the opportunity, do not hesitate to declare that they are fully aware of the interdependence of business and agriculture and of the common and closely related interests of town and country. But they and the ordinary city folk are so immersed in their own affairs that outside perhaps of a few minutes every year, they forget about the farm families except to complain, without thinking and without knowledge of the facts, about the cost of food. Actually the main and essential foods in Canada are the cheapest commodities that are bought by consumers.

It would be profitable all around if city residents took time out once in a while and studied their relations with the farming community. Having done this, their sense of justice could go to work and lay the foundations for a better understanding.

A few plain truths, while perhaps not always welcome nor palatable, still provide a tonic that is badly needed in these confused days. U.S. Secretary of Agriculture Charles F. Brannan told a conference of business leaders some of these truths, as applicable in the States and even more applicable in Canada.

For example, one-third of the products manufacturing industries in the United States would be crippled completely, if deprived of agriculture's raw materials.

One dollar in every four of the revenue of the nation's railways is derived from the transportation of agricultural products.

American farmers spend two billion dollars a year on automotive equipment, their operation and their upkeep to the advantage of the oil industry and the car, truck, tractor and farm automotive machinery manufacturers and distributors and their employees benefit accordingly.

Farm families of Canada are buyers of goods and services of every type and in normal life, their ability to buy, governs to a marked degree the presence or absence of prosperity in the cities and in the nation.

Farm folk, through their federation of agriculture, are striving to establish close and constructive relations with city folk but there have to be two parties to this understanding and the handicaps are tough and numerous. One such handicap is the long farm working season during which agriculturists have neither time nor energy to prosecute good-will movements. Another is the absence of common meeting grounds. A third is the ingrained lack of interest of urban Canadians.

One of the best sources of help would be the daily papers of the cities but there again, the pressure of local, provincial, national and international news and affairs crowds out agriculture.

It would be a healthy tonic for town and country if the editors could find time to pay a visit to the agricultural areas and get firsthand views and firsthand information. These editors are most knowledgeable observers and they could render a further service of incalculable value to their country.

In my constituency I believe we have co-operation between town and farm people, who have made an effort to understand each other's problems. I am sorry that some of the newspapers right here in Ottawa have not seen fit to state the true picture, and in this way are creating mistrust and developing bad relationships.

Motion agreed to and bill read the third time and passed.

INDIAN ACT

AMENDMENT AND CONSOLIDATION—PROVISIONS WITH RESPECT TO BAND FUNDS

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of Bill No. 79, respecting Indians.

He said: Mr. Speaker, I am afraid that in moving the second reading of this bill it will be necessary to refer from time to time to Bill No. 267, which was introduced last session and withdrawn in June. On the second reading of that bill I made a statement of government policy with respect to Indians. There is nothing that was said at that time that need be altered at the present time. In fact, I think I should begin by repeating what I said then was government policy, and I quote from page 3938 of *Hansard* of June 21, 1950:

The underlying principles of Indian legislation through the years have been protection and advancement of the Indian population. In the earlier period the main emphasis was on protection. But as the Indians become more self-reliant and capable of successfully adapting themselves to modern conditions, more emphasis is being laid on greater participation and responsibility by Indians in the conduct of their own affairs. Indeed, it may be said that ever since confederation the underlying purpose of Indian administration has been to prepare the Indians for full citizenship with the same rights and responsibilities as those enjoyed and accepted by other members of the community.

I went on to say that pursuant to that policy it was hoped that we could eventually provide for the integration of the Indian into our community life. Since then I have received many protests from Indians with respect to that statement because there were many who thought that integration was equivalent to assimilation. I want to make it quite clear that that is not the meaning of the word in any way; the word was used to indicate the status of having privileges, duties and responsibilities equal to those of other Canadians, and exercising them in the same manner that we do.

On the resolution stage of this bill I set out the procedure that we had followed after the bill was withdrawn last June. I said that we had written to every Indian and Indian organization and to every non-Indian and non-Indian organization who had communicated with us about the bill. We asked that they send their representations to us, and they did. Naturally those representations

varied and it was quite evident that Indian did not agree with Indian as to certain sections in the bill now before the house, neither did non-Indian agree with non-Indian. In other words, there was a normal division of opinion among the Indians and non-Indians with respect to Indian affairs.

I also indicated that we had decided to invite to Ottawa representative Indians in order to discuss this bill with them. That discussion occurred on February 28, March 1 and 2, and on March 3 we had a general discussion about Indian affairs as we completed the discussion of the bill on the day before. At a later stage I should like to put on the record the names of those who attended the conference.

It will be seen when the list is before hon. members that we had Indians from every area in Canada covered by treaty, and also from every other area in Canada where Indians live. As hon. members will see, the majority was quite conclusive with respect to the bill. Nevertheless I am obliged to say that there was some opposition to certain parts of the bill. In order that that information might be available to hon. members and in order that it should have the approval of the Indians before it was brought to this house, I drew up and read to the conference on the afternoon of March 2 the agreed conclusions with respect to this bill.

It will be interesting for the house to understand what those conclusions were. There are 124 sections in Bill No. 79. Of those 124 sections, two sections were unanimously opposed by the conference, four other sections were opposed by a majority of those present; there was some objection to 15 sections but the majority of the conference were in support while the remaining 103 sections were unanimously supported by the conference. To repeat, the four sections on which there was opposition from a majority were sections dealing with liquor provisions, so that in effect it can be said that there were only three matters mentioned in the bill which received opposition by a majority of the Indians at the conference.

I promised to draw the attention of the house to the proceedings at that conference and with the permission of the house I should like to do so. We drew up a record. I stated that we would put more detail in it and that copies would be sent to everyone present, and that I would also put it on the record as an appendix to *Hansard*. If I have the consent of the house I should like to do that now.

Mr. Speaker: Has the minister the consent of the house?

Some hon. Members: Agreed.

(For text of the proceedings of conference see appendix B, pages 1364-7.)

Mr. Harris (Grey-Bruce): I have indicated that there was general desire on the part of the government to get opinions from both Indians and non-Indians with respect to this legislation, and we have gone to considerable trouble to do that. Before I proceed to discuss in some detail the matter before the house I might state that the Indians were most grateful that this conference had been arranged. It was the first of its kind and in many instances was the first occasion in which representative Indians from the west met representative Indians from the east. The fact that they disagreed among themselves only made the meeting more important. They exchanged views and they discovered what I shall mention later, that the Indian Act is all inclusive and has to cover Indians in all parts of Canada. They realized that that had to be borne in mind, particularly by those who saw something in the bill that might not be applicable to their particular band or district.

Perhaps I might make one general remark before I proceed to a consideration of the bill. The most important matter to the Indian is his treaty and his treaty rights. I have pointed out already to the house that not all Indians are treaty Indians; in fact, just over half are under treaty as the phrase is used. There are something like 69,000 Indians under treaty, with a few thousand less than that not under treaty.

These treaties are agreements which were negotiated by commissioners appointed for the purpose, particularly to obtain the surrender of the Indian interest in lands. There are twelve such treaties and they affect the lives and the property of Indians from roughly lake Simcoe in Ontario to the Rocky mountains. In that area, as I said, we have some 69,000 treaty Indians. The treaties all follow the same pattern, surrender of the Indian interest in land, payment for that surrender, and certain conditions. These treaties are not referred to in the bill except in some instances where it was deemed advisable to provide specifically that they would not be affected by that particular section. The house will understand, however, that these treaties do not provide in many cases for what it is alleged they do. Any member who served on the Indian affairs committee of 1946 to 1948 knows that there was a good deal of confusion in the minds of many witnesses before the committee as to what the treaties did in fact contain. We do not accept responsibility for that, although we are doing what we can to

overcome the confusion. These treaties are in printed form and are available in all our offices in the area covered by particular treaty.

I should like now to mention the bill generally without offending the rule as to discussing sections. Bill 267, the bill of last year, was intended to be a revision of the Indian Act. It was the intention to provide the machinery for carrying out government policy with respect to Indians. It was not the policy itself, and this has led to some confusion about the bill. Many people have written expressing disappointment that matters that they thought were essential to the welfare of the Indian had not been included in the bill. I think I should give two examples at least. I received many letters from people saying: There is nothing whatever in the bill about old age pensions for Indians. Similarly there were many letters saying: You have not provided in the bill that, wherever possible, an Indian child should obtain the same standard of education that a non-Indian receives. The house will readily understand why those matters are not contained in the bill. Those are matters which are provided for in this house by votes in the estimates and not by legislation.

Then there were representations which indicated a lack of understanding about what the bill did contain, and I think I should give one example of that. We have a section in the bill which provides that the governor in council may exempt from the restrictive provisions in the bill any Indian or any band if it seems desirable to do so. This section was designed to relieve the Indian from what might appear to be restrictive provisions. Nevertheless we received protests with respect to this section indicating that the writers thought that the government would try to avoid its responsibility to the Indian, and that the section might be used to destroy treaties, as the phrase was used.

Similarly we had objections from the other side of the story, that the section was going to be used to give to the Indian powers and authority which he did not want, which in some cases he could not use, and these representations were made by Indians as well as by non-Indians. I do not remember who it was now but I recall one person saying something which I think is significant. He said that the Indian wanted to retain his present privileges but to have complete political freedom from the government. That is a definition of the problem which has to be solved in Indian affairs. The problem is to maintain the balance of administration of the Indian Act in such a way as to give self-determination and self-government as the

circumstances may warrant to all Indians in Canada, but that in the meantime we should have the legislative authority to afford any necessary protection and assistance.

Heretofore we have thought of enfranchisement as being the ultimate role of Indian policy, and let us say frankly that we rather expected that the Indian would want to become enfranchised in order to be like one of us. Nothing can be further from the truth, Mr. Speaker. The Indian has no desire to become as one of us, and all his representations have said: I hope you are not going to take away from me the right to be an Indian. Of course there is no such intention. Except in rare cases the Indian has every intention to retain his connection with his reserve and with his band, and while he wants some of the advantages of our society he wants them on such terms that he can retain his old connections.

I think, sir, that our policy should be to extend self-government to all the reserves as soon as possible. It might be argued that this would give to band councils on the reserves greater powers than are now held and exercised by municipal authorities in our form of government, but if that would be the result surely we can impose safeguards to see that a band council does not exercise authority greater than a municipal council unless it is in the interests of the band. I think perhaps we can discuss that better in the committee stage.

This brings up other misunderstandings about the bill. Many people have written saying that they do not understand the difference between enfranchisement and voting at dominion elections. In fact I think one hon. member in this house during the debate last year showed that there was some doubt in his mind as to the difference between the two. Enfranchisement is the act whereby an Indian is released from the band, obtains the funds that are due to him and a small gratuity from the government, and goes out into the world on his own in nearly all cases. It has nothing whatever to do with voting at dominion elections as provided for by an amendment to the Dominion Elections Act last year. He now has the facilities for making his wishes known in this house by influencing the choice of the member who comes here from his particular riding.

One of the drawbacks to enfranchisement in the past has been that he could not do that without cutting himself off from his own band and his associations with his relatives and friends. It seems to me then that by providing the vote as we did we have begun a policy which will retain in the

Indian's hands all the benefits that he now enjoys by reason of being an Indian as well as giving to him, as I have said, the opportunity of influencing legislation in this house for his benefit.

I think I can see the time is not far distant when the administration of Indian affairs will be much better because in this house we will have a critical approach to the problem not just once every decade but every year, by persons representing the Indians. However, the word "enfranchisement", confusing though it may be, is difficult to replace. We could not find a substitute, so we have used the word again; and the procedure for enfranchisement is much the same in this bill as it was under the act. I want to repeat, however, that voting at dominion elections as provided a year ago has nothing whatever to do with enfranchisement; that voting at dominion elections under that amendment does not take from the Indian any of his treaty rights, though enfranchisement does.

This brings me to the question of councillors. In the bill we have provided that the election of councillors and chiefs on the reserves shall be by secret ballot. We think this should be the case. We think the Indian councils should take hold of the affairs of their bands and discharge their responsibilities, and that this can be done best by having them in the first instance chosen by the free and secret ballot of their people. Some representations were made that the Indians had not yet attained that standard of education in procedure and management which would make it possible for those duties to be performed; and it was suggested, you will see by the record of proceedings, that the term of office should be long so the chiefs and councillors might learn the procedure and methods of handling the money of their bands and dealing with property. For the same reasons it was also suggested that the term of office should be very short, and that we should pass as many people as possible through the offices, giving instructions as they went along. I do not think that is necessary. I think the term of office stated in the bill will be satisfactory.

One matter really counts to the Indian on the reserve; that is his property rights. There is no pattern of tenure of land for the Indian on his reserve. On some reserves they occupy lands by mutual consent. On other reserves there is an allotment by the band council, and in some cases there has been a succession of ownership passing through several generations. We feel this is not a satisfactory method for the holding of property, and that there should be some security to the individual Indians. We also feel that where an Indian has had land allotted to him and has put improvements upon it, he should not be penalized upon enfranchisement. In the act at the moment there is a provision that an enfranchised Indian may live on his land on a reserve, or he may have complete ownership which would extend to selling the land. This has raised some concern that Indians might become enfranchised for the purpose of selling their land, so that eventually the reserve might be held by non-Indians. That has not been our experience. Very few of the Indians seeking enfranchisement have asked for the privilege of holding their land; but at the same time it must be admitted that many Indians feel enfranchisement should be a bar to any future relationship on the reserve. Others feel that Indians should be entitled to the same security of land tenure that is assured to the rest of us. But most of them agree at least that enfranchisement should not work out to the disadvantage of the Indian who has put a great deal of work and spent money on his land.

In this bill we have provided that upon enfranchisement the Indian may hold his land for a period of ten years. He may live on the land, and at the end of the ten-year period may have absolute ownership of it. That is a restriction compared with the present act, the only restriction I am prepared to admit; but it is done in that way in order to assure the band that there will not be a sale of land immediately upon enfranchisement. Let me say at once that we do not propose to use this in every case, and assuredly we would not use it if it would lead to any form of breaking up of the reserves or, in fact, to anything detrimental to band life.

Now just a word about the criticism which was directed to Bill No. 267 with respect to ministerial discretion. This bill does continue ministerial discretion, but I assure the house that this discretion is very much limited as compared with the present act; and in committee I am sure we will be prepared to defend such discretion as has been retained. In particular the minister is obliged to retain authority over the expenditure of band funds, for the very simple reason that these moneys are in the consolidated revenue fund and there must be some authority for their payment. I would not want to mislead the house. The ministerial authority does extend to supervision of expenditure of band funds, but I want to assure the house that just as soon as a band demonstrates its ability to handle money it will be given an opportunity of doing so.

I have not attempted to discuss many of the objections that were raised to Bill No.

267, but I think I should mention one objection raised by the leader of the C.C.F. and the hon. member for Lethbridge. Both these hon. members mentioned a claims commission and expressed disappointment that it was not provided for in the bill. There is no need for a claims commission in the bill, as far as having one is concerned; we can provide for that also by a vote in the estimates. But I suggest to the house that there is no need for a claims commission in any event. Such a commission was established in the United States, but it was mainly concerned with a revision of the prices paid for land which had been surrendered by the Indians, in the mid-western states. In almost every case, if you will read the proceedings of the claims commission, it was alleged that the original surrender had been obtained by duress, or for lack of real value, or reasons of that kind. I think it is a matter of pride, sir, that no band of Indians in Canada has asserted that any original surrender was made under duress, or for lack of value, or under conditions similar to that. Under the circumstances we do not think that a claims commission is necessary for that particular purpose. Nevertheless a perusal of the Indian affairs committee proceedings of a few years ago will show that almost every Indian witness was of the opinion that his treaty rights had been abrogated or restricted in one form or another; and in particular, those who had treaty rights dealing with hunting and fishing.

In the province of Ontario it was alleged that, by the Robinson-Huron treaty, certain provisions were made for the Indians to hunt and fish in, roughly, the area north of lake Simcoe but that, by reason of the operation of the provincial game and fish laws, his treaty rights have been restricted. In the western provinces the suggestion is made that, by reason of the transfer of the natural resources to the provinces, the provinces have obtained the right—and are exercising it—of restricting game hunting and fishing in certain treaty areas. This argument—that is, the argument with respect to the western treaties—overlooks the fact that all those treaties provided for the regulation of these pursuits. On the other hand, it can be said that, by reason of conservation methods which are encouraged by this department, in co-operation with the provincial governments, the Indian has enjoyed distinct advantages with protection by having greater opportunities for trap lines, fishing rights and the like. Certainly the income of the Indians, particularly those in the western provinces, has been much greater as a result of these conservation methods. But the basic problem, whether confederation in the eastern provinces and the transfer of the natural resources in the western provinces has actually resulted in an impairment of the treaty rights, is uppermost in the minds of the Indian at all times. There have been court decisions, and those court decisions have upheld the right of the Indian to hunt and to fish, in some cases, in what appears to be contradiction of the provincial game laws. In view of this fact and because we know that the Indian is reasonable, and because the Indian has expressed a wish to carry on within the law, we think that we should continue the policy of co-operation with the provincial governments in an effort to obtain the maximum conservation of game and fish, together with the continuing exercise of these rights granted to the Indian.

There is one other treaty right that the Indian asks and that is in connection with the matter of taxation. All Indians under treaty allege that they are exempt from taxation by reason of their treaty. There has been no court decision which says so. On the contrary, there have been court decisions which say otherwise. The point I want to make is that provision for tax exemption is contained in the Indian Act. That exemption which now exists is being continued in the present bill.

That brings me to the question which was raised in the house last June, one of civil rights, if you wish to put it that way, the right of an Indian to engage in lawsuits. The Indian may sue another Indian or a non-Indian or the government in precisely the same manner as a non-Indian may. In the bill there is nothing that alters the right he now has to do this. From the Indian's standpoint the difficulty is that his money is held in a common fund and he himself has no money, or at least very little, wherewith to finance lawsuits to assert his rights. We recognize that as a difficulty, so we have provided in this bill for greater authority of the band councils to use money for the benefit of the band and this may extend to legal expenses which they might incur for the purpose of asserting their rights. But I want it clearly understood by the house—and I do not think it was clearly understood, judging from the debate which took place last summer—that there is no restriction on the Indian with regard to bringing an action against the government for any right he thinks he may have had, or against any other person.

I notice that the speech from the throne suggests that there will be legislation removing the necessity for a petition of right; and that will apply to the Indian as well as to the non-Indian. I want to assure the house, however, that I am not looking forward to

a flood of lawsuits against the government, but I am saying this because among some Indians I met there seemed to be an opinion that they could not sue for their rights. I hope that if they think they have rights, they will take action in our courts to establish them, because our courts are set up for that purpose. I should think that the Indian would be better satisfied and that there would be equal justice if he took that course rather than that we should appoint a claims commission specifically to deal with his claims.

I want to mention briefly one part of the Indian Act which is not carried forward in this bill. In the present act there is a provision that the houses of parliament, by an elaborate procedure which is set out therein, might remove an Indian band from the reserve it is on to a newly established reserve, if the one on which they are living is adjacent to a city or municipality of over 8,000 population. The Indian has always felt that this was a reproach to him, that it indicated that he was a second-class citizen and that we did not like his standard of life.

I am sure there was no such thought at any time. But on looking at the section—and not only because of the opposition to it—we came to the conclusion that it was discriminatory and should have no place in the legislation of Canada. Consequently we have removed that provision and the Indian now is not subject to removal at the will of parliament from his present reserve for the purposes outlined in that section. We did that because the Indian is just as good a citizen as you and I. He may not live as we do; but I have heard many people say that he lives a happier life than you and I do. Certainly he has shown a remarkable adaptability. He is now overcoming some of the diseases which it is alleged we brought to him. But, at any rate, as a race, he is coming back. May I also add that he is getting wealthy too. We have in the consolidated revenue fund over $20 million of his money, including approximately $540,000 of personal savings. In discussing this bill it should be remembered that the Indian has pulled his weight in the two world wars. He is part of our community, in the more populated areas where he is part of a lively community he takes part in the community life, and he is indispensable to us.

I think we should frankly admit that in the past there have been shortcomings in the administration of Indian affairs; and in doing that we can only reassure the Indian by saying here that we are going to eliminate the shortcomings in the future.

There may be some legal problems to settle yet. There are one or two major issues outstanding in that connection. I might mention, for example, the Indians of British Columbia. They assert that by the terms of union whereby British Columbia came into confederation they were assured certain things which they interpret to mean no taxation on personal property. Whether that claim is justified or not is a matter of considerable moment to the thirty odd thousand Indians of British Columbia and because it is something in the nature of a constitutional issue, and certainly is based on a document which can be produced in court, we feel justified in assisting the Indian to come to a determination of this particular matter. We are making arrangements to see that that is done, and that the claim of the Indian is given every consideration by the competent court concerned.

I wish therefore, sir, to present the bill to the house and to ask the house to recognize that the Indian has arrived at that point, in many instances, where he not only can but should have control of his own affairs. We shall continue to give him that control as he demonstrates his ability to exercise it.

It may well be that the provincial governments can be most useful in aiding us in this respect, and it is a matter of interest that the legislature of the province of British Columbia has appointed a special committee to consider Indian affairs in that province. We are quite certain that the committee and its work will be beneficial to the Indian, and undoubtedly will be helpful to us in handling Indian affairs in that province.

The Indian is our brother, Mr. Speaker. He has been a faithful friend in time of need. Let us act as if he is.

Mr. J. A. Charlton (Brant-Wentworth): Mr. Speaker, in moving second reading of Bill No. 79, respecting Indians, the minister has already gone over much of the history of the old bill, Bill No. 267, which was introduced last year by the government. At that time, as a matter of fact, on May 5 of last year, the statement was made by the Prime Minister (Mr. St. Laurent) himself that, if there was any great dissension among the Indians over it, it would not be passed last year but would be held over for some time. As we all remember, Mr. Speaker, that was not just what happened. It was given first reading on June 7, and came up for second reading on June 21, just two weeks after it was given first reading in this house. As you, Mr. Speaker, can readily understand, and as all hon. members can understand, Indians are found all across this country, and it would be utterly impossible for them to receive

the bill, study it and get their recommendations or briefs in to this government in a matter of two weeks' time. Therefore the bill was withdrawn and is now brought back to us as Bill No. 79.

As I see it, Mr. Speaker, there is very little change in this bill from the old Bill No. 267. I will admit that there are some good changes. I only hope that the bill is as good as the minister would have us believe it is.

I realize that on second reading it is the principle of a bill that is discussed; therefore I shall not mention any particular clauses but I do want to go over some points that are of particular interest to me, and something that the minister has just said.

Treaty rights, as the minister said, are very important to the Indians. They feel that these treaty rights should mean something. They were treaties made with the crown, and they feel that this government should uphold their portion of the treaty.

As the minister said, the Indians have fought in two wars, and were our allies in affairs before that. The minister mentioned something about taxes. Contrary to the opinion of most people in the House of Commons, and many people outside the house, the Indians do pay practically all the taxes that the white man pays, with the exception of land taxes on their property on the reservation and on income earned on the reservation. He is not subject to those taxes, but he does pay all other taxes. He pays the gasoline tax; he pays excise taxes on any articles he buys, just the same as any other person does.

The minister also mentioned the fact that the Indian was now given the chance to vote. I will grant that, Mr. Speaker. But what does he have to give up for the opportunity to vote? It is not just as easy as it is imagined by many people. He has to sign a waiver of rights of exemption from income tax. That in itself makes the Indian suspicious. He does not understand just what he is signing in many instances, and he thinks he is signing something away that is a right of his, and he should not have to do it to get the vote. It seems by some strange quirk—and the minister mentioned it tonight also—that this government thinks the Indian should be made a citizen of this country. Probably the minister is doing some crystal gazing. He admitted tonight he was wrong, of course. Well, Mr. Speaker, the Indian was the first citizen of this country. He has a better right to citizenship than anybody else in this country. We stole their land from them, moved them on to reservations and told them that they were wards of the state. Now we come along with this bill and say to them: We took your freedom a few years ago; now we are going to take your home. That is the point that I am going to try to bring out. Under this bill that is the right of the governor in council. They get that right under the assisting legislation that is put forward in Bill No. 79.

I have always maintained that where there are Indians of equal ability they should be given the preference in any positions on reserves or in the administration of the department. It is only recently that consideration has been given to this matter, and I am happy to say that in the case of the Six Nations reservation at Brantford all of the teachers on that reserve are now Indian teachers. I am sure the minister can tell us how many Indians there are in the administration of the department, and we shall all be glad to hear that later on in the discussion.

As the minister quoted tonight, the policy of the government seems to be—well, I should like to quote again a part of what the minister quoted, which is taken from page 3938 of *Hansard* of June 21, 1950:

> Indeed, it may be said that ever since confederation the underlying purpose of Indian administration has been to prepare the Indians for full citizenship with the same rights and responsibilities as those enjoyed and accepted by other members of the community. This aim has not been lost sight of in the preparation of the bill.
>
> The ultimate goal of our Indian policy is the integration of the Indians into the general life and economy of the country.

The minister said tonight that there is a great difference between integration and assimilation. I took the trouble to look these words up in the dictionary, and I found that the word assimilate means to make like, to compare, to absorb into the system; while the word integrate means to complete by the addition of parts, or the binding into a whole. As has been said, obviously that is not the desire of the Indians in this country—most definitely not. So far as I can see, there is so little difference between the two words that I do not think the Indians are going to be any happier with the word integration than they would have been with the word assimilation.

I do not think I could do better than to read what appears in the brief presented last September by the Six Nations Indians, on that particular point. This brief was presented in connection with the bill before the house last year, but it would have the same bearing at this time. They said:

> As is common to every national group, our prime desire is to retain our racial identity. We have no desire to be assimilated into the country at large, and only by preserving our reserves can we attain this objective. We had earnestly hoped the new act would give us the protection guaranteed by our treaties, but we note with alarm the provisions

made (section 42) whereby we could be removed from our reserves, when the only security that we know is tied up in our reservations lands. Our people feel that the proposed new Indian act is an element in the long-awaited for campaign to abolish our reservations and defraud our people of their lands. If the abolishing of our reservations is the present intention of the government, they are only confirming our people's long, deep-seated fears and suspicions. The government can only do this by breaking treaties, and that is by breaking faith with a people who have never broken a treaty with the government. Let the government keep faith with our people, and with themselves.

And then, further on:

The white man in this country tends to get very excited about any threat to individual freedom, but ignores too much any curtailment of the rights of a group to an existence in their own way of life. Section 113 makes provision for the compulsory exile of any Indian or band, who, in the opinion of the minister, shows any progress or ability. We are opposed to group or individual enfranchisement which would mean losing our identity as Indian groups, and our personal identification as an Indian. We must be guaranteed the right to retain the land which the white man calls reservations, and which our people call home.

That is the point I am trying to bring out. The minister has said that it is not intended to do some of the things set out in the bill. As I said before, in the debate on second reading one is supposed only to discuss the principle. However I do wish to call attention to section 4(2) of the bill because it is my contention that under it the governor in council has power to do almost anything it wishes to any reserve or to any Indian on a reservation. I should appreciate it greatly if the minister could point out that in this I am mistaken.

I am sure we have faith that the minister would not do anything detrimental to the Indians. Nevertheless as I read that subsection and note the power it contains I am led to the conclusion that it is an absolute contradiction of the democratic principles of British justice. Through it the minister could remove Indians from reservations and cause new bands to be set up, for which special provision is made in section 17. Bands can also be amalgamated.

I contend that section 4(2) does not give justice to the Indians. It would not be considered justice for white people; why should it be so considered for the Indians of Canada? So long as the government insists upon retaining that section in the bill I cannot give it my support. It is a complete negation of the other good sections in the measure. By this one section all that is good in it can be destroyed. I would strongly urge that it be deleted by the government, and also that the special committee of the Senate and the House of Commons be reconvened so that this measure might be placed before it for further consideration. I understand the minister has said that he would favour that procedure if it were desired.

I believe that when the minister realizes the power he has in section 4(2) he will consider favourably its withdrawal. Certainly I hope he will take that course.

Mr. William Bryce (Selkirk): Mr. Speaker, I should like first of all to congratulate the minister upon the frank statement he made. It is a pleasure to hear a minister explain a measure as thoroughly as did the Minister of Citizenship and Immigration (Mr. Harris) this evening. I should not like him to think for one moment that I agree with everything he said—because I do not. The fact remains, however, that it was a frank statement, anyway.

I shall not speak at length at this time because I think more can be done, and we can do a better job, in the special committee. What I shall say now for a few moments will be general. As everyone knows, most Indians are wards of the government and have no vote. They have no representatives in parliament and must depend entirely upon the sympathy of government and departmental officials. Under those circumstances the Indians at times suffer great disadvantages when they attempt to air their grievances or have injustices corrected.

I understand from different sources that the Indians in eastern Canada are beginning to take their place in industry and agriculture. While serving on the Indian affairs committee I had the privilege and pleasure of seeing for myself conditions among the Indians. Indians on the prairies, especially in the northern parts, and in parts of my old constituency, still stick largely to their original habits of living by hunting, trapping and fishing. According to information I received, when I visited reservations on the Pacific coast, it would seem that there are many instances where the Indians fit into the white man's life, where they work as loggers and fishermen. However, from everywhere one hears reports of the desperate conditions of poverty and the ill health resulting from the conditions under which they live.

With the Indian population on the increase this bill becomes necessary. It is not possible or desirable to treat Indians perpetually as alien enemies in our midst. They must eventually be brought to the stage where they can mingle with whites on terms of equality. We owe a great debt to the Indian. We got this great country of ours from them and in return we pay $5 per year each to all treaty Indians. That seems little to give in exchange for a country.

They are confined to their reserves and the treatment handed out to them is not always satisfactory. When the government made the agreements with the Indians they promised them education and medical care, and assured living room as long as the sun shone, the grass grew and the rivers flowed. None of those promises have been carried out to the satisfaction of most Indians. Changes take place rapidly these days and since the Indian lives largely in the past, and in the present, since he is largely untrained, he gives little thought to tomorrow. The adjustments in his mode of living made necessary by present-day conditions are beyond the thoughts of most of these men of the bush. Having been wards of the government for years they have grown accustomed to the care and help given by the Indian affairs branch.

I invite you to consider some of their problems. The education of the Indian is a difficult problem but one that is not incapable of being solved if approached with intelligence and sympathy. There are two systems in operation today, the day school and the residential or boarding school. Various religious bodies have co-operated with the Indian branch in establishing residential schools which are carried on at a charge of so much per pupil. The day school on the reserve, more especially in the north, is conducted after the manner of our one-roomed schools. This type of school is faced with the difficulty of the parents of the Indian children being on travel most of the time and not placing any value on education. In order to earn a living the Indians must travel most of the time and as a consequence regular attendance at school is difficult. This does not give the teacher much chance, no matter how good he or she may be.

No doubt the residential school was created to overcome the difficulties experienced with the day school. The pupils live at the residential school during the school year. They are away from their parents who are on the reserve. The boys and girls who are selected to attend the residential or boarding school, those whose parents are willing to let them go, are checked by the doctors and only the healthiest are taken, those who are free from t.b. and other ailments. Children who are suffering from t.b. and who need more care than other children are generally left at home.

At the age of sixteen years these boys and girls are returned to their homes on the reserves. The boy who returns from a residential school cannot hunt, trap or fish, and the girl cannot keep house in an Indian home. All they have to show for their years at school is a superiority complex and a grouch.

The children who attend the day school on the reserve receive the same education as the children attending the residential school, but they have the opportunity to learn how to live on the reserve under existing conditions. The boys learn how to hunt, trap and fish and do other things essential to their future life in the bush. The girls learn to make bannock under primitive conditions, and learn how to cook over a bush fire.

The boys and girls who attend the residential school learn agriculture and domestic science in addition to the subjects taught at the day school. They are well taken care of, have good food and clothing. But in the north country neither agriculture nor domestic science fits into the reserve picture of today. Children attending these schools have to learn to speak English while their parents may only speak the native tongue. The girls learn to wash and cook by electricity and they become accustomed to other modern living conditions of the white people. The boys see modern agricultural implements at work. In neither case do these children find an opportunity to use these things in the environment to which they go back.

No doubt the faults in this system could be corrected by taking the more promising pupils away for further education. The boys could be sent to vocational schools to learn trades and skills, while the girls could be trained as nurses. They would no doubt be able to return as men and women to act as leaders in the community they had left when young. Those who have studied the Indians assure me that there are some who show great promise and aptitude to learn leadership and who would make good leaders in their communities.

Previously I have pointed out to the house how clever Indians are when in the bush. I have seen them there and it is really remarkable what they can do. I am quite hopeful that, if they are given the opportunity, especially after what I have seen done in New Zealand with the Maoris, after twenty-five years we will see a tremendous difference in our Indians. The Indian will have to be fitted into our economy. While it may take years, the sooner we start, the better. It is to be hoped that the day is not far distant when every reserve will have its own day school. The best teachers should be encouraged to take up this work. They should be paid and treated so well that they will take on the teaching of Indians as a lifework of a missionary nature.

Outstanding Indian students should be permitted to work for a university degree and carry on studies that will train them for the

complex task of assisting their own people who today stand bewildered between two totally different cultures.

Coming to the economic needs of the Indian, little can be done in any direction until a more satisfactory economic basis is laid down for them. In the past the Indian was wholly dependent for his means of subsistence on the bush and the lake. Then the coming of traders provided employment for them, and in some cases a better market for their products. The old sources of food have gradually been disappearing.

The airplane is supplanting the canoe for passenger and freight traffic. One can make a journey into the wilderness today in comfort in an hour or two which would require days by canoe, to say nothing of mosquitoes, black flies, portages and hard beds on the ground. There again the Indian has lost another source of revenue. There are still plenty of fish in the lakes but if commercial fishing should be encouraged the Indians will have again lost a source of food supply. Distance from the market has kept these lakes from being profitable commercial enterprises but with the development of the airplane fishing in them may become profitable.

A great deal could be accomplished by the existing teachers, missionaries and doctors if a community centre were established on each reserve. If a hall were secured that was suitable for handicraft studies, health classes, adult classes in English, reading and writing, indoor sports, boy and girl scout movements, it would be a step in the right direction. Never having had such a thing as a community centre, the Indians have no conception of what an important part it would play in their future life. If the government could start something like that on one or two reserves where there are good leaders I am quite sure that the Indians could be got to co-operate.

The problem of the livelihood of the Indian is more complex and difficult, and what must be done depends in detail on the part of the country under consideration. However, one principle unites all requirements, namely, that while the Indian was free to roam at large he gained his living by wandering freely wherever food could be found. Now he is confined to a small area and must get his living therefrom. I wish to congratulate the federal and provincial governments on the policy they have adopted to handle furs for the Indians. The minister talked about that a few minutes ago. Their money is divided into twelve payments. I think the dominion government does that in co-operation with the provincial governments. It is going to be a great lesson to the Indians to know that they will get their money by the month and will have something to spend every month in the year.

As I said before, it has been a failing of the Indian that he does not look forward to tomorrow. Under the policy adopted the families of the trappers for the first time have known the security of a regular monthly income which can still be supplemented as usual of course by casual labour or the sale of hay and wood. I see no reason why the plan should not work in other districts. It protects the Indians and enriches the country at the same time. It is to be hoped that the project will be manned and operated almost entirely by Indians who are showing a great liking for the work. Something can be done by way of gardens in the patches of soil among the rocks but the Indians are hunters and eaters of meat rather than vegetarians, and it is difficult to interest them in any form of agriculture.

In the same way I believe that forestry and lumbering operations can be developed and probably fisheries on the west coast. It will be a matter of guiding them in the principle of preserving the resources entrusted to them so that they may become independent and regain their place in Canadian life. The Indian is not lazy and he will work well and hard at the kind of work that is natural to him. Canada owes at least this much to these people, who are true Canadians.

I should like to see the minister set up an Indian affairs committee. I am sorry that members of the House of Commons were not able to be present at his interview with the eighteen Indians, I think the minister said, who came to see him to present their pleas. If they were the same kind of Indians that I have dealt with in the past, I wonder if they were just quite clear on what the minister had to say to them. But no doubt the minister will tell us more about that.

When the minister was speaking he talked about land being held by non-Indians. Perhaps he will explain that further to us the next time he speaks. If one Indian has the right to sell to another Indian he would not be allowed to sell to a non-Indian, or could he sell to a non-Indian and thereby in the course of time the Indian reserve would be whittled away so that it was no longer a reserve. I am glad that the clause to the effect that a reservation could be moved away from a town has been withdrawn from the bill. In the maritime provinces we had two or three instances where towns were quite anxious that these people be moved elsewhere.

The minister dealt with the matter of a claims commission. I have always advocated a claims commission and I still think that one

is necessary. However, if the minister has the assurance of the Indians that they have no further claims then there will be no need for a claims commission, but from what I know of the Indians in my own constituency and Indians I meet from time to time they still have claims. I do not think that we should go on raising another generation of Indians for the next twenty-five years allowing them to believe that they have claims if they have none. It is only by a claims commission that I think we can overcome that situation.

I have not touched on the matter of health because the government has made wonderful improvements in health in the last seven or eight years. I have had the pleasure of travelling through the north country and visiting some of the hospitals. I have seen some of the work they are doing, and if the rest of the Indian department bestirs itself and does as good a job as those who are looking after health are doing—and I do not want them to relax in any way—it will be a good thing for everybody concerned.

Mr. Solon E. Low (Peace River): Mr. Speaker, I listened with intense interest to the statement which the minister made in moving second reading of Bill No. 79. Like my hon. friend, the hon. member for Selkirk (Mr. Bryce), I wish to congratulate him most sincerely on the straightforward and detailed statement that he made tonight. I think that the minister has shown a remarkable grasp of the whole Indian problem, and has presented in the house tonight a statement which it seems to me will go down in history as one of the very first and most important recognizing the principle that these are a noble people we are dealing with. Over the past few years it seems to me there has been a growing consciousness of that fact. I began to notice that it started about the time that the hon. member for Essex West (Mr. Brown) was the chairman of the Indian affairs committee investigating this whole problem and the details of the lives and affairs of the Indians. The hon. member for Lethbridge (Mr. Blackmore) had a good deal to do with it, as well as the hon. member for Selkirk (Mr. Bryce) and others. I appreciate very much the growing sentiment we encounter on every side that we should look upon the Indians as brothers, as valuable human beings who have rights which must be protected.

It is perfectly obvious to me that the minister has gained the confidence of the Indians of this country. That speaks very well for him, because the Indians have a sixth sense when it comes to measuring people. They are convinced that our minister is honest, I am told, and once you can get the Indians to admit that the minister responsible for the administration of Indian affairs is an honest man, he will get co-operation from them. I have only one suggestion to make to the minister at this time; that is, that he give very careful consideration to the suggestion of the hon. member for Selkirk that the bill be submitted to an Indian affairs committee.

Mr. Harris (Grey-Bruce): May I assure the hon. member that just as soon as second reading is given we will move that it go to a special committee.

Mr. Low: That is excellent. Among other reasons for so doing, that will further enhance the prestige of the minister among the Indians and will cause their confidence in him to grow even more; and in my judgment that is a desirable thing.

I thought I would make these few introductory remarks and then move to adjourn the debate, because I should like to say something more when this bill comes up again.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: On Monday the Minister of Finance will table further supplementary estimates. Then he will move to go into committee of supply and ask for interim supply. Then the further supplementary estimates will be considered. After that we will continue with Bill No. 79, respecting Indians. If it is given second reading the minister intends to ask unanimous consent to move to set up a special committee to which this bill would be referred. Then we can take up some small bills, No. 148, No. 80 and No. 130, though perhaps not in that order.

Some hon. Members: What is Bill No. 148?

Mr. Fournier (Hull): It is a bill to authorize or approve the construction of a bridge across the St. Lawrence near Valleyfield.

Motion agreed to and the house adjourned at 10.55 p.m.

Appendix "A"

FEDERAL-PROVINCIAL CONFERENCE—FURTHER CORRESPONDENCE WITH PREMIER OF MANITOBA

Office of The Prime Minister
Canada

Ottawa, February 6, 1951

Hon. Douglas Campbell, M.L.A.,
Premier of Manitoba,
Winnipeg, Manitoba.

My dear Premier:

I duly received your letter of January 31, enclosing a memorandum setting out the conclusions that the government of Manitoba has reached with respect to the financial proposals presented at the federal-provincial conference in December.

I should like to assure you that your representations will receive careful consideration by my colleagues and myself.

Yours sincerely,

Louis S. St. Laurent

Office of the Premier
Province of Manitoba

Winnipeg, January 31, 1951

Right Hon. Louis S. St. Laurent, P.C., K.C.,
Prime Minister,
Ottawa, Ontario.

Dear Mr. Prime Minister:

It has taken the government of Manitoba some time to thoroughly review in cabinet council the various proposals made at the federal-provincial conference in Ottawa December 4 to 7, 1950. We have given these proposals careful scrutiny both from the standpoint of their immediate effect upon Manitoba and their long-term effect upon Canada as a whole. Our views of the two constitutional amendments dealing with old age pensions and retail sales tax have been forwarded in a letter to Hon. Stuart S. Garson, Minister of Justice. The comments and suggestions which we submit in the statement which accompanies this letter set out the conclusions we have reached with respect to the financial proposals.

Let me take this opportunity to express, on behalf of the government of Manitoba, our appreciation that the conference was held and that proposals of the importance of those which your government made were presented for discussion at that conference. We are of the firm view that the people of Manitoba, in common with Canadians generally, have benefited substantially from the financial agreements which are now in effect. We believe that the continuation of the principles which underlie those agreements and the new federal proposals is basic to effective and harmonious federal-provincial financial relations and to a healthy federal system in Canada. The requests for the elimination of what we think are certain undesirable features in your government's proposals are made for the purpose of reaching an agreement which will be of the greatest possible benefit to the people of Canada and which will establish a more generally acceptable basis for future agreements.

We trust that the suggestions we make herewith will be given early and careful consideration by your government.

Yours very truly,

Douglas Campbell

STATEMENT OF THE MANITOBA GOVERNMENT ON THE FEDERAL FINANCIAL PROPOSALS TO THE FEDERAL-PROVINCIAL CONFERENCE, DECEMBER 4-7, 1950

This statement is intended to outline the views of the Manitoba government on certain features of the financial proposals submitted by the federal government to the federal-provincial conference in Ottawa, December 4 to 7, 1950. The Manitoba government is pleased that an opportunity was afforded the various governments to discuss the nature of the new federal-provincial financial agreements to come into effect at the conclusion of the present agreements. We were heartened by the fact that the federal government proposed that the fundamentals of the present agreements should be continued and that its views were presented in such a spirit of good will and amity and that that same spirit prevailed throughout the conference. We welcome the assurance by the federal representatives that the proposals were intended only as a basis for discussion, that each province should feel free to accept or reject them as it saw fit, and that there would be no attempt to impose the views of the federal government upon the provinces.

At the same time, however, we cannot avoid feeling some disappointment that it was felt necessary to limit the scope of the conference, and that greater attention was not given to other important matters which are of joint concern to the provincial and federal governments. In his opening statement to the conference, the premier of Manitoba laid particular stress upon the need for joint measures looking to the development of our natural resources and looking to the maximum possible use of our resources, our capital equipment and our manpower. In the unfortunate international situation in which we now find ourselves, it seems to us that there is need for more emphasis upon this aspect of our joint federal-provincial arrangements, and that we should not let our concern with the tax rental agreements and with old age security obscure the fact that, in the most fundamental sense, our strength in international affairs, our ability to support social welfare programs, and the ability of our people to meet the heavy tax load placed upon them, will depend upon the total productive effort which is achieved.

However, it is not our purpose to elaborate upon this point in this statement, but rather to discuss some specific aspects of the federal proposals.

We are gratified that the sound fundamental character of the tax rental agreements is continued in your new proposals and that the payments offered to the provinces will be slightly larger under the new proposal than under the existing agreement. Your estimates submitted to the conference indicate that the payment to Manitoba in 1952-53, the first year to which the new agreements are to apply, will be roughly $670,000,

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or approximately 85 cents per capita higher than if the present agreements were continued into that year.

We fully appreciate that under the new proposal the guaranteed minimum payment is substantially larger than under the present agreement. The guaranteed minimum will, however, assist the provinces only if there is a substantial decline in the level of Canadian prices or if the general level of business activity in Canada declines, with the result that the provincial revenues decline while costs of providing provincial services remain fixed or decline much more slowly than revenues. In view of this fact it seems to us that under present circumstances the major consideration should be the level of the actual payments rather than the level of the guaranteed minimum.

In our view the small increase in the actual payments to Manitoba under the new proposal will make it very difficult, if not impossible, for the province to undertake any extensive increase in provincial expenditures in many programs which we consider to be worthy of added assistance, both from the point of view of increasing the wealth and productivity of the nation and from the point of view of providing a greater measure of security and service to our people.

In his statement at the opening of the conference the premier of this province dealt briefly with a number of fields in which we feel there should be greater recognition of the responsibility of the nation as a whole in supporting the cost of services to those citizens who happen to be located in particular provinces or municipalities. He pointed out the nation-wide character of our modern business activity and suggested that it was important to have in Canada a mechanism by which income and corporation taxes collected from these nation-wide enterprises can be made available to support the services provided by the provinces and the municipalities in the many regions where the activities of those enterprises are carried on. After discussing this point at some length, he offered the opinion that in line with this principle the federal treasury should assume a larger share of the cost of such items as old age pensions, unemployment assistance, education, assistance to unemployables and health services. In addition he expressed the view that federal financial assistance should be made available for projects looking towards the maximum utilization and conservation of all the natural resources of the country. With the exception of the old age pension proposal which, if accepted by Manitoba, may well cost the province more than the present arrangement, the only manner in which the federal proposals in any way deal with the cost of the items just mentioned is the additional 85 cents per head of population which the province will receive as a result of the change in the tax rental formula. In our view this is quite inadequate and leaves the provinces and the municipalities under the necessity of paying the heavy cost of services in these fields out of revenue sources which are not sufficient to support them.

One of the problems which arises out of this situation is the way in which the provinces deal with the responsibilities and the financial resources of the municipalities within their territory. We in Manitoba, in common with the rest of the provinces of Canada, have endeavoured to give as much financial assistance as possible to the municipalities within our province. To some extent this assistance is provided by direct payments to the municipality, but in Manitoba the largest single item is the grant paid by the province to school boards. By paying a substantial part of the cost of education, these grants to school boards reduce the burden upon municipalities by reducing the amount which the school boards would otherwise be forced to ask the municipality to levy as municipal taxes. The Manitoba government has been anxious to increase assistance to the municipalities, but if the only additional revenue available to us through the new tax rental agreements is to be the small amount which I have mentioned, it will be very difficult for us to add to the size of our grants to municipalities and, at the same time, continue to maintain a satisfactory standard of services in other fields of provincial responsibility without involving ourselves in serious financial difficulties leading ultimately to a level of provincial taxation which is, in our view, unsound. For this reason the government of Manitoba, the municipalities, the school boards and the people of the province in general, are all vitally concerned with the size of the payments under the tax rental agreements, and we are all disappointed that the federal government has not felt it possible to offer payments on a more adequate scale.

In addition to our disappointment that the size of the tax rental payments has not been increased to a larger extent, we would like to record some dissatisfaction with the new formula which has been introduced for calculating the relative sizes of the payments as between the different provinces. We refer to the tax potential formula which introduces a principle which if agreed to would be likely to be reflected in future agreements and which would inevitably lead towards a situation in which payments to the wealthier provinces would be larger per capita than to the less developed provinces. In the present proposals this tax potential formula is not of great significance, but if we recognize the fact that tax rental agreements of this general type will undoubtedly be a feature of federal-provincial relations for many years to come, and if we recognize the further fact that the principles accepted in one agreement will likely establish the starting point for the negotiation of future agreements, then it follows that the introduction of an unsound principle in the present proposals is of more significance than the relatively small effect which it has upon the immediate future.

In all systems based upon the federal principle, and, indeed, in all government systems in which a senior government operates within a territory in which there are a number of other governments responsible for smaller areas, some consideration must be given to the fact that in a great many cases government services are provided and government costs are incurred in jurisdictions different from those in which tax revenues are collected. In recent years and to an increasing extent this situation has been met by instituting arrangements under which taxes are collected by the central government from industries operating over the entire area, and are paid out to the local governments in accordance with some formula which takes into the account the fiscal needs of the local government. In other words the formula makes larger payments in those local government areas which are less able to support themselves out of locally collected taxes. This principle was reflected in the system of fiscal need grants which existed in Canada during the 1930's. It was explicitly stated and strongly supported by the Rowell-Sirois report. It formed the basic principle underlying the 1945 proposals of the federal government. It forms the basis of nearly all the systems of grants from the Canadian provinces to the municipalities within their borders. In every case the government operating over the larger area makes grants to the governments operating in the local areas in such a way that the grants are larger per capita to those local areas which are called upon to support heavy costs for education, welfare and the like, while containing within their borders none of the great centres in which incomes concentrate and from which tax revenues can be collected in large volume.

If we disregard the statutory subsidies which are paid because of arrangements entered into in the past which are now part of the established structure of Canadian government, the essential basis of the present agreements is that the federal government pays to each province as a guaranteed minimum, either $15 per capita or $12.75 per capita plus an amount equal to 50 per cent of the corporation and income tax collections in that province in 1941. That guaranteed minimum is then increased by the percentage increase in population in the province and by the percentage increase in gross national product per capita in Canada as a whole. In other words, except for the item of 50 per cent of the 1941 tax collections, the principle is that of uniform per capita grants. In the new proposal another factor is introduced, that of tax potential, under which grants would be larger per capita to those provinces with larger tax potential, that is, to those provinces which have the best opportunity to collect taxes on their own behalf and which, therefore, have less need for financial assistance.

The present agreements departed from the principle of fiscal need to the extent represented by 50 per cent of the 1941 tax collections. The new proposal departs to a much more important extent by explicitly recognizing tax potential and by recognizing it not as a fixed item based upon the past but as an item which will presumably be recalculated at the time any new agreement is under negotiation and which will increase in importance if certain parts of the country develop more rapidly than others. If it should happen that all parts of the country develop uniformly, then the tax potential formula will be of no significance and there is no point in introducing this additional complication. If, on the other hand, the industrialized provinces continue to develop more rapidly than the less industrialized provinces, then the tax potential formula will assume increasing importance and will be positively contradictory to the principle of fiscal need.

We do not argue that fiscal need should be the only criterion. We recognize that, in dealing with problems of the complexity of this one, a great variety of considerations must be dealt with. But we do say that the grants out of income and corporation taxes should be at least as high per capita to the less developed provinces as to the wealthier provinces, and that the principle of fiscal need should not be directly reversed by providing larger payments to those very provinces in which income tends to concentrate and which therefore have less need of assistance.

It may be that in order to secure the agreement of the more well-to-do provinces, the payments to them will have to reflect in some degree the tax revenue which they could themselves collect. If so, we have no objection to establishing a payment to them sufficient to cover the amount of taxes which they could collect from the tax potential which is available to them. But if that is done we think that the sound principle which underlies all these arrangements should continue to be followed, and that increases at least as large per capita should be made in the payments to the less wealthy provinces.

One other feature of the federal government proposals which is not satisfactory to us is the suggestion that, in the escalator clause for calculating the extent to which the payments to the provinces under the tax rental agreement will exceed the guaranteed minimum, the calculation for gross national product should exclude the item of indirect taxes.

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The provision for an increase in the size of the payments in proportion to the increase in gross national product per capita serves two purposes in the present formula. In the first place it provides an adjustment for changes in price level resulting from the general inflation through which the world is passing. In the second place it reflects changes in the total productive output of the country. Our officials inform us that in their opinion the gross national product formula is probably the most satisfactory and convenient measure that exists for those purposes, but that it is not possible to be precisely accurate in such adjustments and that therefore the present formula must always be looked upon as giving only a rough approximation of the real changes. For this reason they think it somewhat inappropriate that a small refinement such as the elimination of indirect taxes should be proposed in a calculation which in itself is subject to relatively wide variation in estimate as illustrated by the fact that the official publication in which the gross national product figures appear carries an item entitled "Residual Error of Estimate" which has in several years amounted to more than $200 million. They therefore feel that the proposal to eliminate the indirect tax item is an over-refinement of little statistical validity in the light of the nature of the figures involved.

In addition we see no valid argument in principle for removing the indirect tax item. In proposing that it should be removed Mr. Abbott expressed the view that to fail to exclude it would have the serious defect that any change in government policy regarding the general character of taxes would affect the amount of the payments to the provinces. There are, of course, a large number of other ways in which a change in government policy would affect the size of gross national product and therefore change the amount of the payments to the provinces. Mr. Abbott illustrated the problem with the suggestion that there might be a decrease in indirect taxation; but the much more significant consideration is what the position would be should there be an increase in sales tax, either by the federal government or by the provinces. Our estimate is that if the proposed change is made, every one per cent increase in the total revenue collected in Canada from indirect taxes would reduce the payment to Manitoba something between $25,000 and $30,000 per year less than the amount which would be payable to Manitoba if the gross national product figure continued to be used as in the present formula.

If indirect taxes are increased in that way, the cost of government services, both in the provinces and in the municipalities, will inevitably reflect those increases, partly through higher prices for goods purchased and partly through the reaction upon living costs and upon the level of salaries which must be paid. Furthermore, an increase of indirect taxes by the federal government, or the introduction of indirect taxes by several of the provinces, would inevitably be reflected in the cost of government in other provinces which were receiving no additional revenue from that source. Under those circumstances it seems to us proper that such higher indirect taxes should be reflected in the formula by which the payments to the provinces are calculated. For these reasons we think that the proposal to eliminate indirect taxes should not be carried out.

Appendix "B"

A SUMMARY OF THE PROCEEDINGS OF A CONFERENCE WITH REPRESENTATIVE INDIANS HELD IN OTTAWA, FEBRUARY 28-MARCH 3, 1951

1. On February 28, March 1, 2 and 3 of this year, a conference was held with representative Indians and officers of Indian associations from all of those regions of Canada where there is an Indian population, except the Northwest Territories. The minister attended all of these meetings in the capacity of chairman. The deputy minister and officials of the Indian affairs branch of the department were also present.

2. The main purpose of this historic conference was to discuss the provisions of Bill 79 to revise the Indian Act and to give the representatives an opportunity to present their opinions. Every section of the bill was read in the conference and was explained. Opinions were expressed and recorded, and if, after discussion, suggestions for changes were made, these were noted.

3. Upon conclusion of this phase of the work of the conference there was a general discussion about all matters of Indian affairs and administration of the Indian Act which proved most useful and, where appropriate, will be used as a guide for future action by the department.

4. It was evident from the discussion that the problem of Indian affairs varied greatly from reserve to reserve. It was recognized that the Indians of the several provinces appeared to have differing rights and experiences, and that these differences accounted for the variety of viewpoints expressed towards particular sections of the bill. Nevertheless, the opinions of all present were stated not only for the purpose of presenting the local viewpoint, but also in an effort to find a common, advantageous ground so as to advance the welfare of the Indian people.

5. One of the representatives stated that as far as he and his people were concerned, they did not wish to have any changes made to the present Indian Act since they found it to be satisfactory for their purposes.

6. Subject to this statement, the conference noted that there was unanimous support for 103 sections of the bill. Opinion varied with respect to the remaining sections as will be explained in more detail later. However, the results of the discussions by those representatives favoring new legislation may be summarized as follows: of the 124 sections, 103 sections were unanimously supported; 118 sections were supported by the majority of those present; only 6 sections were opposed by a majority of the representatives and of these, 2 were unanimously opposed.

7. All of the representatives present at the conference agreed that the Government of Canada should continue to extend self government to the Indian band councils consistent with their demonstrated ability to exercise increasing responsibility.

8. The representatives at this conference were assured that all of their representations had been noted and would be drawn to the attention of the government and parliament during the later stages of the Indian bill. It was also indicated that full consideration would be given to the suggestions made for alterations to those sections of the bill which did not meet with the general approval of the representatives. To this end, the representations which were made at the conference will now be outlined to the house.

9. The first sections to be dealt with will be those which were opposed by all of the representatives present.

10. With respect to section 86, all of the representatives were of the opinion that this section did not go far enough in providing tax exemption for Indians, and they were opposed to sub-section 2 because it relates to a waiver of exemption under the Dominion Elections Act. They recommended that voting privileges should not be conditional upon signing a waiver. It was also asserted that under Article 13 of the Terms of Union between Canada and the province of British Columbia the Indians of British Columbia were not liable to be so taxed. It was suggested that some consideration should be given to amending the Dominion Elections Act in order to do away with the waiver.

11. All of the representatives were opposed to section 112 which is the section dealing with enfranchisement after enquiry and it was drawn to the attention of the conference that the opposition to this section had been recorded in a number of briefs submitted to the minister.

12. Of these six sections opposed by a majority, four (93-96) dealt with the sale to Indians, and possession by them, of intoxicants.

13. Regarding these sections, there were three views expressed,—(1) that the provisions dealing with intoxicants contained in the present act be continued; that is, complete prohibition; (2) that provincial liquor laws be made applicable to Indians; (3) a compromise measure, such as is contemplated by section 95, which would allow the Indians to consume intoxicants in public places in accordance with the laws of the provinces, but which would not permit them to be in possession of package goods nor to take liquor on a reserve.

14. There was a wide range of opinion with respect to these sections. Many of the representatives favored provincial liquor laws, while others were strongly opposed to any change in the act. It was said that the present liquor provisions could not and should not be changed with respect to those Indians under Treaty 6 in Alberta and in other parts of the province not covered by this treaty. Some of the representatives stated that if the provincial laws could not be made applicable to the Indians, they would be prepared to accept the provisions made in Bill 79. It is apparent, therefore, that with so many different views expressed, the conference did not reach any general agreement on this subject.

15. The following sections were opposed by one or more of the nineteen representatives but were approved by a majority of those representatives present. The number opposing any of these sections never exceeded six.

16. It was suggested, with respect to section 11, that the present band lists be accepted as final as to those on those lists, and not subject to revision as provided in the bill (section 9) and that the deletion and addition of names should apply only with respect to those who may hereinafter be added to the band lists.

17. It was also stated by one representative, with reference to sub-section (e) of this section, that it was unfortunate that an illegitimate child of an Indian woman should be entitled to band membership.

18. Section 12 (1) (a) (iv) dealing with those persons not entitled to be registered was objected to also on the grounds that it would be possible for persons of predominantly Indian blood to be deprived of band membership through the operation of this provision.

19. Section 19, dealing with surveys of sub-divisions of reserves, was considered to be very beneficial by some representatives because they felt that it was only through these surveys that an individual owner could definitely establish his claims to land on a reserve. Suggestions were made that in some areas these surveys should be expedited.

20. However, two other representatives were opposed to this section on the basis that it might lead to allotment. It was indicated that there was no objection to external surveys of reserves but there was objection to surveys for sub-divisions. For instance, it was pointed out that the Indians in southern Alberta were not opposed to surveys of reserves, but that the Indians of central and northern Alberta definitely were, and that because of this opposition no surveys should be made without the consent of a band council.

21. Similarly, opposition was expressed by two representatives to section 20 (2) dealing with the certificate of possession, the reasons being that the allotment system was not suitable in Alberta.

22. Sub-section 4 of this section, dealing with temporary possession, was objected to by one representative on the basis that temporary possession led to a feeling of insecurity and that once land had been allotted to an Indian by the band council it should be a permanent allotment not subject to conditions to be imposed by the minister.

23. Section 32 was approved by all except two of the representatives of the conference. There was opposition initially to the section by one representative who took the view that the Indians should stand on their own feet and gain a knowledge of business by experience. However, this representative withdrew his opposition when it was pointed out that this could be accomplished by the frequent use of sub-section 2, and he was given the assurance that this sub-section would be used when advisable. Another representative, on the other hand, stated very strongly that the Indians should be given the protection provided for in this section and was in opposition to the use of sub-section 2.

24. Section 61 (2), dealing with the interest payable on Indian moneys held in the consolidated revenue fund, was the subject of considerable discussion. It was the general feeling of all of the representatives present that interest upon Indian moneys should be not less than 5 per cent and it was suggested that the phrase "of not less than 5 per cent" might be written into the sub-section.

25. With respect to section 64 (a) dealing with the expenditure of capital moneys with consent of the band council, two representatives were opposed to this section if it were possible for successive per capita distributions to be made. They were of the opinion that only the per capita amount set out in a surrender should be paid to the members of a band and that the remaining amount should remain as capital funds forever. Other representatives, however, favored subsequent capital distribution.

26. Section 66 (2) providing for the expenditure of money without consent for the sick, disabled, etc., was generally approved but some representatives were of the opinion that the expenditure of band funds for this purpose was not proper but should be made from public moneys.

27. Similarly, with respect to section 66 (3) (b) regarding the expenditure of band funds for the prevention and control of diseases on reserves, one representative stated that band funds should not be used for this purpose on the grounds that the Department of National Health and Welfare were providing health services to Indians at the present time.

28. The operation of farms by the department on Indian reserves provided for in section 70 met with approval except for one representative who was opposed to this section because it did not provide for the consent of the band council.

29. The taxation of Indian dogs (section 72 (1) (d)) was objected to by one representative because he considered that dogs were a necessity to many Indians.

30. The composition of the band council as outlined in section 73 (2) was discussed at length, and several of the representatives objected to the minimum number of councillors (2) as being too small. The British Columbia representatives, for instance, pointed out that there were many bands in that area where the councillors may work away from the reserve, and therefore it would be difficult to obtain a quorum at a meeting under this section. It was suggested that the minimum of 2 might be raised to 4.

31. Section 77 (1) dealing with the tenure of office of chiefs and councillors was also discussed at length and by a considerable number of the representatives. Several of the representatives favoured the 2 year term of office, but other representatives were of the opinion that a term of 2 years was too short a period for chiefs and councillors to gain sufficient experience for the most effective management of band affairs. These representatives thought that a period of from 3 to 5 years would be more suitable. It was also suggested by one representative that the election of chiefs and councillors might be staggered in order to obtain continuity of experienced councillors on the band council.

32. The question of absentee councillors (section 77 (2) (b) (ii)) was discussed at some length and it was felt that the provision that the office of the chief or councillor becomes vacant when a chief or councillor has been absent from council meetings for three consecutive months was not practical with respect to those bands who do not hold monthly meetings. It was felt that it would be better if the section were to read "three consecutive meetings" rather than "months". Consideration will be given to those special areas where band councils do not meet monthly.

33. Section 91 (1), which prohibits departmental employees from trading with the Indians without a licence, was opposed on the basis that it might permit the minister to issue a licence to a departmental employee to trade for profit with an Indian. Although it was pointed out that there are certain civil service regulations which prohibit full-time civil servants in engaging in other business enterprises, it was suggested by the delegation that if it was intended that this section should apply only to part-time agents, then this should be written into the statute.

34. Section 110 (2) which provides for the grant of land to enfranchised Indians, was discussed by representatives who were of the opinion that this provision might lead to loss of reserve lands, but as the matter rested with the council to make the allotment and because of the ten-year waiting period, the section was agreed to.

35. Section 111 (2) which provides that a majority vote is required for an order of enfranchisement, was discussed and it was suggested by three representatives that the percentage of electors required to signify their approval should be raised from 50 per cent to 75 per cent. They considered that this was necessary in order to protect the minority.

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36. The following sections were discussed at length but were accepted in principle by all of the representatives after clarification:

37. It was felt by some of the representatives that Indians should be represented in the administration as a means of recognition (section 3 (2)). The representatives were advised that the question of the appointment of an assistant commissioner of Indian status was one which would have to come under the civil service commission as to recruitment, and that the matter would be given further consideration.

38. There was considerable discussion on sections 5-9 dealing with the registration of Indians and the methods in which these provisions would operate were explained in detail to the representatives. There was general agreement with the provision for appeal of decisions of the registrar regarding the addition to or deletion from band lists to a judge of a county court for final determination.

39. Payments to persons ceasing to be band members as provided for in section 15 (1) (a) were explained at length, but one of the representatives was of the opinion that the crown had no legal right to pay one per capita share of capital and revenue moneys of a band to an Indian upon enfranchisement. It was suggested that a person born into the band had an inalienable interest in property held in common by the band and, therefore, should be entitled to take his share with him when enfranchised. It was also suggested, in connection with this section, that in some instances the Indian band councils had not been notified when Indians applied for enfranchisement. The representative was advised that in the future it would be the policy to advise the band council whenever an application for enfranchisement had been received.

40. Clarification was requested with respect to section 16 (3). It was thought by one representative that a woman, on transfer from one band to another on the occasion of her marriage, should forthwith receive the full amount of any surplus capital coming to her. It was contended that the minister should not have the discretionary power as to the manner and times at which such a sum should be paid to her. However, it was pointed out that the various cases would be reviewed on their merits, and where it was thought that the woman required the full amount of the difference to set up housekeeping, for instance, then it would be given to her. In other cases where it was thought that the woman concerned might use the money unwisely then it would be in the interest of the Indian woman herself, if the money was paid out over a period of time instead of in one lump sum.

41. Clarification was sought with respect to section 18 (2) and the representatives were assured that the general intention of this section was to provide authority for the acquisition of land for administrative purposes such as schools, hospitals, cemeteries, and other necessary facilities which would be in the interest of the Indians.

42. It was suggested with respect to section 28 (2) which provides for the issuing of permits to occupy or use a reserve, that reserve property should not be used privately without the consent of the band council. It was pointed out, however, that permits could not be issued under this section for long periods. Provision is made in this section for temporary use of reserve lands for short periods limited to one year.

43. Section 34, which is concerned with roads and bridges, was discussed at some length. The question as to the upkeep of roads within a reserve that were, to a large extent, used by the general public was raised. It was contended that, in as much as the Indians paid gasoline taxes, the Indian bands should get the same share of those taxes as are paid to the municipalities by some of the provinces. It was pointed out that the disposition of the gasoline tax was wholly within the competence of the provincial government.

44. Section 35 was the subject of a considerable amount of discussion. One representative expressed the fear that it would enable a corporation or a municipality to obtain a statutory authority to expropriate parts of an Indian reserve. Opposition, however, in this case was withdrawn by this representative when it was pointed out that the purpose of this provision was not the wholesale acquisition of land, but that it was intended to cover the use of lands for public utilities and other similar services. This section was accepted after an explanation had been given.

45. Re section 37 there was an enquiry as to the meaning of the phrase at the beginning of the clause which reads "except where this act otherwise provides" but it was pointed out for purposes of clarification that this phrase refers to action under sections 35 and 110 (2).

46. When section 39 was discussed it was pointed out by one representative that Indians in the past had surrendered parts of their reserve without knowing thoroughly what was contained in the surrender. It was stated that where an interpreter is used he should be put under oath to give a true account of the terms of surrender. The conference was informed that the departmental regulations or instructions would be examined and that provision would be made for placing such interpreters under oath as requested. It was agreed that there would be no objection to using a non-Indian interpreter, but that in all cases the best interpreter available should be obtained.

47. With respect to section 46 which deals with wills, it was suggested that it should not be left to the Indian agent to decide whether the Indian was capable of making a will under sub-section (1) (b). The conference was informed that the Indian agent did not make this decision under such circumstances, but that evidence would be obtained from expert sources.

48. It was agreed by many of the representatives that section 49, which is concerned with the distribution of property, and that those sections relating to wills and descent of property were very beneficial and were in accordance with the recommendations which have been made in this respect. There was some complaint about the length of time it sometimes took to dispose of estates. It was admitted that there were occasions on which there was some delay with respect to the disposition of estates but this was due to a shortage of qualified officers to handle these matters. The conference was informed that, if necessary, additional staff would be employed for this purpose.

49. It was claimed by one of the representatives that in the past Indian agents had acted in a bureaucratic way in the matter of leasing uncultivated or unused lands (section 58). However, it was pointed out to the conference that this section provided that this could be done only with the consent of the band council. The disposition of sand and gravel from reserves without consent was also discussed. It was pointed out to the conference that this would be done only where there was undue difficulty or delay in obtaining the consent of the band council. This arises where the council members are absent in summer months. The conference was assured that, in any event, leases given under such circumstances would only be renewed with the consent of the band council.

50. Section 65, dealing with the expenditure of capital, met with general approval. One of the representatives indicated that some difficulty had been experienced in obtaining land for an extension to a hospital. It was pointed out, however,

that action could be taken under section 18 to obtain the land for band purposes and compensation paid from capital moneys for such lands taken under this provision.

51. The provision of loans to an Indian (section 69) was commended generally by those who commented on it. An enquiry was made as to why these loans could not be extended so that they might be used for building houses. It was pointed out to the conference that the main objective of this section was to provide for loans to Indians for *revenue producing projects* and that housing, unless it were for rental purposes, was not revenue producing.

52. There was some objection by some representatives to Indian agents attending council meetings (section 79). However, many representatives thought that the Indian superintendent should be required to attend all council meetings and that he should not deputize anyone to sit in for him.

53. Discussion of section 80 (powers of the band council) revealed that several of the representatives were concerned about the regulation of motor traffic through their reserve. These representatives were informed that the band council would be able to make by-laws regarding the regulation of traffic within the reserve under this section. On the general question of by-laws, it was explained to the conference that by-laws which did not conflict with regulations made by the minister or the governor in council would be effective. It was generally felt that the powers to be exercised by the band council had been considerably broadened by the bill. The question of licencing non-Indians to operate businesses on reserves was also raised when sub-section (n) of this section was discussed. It was suggested that by-laws regarding businesses could also be made to apply to Indians in a business on the reserve.

54. With respect to section 82 dealing with money by-laws, some of the representatives were apprehensive that the governor in council might have some power to force Indians to pass money by-laws to tax Indians. The conference was assured that once this section had been applied to a band action under it was by the band council.

55. The conference representatives asked for clarification of section 87, dealing with the application of provincial laws, and was informed that provincial laws would not apply if they contravened any treaty, and/or any act of parliament, for example the Indian Act.

56. Regarding the appointment of a Justice of the Peace, under section 105, the conference was advised that Indian superintendents would not act as magistrates, except for special reasons, and in areas where ordinary court facilities were not readily available.

57. The remainder of the sections were approved after explanation.

SCHEDULE "A"

Conference Members

George Barker, Esq., Hole River, Man., Chief, Hollow Water Band.

Joseph Beauvais, Esq., Caughnawaga, Que., Councillor, Caughnawaga Band Council.

Joseph Dreaver, Esq., Duck Lake, Sask., Chief, Mistawasis Band.

Gilbert Faries, Esq., Moose Factory, Ont., Chief, Moose Factory Band.

Thomas Favel, Esq., Poundmaker, Sask., Chief, Poundmaker Band, and Representative of Queen Victoria Treaty Protective Association.

Thomas Gideon, Esq., Restigouche, Que., Chief, Restigouche Band.

James Gladstone, Esq., Cardston, Alta., President, Indian Association of Alberta.

Dr. P. R. Kelly, Cumberland, B.C., Chairman, Legislative Committee of Native Brotherhood of British Columbia.

Stephen Knockwood, Esq., Micmac, N.S., Chief, Shubenacadie Band.

John Laurie, Esq., Calgary, Alta., Secretary, Indian Association of Alberta.

Gus Mainville, Esq., Fort Frances, Ont., President, Grand Council Treaty No. 3.

Daniel Manuel, Esq., Merritt, B.C., Chief, Upper Nicola Band.

Arnold C. Moses, Esq., Ohsweken, Ont., Secretary, Six Nations Band Council.

Andrew Paull, Esq., North Vancouver, B.C., President, North American Indian Brotherhood.

Lawrence Pelletier, Esq., Manitowaning, Ont., Manitoulin Island Unceded Band.

Sam Shipman, Esq., Walpole Island, Ont., Chief, Walpole Island Band.

William Scow, Esq., Alert Bay, B.C., President, Native Brotherhood of British Columbia.

John Thompson, Esq., Pine Falls, Man., President, Indian Association of Manitoba.

John B. Tootoosis, Esq., Cutknife, Sask., President, Union of Saskatchewan Indians.

HOUSE OF COMMONS

Monday, March 19, 1951

The house met at three o'clock.

THE LATE KARL HOMUTH

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am sure I can feel I am speaking for all members of this house when I say how deeply shocked all of us were to learn today of the sudden death of one whom all of us had come to regard as a personal friend, Mr. Karl Homuth, the member for Waterloo South. I am sure Mr. Homuth was one of the most popular of our members, and would himself like to be remembered, first of all, as a good companion and a warm personal friend of each one of us on both sides of the house.

When I saw him take part in the division in the house only last Thursday I hoped, as I know most of us hoped, that he was recovering his health which had been so seriously impaired in these last years. I feel that all of us, regardless of party, were of the opinion that the house would be better for having him once more in a position to take an active part in its proceedings.

I will not attempt any long or detailed review of the late Karl Homuth's public service. As hon. members know, he was elected to the Ontario legislature over thirty years ago, in the general election of 1919, and he was re-elected at several subsequent elections. From the time he was elected to this house at a by-election in 1938, until his death, he was successful on every occasion in retaining the confidence and support of the majority of the electors of his constituency.

No doubt a large measure of the support he was given was the result of the political allegiance of the electors in his constituency. But I am told, and I am sure no one here will find it difficult to believe, that a large measure of support came as a personal tribute from his friends and neighbours in Waterloo South.

I should like to express our sympathy to the leader of the opposition (Mr. Drew) on the loss of one of his senior supporters, and to ask you, Mr. Speaker, to extend the sympathy of all hon. members to Mrs. Homuth and her children.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, it was indeed a very great shock to all of us to learn this morning of Mr. Karl Homuth's very sudden and wholly unexpected death. As the Prime Minister (Mr. St. Laurent) has so graciously said, he was a very warm friend of all the members of this house, regardless of their party affiliations. I think that few members here maintained their friendships on so broad a basis. For many long years he had been a figure well known here and well known throughout the country because of the vigorous views he had expressed, but views nevertheless expressed in such a way as to be accepted even by those against whom they were directed, in the generous and friendly spirit in which they were made.

Mr. Homuth was one of the many men who had served the public in a great many capacities; and over the broad field of public service that is open to every Canadian. As has been already pointed out, he was a member of this house continuously from 1938. Throughout those thirteen years he gave loyal and constant service to the people of the constituency which chose him. He also served for many years in the Ontario legislature. Prior to that he had served in the municipal council of Preston. His public service embraced the municipal, the provincial and the federal field. In each of those fields he was a good citizen in all that those words mean.

Many people are perhaps too often unaware of the extent of the service which is given by a good member to his constituency, and which is not in any way indicated by the contributions he may make to the debates in the House of Commons, or even to service on the committees. Karl Homuth played his full part in the debates of this house and in the work of the many committees. I think perhaps the members of the government know better than anybody else in this house that he was always an active representative of the people of his own constituency, no matter what their political affiliations were, in connection with every department of government where his services were required. That is a great and important part of the work of members of this house. I am sure that there were few members who were more successful in vigorously and correctly interpreting the needs of their own community than was the late Karl Homuth.

I join with the Prime Minister and, I am sure, with all the members of this house, in the expression of profound regret to his wife

and his family who have suffered this great and tragic loss. Karl Homuth will be remembered by everyone here as a good friend, a good Canadian and one who served his own community faithfully and well.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, twice during the last few days I have been reminded of some lines I read some years ago, that:

> Death rides on every passing breeze,
> He lurks in every flower.

On Friday we learned of the death of a distinguished civil servant in the person of Mr. Riddell. This morning we were equally shocked at the loss of one who has been here a long time, one who, as both the Prime Minister (Mr. St. Laurent) and the Leader of the Opposition (Mr. Drew) have said, ably and well served his community and his country in this house and in representations before government departments.

Those of us who knew Karl Homuth in the old days, before his recent illnesses, remember him as a man full of vigour, whose witty interjections in this house often brought peals of laughter from all sides. He was never unkind; he was always friendly.

Those of us who have been associated with him for a long time, and even those who did not know him as well, today join the Prime Minister and the Leader of the Opposition, indeed all members of this house in regretting his passing and in expressing deepest sympathy to his widow, his immediate family and his brothers, who, I believe, have worked closely with him throughout the years.

Mr. Solon E. Low (Peace River): Mr. Speaker, sudden deaths such as that of our late good friend Karl Homuth are always shocking. I am sure that a pall of gloom has settled over us all. Yet, sir, though he is considered to be dead, that is not my attitude at all. I do not look upon Karl as being dead. I look upon him as having gone away on a journey. But we shall miss him sorely, just the same, while he is away on that journey.

I have formed the habit of taking men as I have found them. I found that Karl was a good man. He was always good to me; he was always friendly and congenial. Often, as he passed down the corridor by the open door of my office, he would drop in with a word of greeting or to tell me the latest joke. On such occasions he was always pleasant and jovial. After he had left I invariably felt that the world was a better place because of men like him.

I know that Karl had been in indifferent if not poor health for the past several years or even more. We do not know just how long it was, because he never complained.

In all the time that I knew him I never once heard him complain. Only Friday last, when he returned to this house after a considerable absence, during which, I am told, he had a serious illness, he dropped in for a moment; and although he admitted that he was rather weak, he was still cheerful and uncomplaining.

I looked upon Karl as a warm friend, and I shall miss him in his long absence from us. My sympathies, Mr. Speaker, go out to his family in this hour of their sorrow, and to the Conservative party in the loss of a devoted and loyal supporter.

(Translation):

Mr. A. Phileas Cote (Matapedia-Matane): Mr. Speaker, I wish to say a few words in French to associate myself with those who have already expressed their sympathy on the occasion of the death of our friend, Mr. Karl Homuth. If, in this Holy Week, anyone should feel guilty for having prevented him from displaying his talents to the full during the last parliament, it is we of the "Little Chicago" group whose heckling I admit and regret. Fortunately, Mr. Karl Homuth was too broadminded and too much of a gentleman to hold that against us. If I have enjoyed the friendship of a member of the opposition like Karl Homuth, it is because he was big enough to put himself above anything we, without thinking of his illness, may have done to annoy him in the house. In fact, I was perhaps one of the first to shake his hand on his return to the house last Thursday.

I cannot express the regrets of the whole "Little Chicago" group, not being authorized to speak for the rest of its members. However, in view of Mr. Karl Homuth's attitude, I must say that I personally regret having said anything that may have offended a man who did so much good.

(Text):

Mr. Daniel McIvor (Fort William): Mr. Speaker, if I may be permitted to do so, I should like to make a request. It is known that Karl Homuth not long ago composed a prayer, or poem, in which he described life as a game, the bible as the book of rules, and God as the great Captain. I think it would be fitting if the leader of the opposition (Mr. Drew) could secure this prayer or poem and have it sent to us as a memorial. I make this plea because I was the first Liberal to meet Karl Homuth when he came upstairs; and I will not forget saying to him: "On behalf of the honest Liberals in the house, we bid you welcome." He said: "Thank you for the information." From that time we were warm friends.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, it is always a mournful sight to see the flag on the peace tower at half-mast. When one comes up the hill and sees the flag at half-mast the first question he asks is: For whom? Today I learned to my great surprise that Mr. Homuth had passed away. It was a great shock to me, although I knew that he had been ill. Last year he seemed to have recovered completely. I take this opportunity to add to the fine and well deserved tributes which have been paid to him.

We hear a lot about the fundamental freedoms, but there is no better example of the fundamental freedoms than this House of Commons. Members may hold diametrically opposite views, but when they depart this life their passing is lamented by the leaders and members of all groups in the house. We realize that in this house opinions are free, and the views of each member of parliament are respected by all.

I knew Mr. Homuth well enough to regret his passing, and I offer my deepest sympathy to the leader and other members of his party, his family, and his friends.

Mr. L. O. Breithaupt (Waterloo North): Mr. Speaker, as the member representing the riding of Waterloo North I wish at this time to pay a tribute to my dear departed friend, Mr. Karl Homuth. We did not think along the same political lines, but I think we were pretty much of one mind when it came to human values and friendships. Karl, as he was affectionately known to all of us in that part of the country, will be missed greatly. I wish at this time to add my tribute to those that have been paid to our late departed friend by the Prime Minister (Mr. St. Laurent), the Leader of the Opposition (Mr. Drew), and other hon. members.

Mr. L. E. Cardiff (Huron North): Mr. Speaker, I cannot allow this opportunity to pass without having a word to say. Karl Homuth was one of my closest friends. He was a member of this house much longer than I have been. In the 1940 elections, when the Liberals won, leaving us only forty seats, Karl was my next door neighbour. He and I were the only ones left in that end of the province. Again in 1949, when there was another Liberal victory across the country, Karl and I were the only two left. I think perhaps he has been nearer to me than most.

He was a kindhearted man. I never knew him to hold spite against anyone. He had his own views, and he could express them before his first illness; but I think he held the respect of practically everyone on the other side of the house. I know that we are all going to miss him very much.

Reports and Papers

RAILWAYS, CANALS AND TELEGRAPH LINES

FOURTH REPORT—CONCURRENCE IN RECOMMENDATION RESPECTING TRANS MOUNTAIN OIL PIPE LINE COMPANY

Mr. L. O. Breithaupt (Waterloo North): Mr. Speaker, I have the honour to present the fourth report of the standing committee on railways, canals and telegraph lines. By leave of the house I should like to move, seconded by the hon. member for Cariboo (Mr. Murray):

That the recommendation contained in the fourth report of the standing committee on railways, canals and telegraph lines respecting a charge on the proposed capital stock of Bill No. 115 (Letter M-1 of the Senate), intituled: An act to incorporate Trans Mountain Oil Pipe Line Company, be concurred in.

Motion agreed to.

SUPPLEMENTARY ESTIMATES, 1950-51

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1951, was presented by Hon. Douglas Abbott (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

TRANS-CANADA AIR LINES

TABLING OF ANNUAL REPORT

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): I beg leave to table the annual report of Trans-Canada Air Lines for the year 1950.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 164, for the relief of Hortense Marie Therese Loiese Neveu.—Mr. Winkler.

Bill No. 165, for the relief of Eileen Florence Alma Hinton Johnson.—Mr. Winkler.

Bill No. 166, for the relief of Ritchie Leslie McEwen.—Mr. Winkler.

Bill No. 167, for the relief of Catherine Marie Littlefield Stirling.—Mr. Winkler.

Bill No. 168, for the relief of Marie Rose Vachon Orr.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INCOME TAX—AMOUNTS UNCOLLECTABLE—EMPLOYEES LAID OFF

Mr. Bryce:

1. How many employees of the income tax division have been laid off in the years 1946, 1947, 1948, 1949 and 1950?

Questions

2. What amount of income taxes has been written off as uncollectable for each of the years 1946, 1947, 1948, 1949 and 1950?

3. How many individual income tax accounts have been written off for each of the years 1946, 1947, 1948, 1949 and 1950?

Mr. McCann:

1. Calendar year 1946, nil; 1947, nil; 1948, nil; 1949, nil; 1950, 1,556.

2. Nil.

3. None.

SHIPBUILDING—CONSTRUCTION IN CANADA

Mr. Balcom:

1. How many new ships were procured by Canada during world war II period from September, 1939, to September, 1945?

2. Of these, how many were built (a) in Canada; (b) in the United Kingdom; (c) elsewhere?

3. What types of ships were built or procured from each of the above sources?

4. How many new ships are proposed to be built or procured by Canada under present shipbuilding program?

5. Of these, what number are to be built (a) in Canada; (b) in the United Kingdom; (c) elsewhere?

6. Of those to be built in Canada (a) what types will be built; (b) what are names and locations of shipyards where same will be constructed?

7. Were plans for new ships designed in Canada?

Mr. Campney:

1. 322, but this figure does not include ships which were already built and which were taken over by the Royal Canadian Navy or craft smaller than Fairmiles.

2 (a) 299; (b) 23; (c) nil.

3. Built in Canada: Algerines, Bangor minesweepers, corvettes depot ships, Fairmile motor launches, frigates, 105-foot wooden minesweepers.

Built in United Kingdom: corvettes, cruisers, destroyers.

4. Over 40 ships.

5. (a) All; (b) nil; (c) nil.

6. (a) Anti-submarine escort vessels, crane lighters, deperming vessels, gate vessels, ice-breakers, minesweepers, seaward defence vessels.

(b) Halifax Shipyards, Halifax, N.S.; Pictou Foundry, Pictou, N.S.; Saint John Dry Dock, East Saint John, N.B.; Davie Shipbuilding, Levis, P.Q.; George T. Davie, Levis, P.Q.; Marine Industries, Sorel, P.Q.; Canadian Vickers, Montreal, P.Q.; Kingston Shipbuilding, Kingston, Ont.; Port Arthur Shipbuilding, Port Arthur, Ont.; Burrard, Vancouver, B.C.; Victoria Machinery Depot, Victoria, B.C.; Yarrows, Esquimalt, B.C. Other yards may be allocated.

7. Yes.

[Mr. Bryce.]

CANADIAN NATIONAL RAILWAYS—MARITIME PROVINCES—DIESEL OR OIL-BURNING LOCOMOTIVES

Mr. Stanfield:

1. Are the Canadian National Railways planning to put diesel or oil-burning locomotives on the main passenger and freight trains running in the maritime provinces?

2. How many diesel engines have the Canadian National Railways operating at the present time in the maritime provinces; (a) Prince Edward Island; (b) Nova Scotia; (c) New Brunswick?

Mr. Chevrier:

1. The C.N.R. is not planning at the present to put either diesel or oil-burning locomotives on any main passenger trains running in the maritime provinces. It is expected to commence diesel operation of two manifest freight trains daily between Montreal and Halifax via Edmundston in the near future.

2. Diesel locomotives in the maritime provinces: (a) Prince Edward Island, 20; (b) Nova Scotia, 6; (c) New Brunswick, 5; total 31. There are also three diesel locomotives operating on the C.N.R. lines in Newfoundland.

NATIONAL PARKS—NOVA SCOTIA

Mr. Black (Cumberland):

1. How much was expended in the fiscal years ending March 31, 1948, 1949, 1950 and to date this year on (a) capital expenditures; (b) maintenance repairs and upkeep, on the Highlands national park in Nova Scotia?

2. Were tenders called for?

3. If so, who were the tenderers, and what was the amount of each tender?

4. To whom were contracts let, what was the amount of each, and were they let on fixed prices?

5. What has been the total cost under each contract in each year, and what amounts were paid each contractor?

Mr. Maybank:

1.

For the fiscal year ending March 31	Capital expenditure	Maintenance repairs and upkeep
1948	Nil	$105,372.84
1949	$590,506.32	137,657.14
1950	542,466.29	154,162.18
This fiscal year to date	854,724.72	139,343.33

2. Yes, except for work carried out by departmental employees.

3. (a) For the fiscal year ended March 31, 1949, the tenderers were:

(i) for highway and bridge construction: the Tidewater Construction Company, the Breton Construction Company and the Fundy Construction Company.

Contracts were on a cost plus fixed fee basis: awards were based upon rates for renting equipment and the amount of the fixed fee;

(ii) for other construction, namely an R.C.M.P. barracks:

J. W. Stephens Limited, Sydney, $33,581; Granby Construction Company, Sydney, $32,994; R. F. Peach, Glace Bay, $30,630; M. R. Chappell, Sydney, $27,019.

(b) For the fiscal year ended March 31, 1950, the tenderers were:

(i) for highway and bridge construction: although tenders were invited the Fundy Construction Company was the only company that responded: tender did not give an over-all amount for the reason given in 3 (a) (i);

(ii) for other construction, namely low rental tourist cabins:

John C. McMillan Limited, North Sydney, $23,500; J. W. Stephens, Limited, Sydney, $24,590; Charles Thompson, North Sydney, $28,880.

(c) for the current fiscal year to January 1, 1951, the tenderers were:

(i) for highway and bridge construction, the Tidewater Construction Company, the Breton Construction Company, and the Fundy Construction Company: tenders did not give over-all amounts, for the reason given in 3 (a) (i);

(ii) for other construction, namely low rental tourist cabins and warden's cabin:

J. B. Morrison, Sydney, $47,620; M. R. Chappell, Sydney, $49,746; J. W. Stephens, Limited, Sydney, $51,775; McDonald and MacIsaac, Judique, $54,613; R. J. McDowell, Sydney, $59,000; J. C. McMillan, Limited, North Sydney, $61,920; McDonald Bros., Antigonish, $63,900; Gordon Donner, Halifax, $64,251.

4. (a) For the fiscal year ended March 31, 1949:

(i) for highway and bridge construction: the Fundy Construction Company on a basis per 3 (a) (i);

(ii) for other construction: M. R. Chappell, $27,019.

(b) for the fiscal year ended March 31, 1950:

(i) for highway and bridge construction, the Fundy Construction Company on basis per 3 (a) (i);

(ii) for other construction: John C. McMillan, $23,500.

(c) For the current fiscal year to January 1, 1951:

(i) for highway and bridge construction: the Fundy Construction Company on a basis per 3(a)(i);

(ii) for other construction: J. E. Morrison, $47,620.

5. (a) For the fiscal year ended March 31, 1949:

(i) for highway and bridge construction, $413,101; (ii) for other construction, $27,819.

(b) For the fiscal year ended March 31, 1950:

(i) for highway and bridge construction $467,234; (ii) for other construction, $23,500.

(c) For the current fiscal year to February 28, 1951:

(i) for highway and bridge construction, $803,992; (ii) for other construction, $36,839.

KOREA—CANADIAN ARMY SPECIAL FORCE—DEPENDENTS ALLOWANCES

Mr. Ferguson:

1. Are dependents, other than the wife, of members of the special volunteer forces for services abroad, in receipt of dependents allowance from the government?

2. If not, for what reason?

Mr. Campney:

1. No, except for children. If the soldier has a wife and child or children, allowances to the wife are increased by a flat rate of $15 per month regardless of the number of children. If there is no wife but the soldier has a dependent child or children in legal custody, or under his control, allowances are paid at the same rate.

2. When the new uniform pay schedules were established in 1946, the basis of payment was changed so as to provide officers and men with rates of pay and allowances which, taken together with the value of supplies issued and services provided, put them on a basis equivalent to men doing similar work in the leading industries. Provision for families living together was made by a subsistence allowance and provision for families which were not living in the same place was made by a separated marriage allowance. All this takes the place of the wartime dependents' allowance. With subsequent increases, the arrangement has been continued with the additional payment of $15 above mentioned. The scale of pay and allowances will be found in answer given in *House of Commons Debates,* volume 92, number 15, February 19, 1951, page 454.

SUBSIDIES OR OTHER GOVERNMENT ASSISTANCE

Mr. Kirk (Antigonish-Guysborough):

How much in subsidy or other government assistance has been paid each year from 1939-40 to 1949-50, in (a) Canada as a whole; (b) each province separately, on the following (i) cheese; (ii) cheese factory construction assistance; (iii) maple syrup; (iv) hogs; (v) freight assistance on coarse grain?

Mr. McCubbin:

PAYMENTS MADE BY THE DEPARTMENT OF AGRICULTURE ON SPECIFIED COMMODITIES FROM INCEPTION OF POLICIES, CANADA AND PROVINCES, 1939-40 TO 1949-50

Fiscal Year	Commodity	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
		Thousand dollars										
1939-40	Cheese—quality premium	598		2		1	80	508	4	*a*	*a*	3
	—factory improvement	46					3	43	*a*			
1940-41	Cheese—quality premium	1,055		1		2	185	844	11	1	6	5
	—factory improvement	82				*a*	17	63	*a*		1	*a*
	Maple production equipment	106					106					
1941-42	Cheese—quality premium	1,494		1		2	303	1,159	11	1	10	7
	—factory improvement	182		*a*		*a*	132	46			2	
	—cheese export	1,784*b*										
	Maple production equipment	12					12					
	Freight assistance on feed grain	4,485		57	329	296	1,623	1,809				371
1942-43	Cheese—quality premium	1,745		2		7	440	1,254	15	2	16	9
	—factory improvement	217					186	28			2	1
	Maple production equipment											
	Freight assistance on feed grain	10,243		285	1,026	718	4,000	3,194				1,020
1943-44	Cheese—quality premium	1,482		*a*		5	329	1,124	8	1	7	8
	—factory improvement	117		*a*			96	20				
	—milk for cheddar cheese	1,172		5		4	406	684	31	2	31	9
	Maple production equipment											
	Freight assistance on feed grain	17,716		454	1,376	1,022	5,892	7,394				1,578
	Hog premiums	3,855			63*b*		445	908	860	539	961	79
1944-45	Cheese—quality premium	1,602				8	444	1,123	8	1	10	8
	—factory improvement	46					28	17			1	
	—milk for cheddar cheese	4,162*c*		23	1	24	1,363	2,538	93	23	88	22
	Maple production equipment											
	Freight assistance on feed grain	15,955		313	1,343	1,007	5,962	5,621				1,709
	Hog premiums	14,091			257*b*		1,995	3,422	2,544	1,844	3,624	405
1945-46	Cheese—quality premium	1,659		1		9	404	1,217	6	1	13	8
	—factory improvement	28					2	25			1	
	—milk for cheddar cheese	4,156		20	*a*	29	1,401	2,562	85	12	78	11
	Maple production equipment	88					88					
	Freight assistance on feed grain	17,262		405	1,272	1,146	6,248	6,405				1,786
	Hog premiums	9,573			193*b*		1,518	3,089	1,284	922	2,183	384

1946–47	Cheese—quality premium	1,254		1		7	249	977	6	1	8	5
	—factory improvement	186					153	32			1	
	—milk for cheddar cheese	4,983		26	1	29	2,285	3,371	110	10	101	17
	Maple production equipment	194					194					
	Freight assistance on feed grain	18,945		458	1,518	1,298	7,072	6,515				2,084
	Hog premiums	4,506			88*b*		805	1,897	484	297	761	174
1947–48	Cheese—quality premium	919		*a*		1	99	801	5	*a*	8	4
	—factory improvement	139					35	101			3	
	—milk for cheddar cheese	267		*a*		2	39	195	14	*a*	16	2
	Maple production equipment	203					203					
	Freight assistance on feed grain	20,094		423	1,364	1,254	7,390	7,544				2,119
	Hog premiums	5,474			133*b*		1,156	2,259	527	339	850	210
1948–49	Cheese—quality premium	784		1		1	68	699	5	*a*	8	2
	—factory improvement	138					4	133				1
	Maple production equipment	360					360					
	Freight assistance on feed grain	17,555		398	1,446	1,056	6,745	6,156				1,754
	Hog premiums	4,483			189*b*		1,126	1,796	348	182	647	195
1949–50	Cheese—quality premium	975		2		2	131	825	3	*a*	10	2
	—factory improvement	149					114	34	1			
	Maple production equipment	472					472					
	Freight assistance on feed grain	16,682	276	363	1,299	844	6,938	5,481				1,481
	Hog premiums	4,937			203*b*		1,211	2,111	381	183	622	226
	Total paid under each policy—											
	Cheese—quality premium	13,567		11		45	2,732	10,531	82	8	96	61
	—factory improvement	1,330					770	542	1		11	2
	—milk for cheddar cheese	14,740		74	2	88	5,494	9,350	333	47	314	61
	Maple production equipment	1,435					1,435					
	Freight assistance on feed grain	138,937	276	3,156	10,973	8,641	51,870	50,119				13,902
	Hog premiums	46,919			1,126*b*		8,256	15,482	6,428	4,306	9,648	1,673

a Less than $500.

b No provincial breakdown available.

c Refunds and adjustments of previous year's expenditure deducted from the total for all Canada only (as no provincial breakdown was available) are as follows:—1944–45, $13 thousand; 1945–46, $42 thousand; 1946–47, $967 thousand; total for all years, $1,022 thousand.

Questions

MANITOBA LABOUR FORCE

Mr. Knowles:

1. What is the number of persons comprising the labour force in the province of Manitoba?

2. What are the major classifications of occupations into which the labour force is divided in Manitoba?

3. How many are in each such classification?

Mr. Cote (Verdun-La Salle):

1. Based on data from the latest labour force survey of the dominion bureau of statistics, the estimated labour force of Manitoba at November 4, 1950, was 315,000.

2 and 3. The labour force survey of the dominion bureau of statistics is based on a one to two per cent representative sample of all households in Canada. While this sample provides reliable data on the occupational composition of the labour force for the whole of Canada, it is not designed to provide detailed data such as this for individual provinces.

Some information on the number of workers in various occupational groups in Manitoba can be obtained from the 1946 census of the prairie provinces. The following figures show the number of gainfully occupied persons in Manitoba by occupation according to the census:

Occupational Group	Number at June 1, 1946
Managerial	19,900
Professional	15,435
Clerical	26,946
Transportation	16,648
Communication	2,610
Commercial	14,527
Financial	1,524
Service	36,919
Agricultural	80,688
Fishing, logging and trapping	3,552
Mining	1,953
Manufacturing and mechanical	30,733
Light & power, stationary enginemen	2,127
Construction	12,457
Labourers (exc. agric., fish., log., mining)	11,772
Not stated	2,138
Total	279,929

These data are not directly comparable to those of the labour force survey. The main difference is based on the fact that in the census persons are classified according to their usual occupation in the preceding twelve months, while the quarterly labour force survey classifies individuals on the basis of what they were actually doing in the particular survey week.

[Mr. McCubbin.]

ASSISTANCE TO NOVA SCOTIA APPLE GROWERS

Mr. Kirk (Digby-Yarmouth):

In connection with payments made by the federal government to the Annapolis valley, Nova Scotia, apple growers:

1. What were the amounts paid towards the tree removal program in (a) 1947-48; (b) 1948-49; (c) 1949-50; (d) 1950-51, to date?

2. What other forms of direct assistance were given from April 1, 1940, to date, and what was the amount paid each year?

3. What was the total amount paid for all assistance from April 1, 1940, to date?

Mr. McCubbin:

1. 1947-48 ..... None
1948-49 ..... $1,500,000
1949-50 ..... None
1950-51 ..... None

2. Guarantee of minimum returns to producers by means of deficiency payments and by sharing the purchase price of apples sold to the United Kingdom.

1940-41	$ 951,290
1941-42	1,403,061
1942-43	1,888,457
1943-44	1,678,075
1944-45	1,183,165
1945-46	58,407
1946-47	757,358
1947-48	3,292,059
1948-49	1,443,809
1949-50	1,582,979

3. $16,201,620.

SHAUGHNESSY MILITARY HOSPITAL

Mr. MacInnis:

Who was the successful tenderer, and at what price, for each class of goods in the call for tenders by the Department of Veterans Affairs, No. Q.R. 2171, supplies for Shaughnessy military hospital?

Mr. Mutch:

Soap flakes, yellow: Kavanagh Soap Co., $6.19 (50 lb. bag).

Soap, yellow, 1 lb. bars: Kavanagh Soap Co., $6.85 (50 lb. case).

Soft soap: Western Soap Co., $5.00 (50 lb. drum).

FAMILY ALLOWANCES

Mr. Kirk (Antigonish-Guysborough):

1. How many families have received family allowances from beginning of payments to date, giving the number for each year (a) in Canada; (b) in each province?

2. How many children have received family allowances from beginning of payments to date, giving the number for each year (a) in Canada; (b) in each province?

3. What was the total amount paid out in family allowances from beginning of payments to date, amounts to be given for each year (a) in Canada; (b) in each province?

Mr. McCusker:

1.

NUMBER OF FAMILIES IN RECEIPT OF FAMILY ALLOWANCES

Provinces	As at 31 July 45	As at 31 March 46	As at 31 March 47	As at 31 March 48	As at 31 March 49	As at 31 March 50	As at 28 Feb. 51
Prince Edward Island	11,702	11,999	12,280	12,748	12,920	13,165	13,317
Nova Scotia	64,213	76,789	84,172	87,170	88,927	91,012	91,981
New Brunswick	54,036	58,933	65,071	68,510	70,610	72,410	72,722
Quebec	354,881	396,904	445,669	468,680	488,263	507,727	524,503
Ontario	384,921	456,219	526,400	555,658	575,961	603,847	625,499
Manitoba	80,106	87,252	97,698	99,954	101,917	105,611	108,159
Saskatchewan	97,444	106,067	112,625	114,613	115,170	116,917	118,141
Alberta	94,678	103,804	115,198	119,739	124,173	130,686	135,781
British Columbia	95,773	106,840	126,622	139,627	147,630	156,367	160,669
Yukon and Northwest Territories	553	1,344	2,721	3,245	3,579	3,833	4,008
Newfoundland	.....	.....	.....	.....	.....	50,694	51,466
Totals	1,238,307	1,406,151	1,588,456	1,669,944	1,729,150	1,852,269	1,906,246

[Mr. McCusker.]

2. NUMBER OF CHILDREN IN PAY

Provinces	As at 31 July 45	As at 31 March 46	As at 31 March 47	As at 31 March 48	As at 31 March 49	As at 31 March 50	As at 28 Feb. 51
Prince Edward Island	29,207	30,541	31,203	31,861	32,621	33,588	34,235
Nova Scotia	155,121	183,447	196,530	202,029	207,282	213,981	218,183
New Brunswick	143,152	156,961	168,114	175,390	181,921	188,593	191,591
Quebec	1,029,246	1,118,540	1,230,312	1,260,735	1,302,242	1,350,588	1,400,668
Ontario	798,725	937,982	1,051,206	1,096,779	1,140,778	1,204,558	1,260,917
Manitoba	169,686	184,692	203,681	207,544	211,752	220,862	227,707
Saskatchewan	232,966	248,319	255,424	257,611	258,370	261,623	264,372
Alberta	213,162	230,767	248,512	255,848	266,133	280,780	291,822
British Columbia	185,579	204,754	242,010	260,752	279,769	299,838	312,447
Yukon and Northwest Territories	Not available	3,097	6,070	7,023	7,785	8,281	8,758
Newfoundland	.....	.....	.....	.....	.....	139,571	144,569
Totals	2,956,844	3,299,100	3,633,062	3,755,572	3,888,653	4,202,263	4,355,269

3. TOTAL FAMILY ALLOWANCES PAID TO DATE

Provinces	July 45 to March 46	Fiscal year ended March 47	Fiscal year ended March 48	Fiscal year ended March 49	Fiscal year ended March 50	April 50 to February 51 inclusive	Totals
Prince Edward Island	1,620,561	2,194,372	2,257,561	2,296,604	2,412,613	2,261,022	13,042,733
Nova Scotia	9,547,995	13,416,762	14,252,586	14,541,859	15,303,166	14,352,780	81,415,148
New Brunswick	8,123,483	11,402,915	12,097,153	12,471,426	13,383,573	12,570,479	70,049,029
Quebec	57,978,816	82,614,860	87,630,726	89,478,061	96,084,580	91,210,197	504,997,240
Ontario	49,421,887	70,628,176	77,585,749	80,240,657	85,025,470	81,539,947	444,441,886
Manitoba	9,932,877	14,052,301	14,834,198	15,028,912	15,685,145	14,880,199	84,413,542
Saskatchewan	13,210,097	18,129,468	18,570,216	18,541,002	18,964,463	17,636,454	105,051,700
Alberta	12,300,428	17,186,896	18,225,052	18,723,691	19,842,615	19,030,318	105,309,000
British Columbia	10,719,729	15,743,010	18,037,675	19,383,427	20,848,799	20,117,870	104,850,510
Yukon and Northwest Territories	169,675	332,924	465,589	525,936	608,983	581,560	2,684,667
Newfoundland	.....	.....	.....	.....	9,752,377	9,357,475	19,109,852
Totals	173,025,458	245,701,684	263,956,505	271,321,575	297,911,784	283,538,301	1,535,365,307

Questions

EXPORTS OF MILK COWS AND HEIFERS

Mr. Poulin:

1. How many milk cows were exported to the United States during each of the years 1949 and 1950?

2. How many heifers, two years old or under, were exported to the said country during the same two years?

Mr. McIlraith:

	1949 Number	1950 Number
Dairy cattle, weighing 200 lbs. to 700 lbs. ..	199	584
Dairy cattle, weighing over 700 lbs.	46,845	46,459

No break-down is available by age groups.

NAILS

Mr. Fraser:

1. What was the total production of wire nails in Canada during (a) the year 1950; (b) the months of January and February, 1951?

2. Were any nails exported from Canada during (a) the year 1950; (b) the months of January and February, 1951?

3. If so, to what countries were they exported, and what quantity to each country?

4. Were any wire nails imported into Canada during (a) the year 1950; (b) the months of January and February, 1951?

5. If so, from what countries were these nails imported and what quantity from each country?

6. What was the total value of steel rods imported into Canada for the manufacturing of wire nails during (a) the year 1950; (b) the months of January and February, 1951?

Mr. McIlraith:

1. (a) and (b).

	1950 (Cal. Year) Net tons	1951 Jan. Net tons	Feb.
Production of:			Not
Steel wire nails	85,425	7,820	avail-
Aluminum nails	331	38	able

2. (a) and (b). Yes.

3.

	1950 (Cal. Year) Cwt.	1951 Jan. Cwt.	Feb.
Exports of wire nails			
Bermuda	20	—	
Jamaica	6	—	
Leeward and Windward Islands	58	—	Not
Cuba	5	—	
Portuguese Africa	—	100	avail-
St. Pierre	12	—	
Surinam	12	—	able
The Netherlands Antilles	2	2	
United States	365	1	
Totals	480	103	

3. (Conc.)

	1950 (Cal. Year) Cwt.	1951 Jan. Cwt.	Feb.
Exports of other nails			
Union of South Africa	4	12	
Bermuda	10	—	
Leeward and Windward Islands	21	10	
Belgian Congo	2	—	
Colombia	5	200	Not
Cuba	53	—	
Dominican republic	350	—	avail-
St. Pierre	32	1	
Guatemala	20	—	able
Israel	—	3	
The Netherlands Antilles	3	—	
Venezuela	368	—	
United States	230	4	
Totals	1,098	230	

4. (a) and (b). Yes.

5. Imports of wire roofing nails of all sizes and wire nails 1 inch or more in length*.

	1950 (Cal. Year) Cwt.	1951 Jan. Cwt.	Feb.
United Kingdom	18,758	2,463	
Austria	2,100	483	Not
Belgium	1,440	—	
Germany	5,032	1,323	avail-
Japan	6,146	100	
The Netherlands	345	359	able
Poland	2,210	—	
United States	33,368	4,079	
Totals	69,399	8,807	

*Information not available for wire nails less than one inch in length.

6. Information not available. Not separately classified in trade statistics.

NEWFOUNDLAND—GEOLOGICAL SURVEYS

Mr. Higgins:

What geological investigation has been done in the province of Newfoundland since the date of union?

Mr. Prudham: In 1949 the geological survey had four field parties in Newfoundland, distributed as follows: one on the Avalon peninsula; one on Bonavista bay; one at the head of Fortune bay; one on Notre Dame bay.

In 1950 the geological survey had four field parties in Newfoundland, distributed as

follows: one on the Avalon peninsula; two on Notre Dame bay; one party for one month in Bonavista bay and for three months on the coast of Labrador.

Since union, the following results have been attained:

Standard one-mile geological maps completed	6
(a standard one-mile sheet is 15 minutes of latitude by 30 minutes of longitude)	
Non-standard one-mile geological maps completed	2
Non-standard one-mile geological maps published (preliminary)	2
Standard one-mile geological maps being drafted for publication	2
Non-standard one-mile geological maps being edited for drafting	1
Non-standard one-mile geological maps being drafted for publication	2
Standard four-mile half-sheets, geological completed	2
(a standard four-mile half-sheet is one degree by one degree)	
Standard four-mile half-sheets published (preliminary)	2
Reports published (all maps are accompanied by full descriptive notes where no report is published)	2
Reports in process of publication	2

MARKETING OF COARSE GRAINS

Mr. Sinnott:

1. How much (a) rye; (b) oats; (c) flax, was marketed during each of the months of September, October, November, December, 1950, and January, February and March, 1951?

2. What percentage of these grains was marketed at November 30, 1950?

Mr. McIlraith:

1. Marketings of grain in the prairie provinces:

	Oats bus.	Rye bus.	Flax bus.
Sept., 1950..	11,049,283	3,299,273	104,016
October ...	14,303,434	717,626	523,642
November ..	15,976,115	581,291	1,805,232
December ..	9,911,694	266,374	182,721
Jan., 1951 ..	6,245,964	208,560	80,739
February ..	2,638,244	76,445	83,373
March 1-8 *	1,615,307	60,765	21,508
Totals ..	61,740,041	5,210,334	2,801,231

* Latest data available.

2. September-November marketings as a percentage of marketings from September 1 to March 8: Oats, 66·9 per cent; rye, 88·3 per cent; flax, 86·9 per cent.

Questions

GREECE AND ROUMANIA—INDEBTEDNESS TO CANADA

Mr. Thatcher:

1. What is the outstanding debt owed to Canada by (a) Greece; (b) Roumania?

2. What proportion of these amounts have been outstanding since the first world war?

3. When was the last payment made by each of these countries?

4. Has the government requested payment in recent years?

5. Has the government considered the recommendation made by the public accounts committee, June 22, 1950, that the Consolidated Revenue and Audit Act should be amended to authorize the writing off of uncollectable debts that have accumulated up to 1940 in the government accounts?

6. If so, have any been written off?

Mr. Sinclair:

1 and 2. By agreement dated March 21, 1919, Canada made advances to Greece in the amount of $7,521,300.67, to facilitate the purchase in Canada by the government and citizens of Greece of goods produced in Canada. In 1923 the principal amount together with unpaid interest were consolidated and 5 per cent debentures in the principal amount of $8 million were issued to the government of Canada. The amount of these debentures presently outstanding is $6,525,000.

By agreement dated March 6, 1919, Canada made advances to Roumania in the amount of $20,449,083.94, to facilitate the purchase in Canada by the government and citizens of Roumania of goods produced in Canada. In 1922 Roumania made a consolidation of its external debt. At that time Canada received $23,969,720 4 per cent consolidation loan bonds due April 1, 1968 representing the principal amount of the advances together with unpaid interest.

The government of Canada received in 1938, consolidation (funding) loan bonds in the principal amount of 5,662,792.50 fcs, ($359,542.40) payable in gold, representing 75 per cent of the amount of interest due on October 1, 1933, on the Roumanian government consolidation loan bonds, not paid in cash. The amount of the bonds of these two issues presently held by Canada is $24,329,262.40.

3. Greece—principal and interest, June 30, 1931.

Roumania—47 per cent of the interest due October 1, 1939.

4. No.

5 and 6. In the speech from the throne it was stated that parliament would be asked to consider a complete revision of the Consolidated Revenue and Audit Act. Details of the proposed legislation will be available to members of the House of Commons when the bill is introduced in the normal course of business.

Questions

PARLIAMENT BUILDINGS—EAST BLOCK—
ALTERATIONS OR REPAIRS

Mr. McGregor:

1. Were any alterations or repairs done to the east block of the parliament buildings since 1949?
2. If so, were tenders called for this work?
3. Who were the successful contractors?
4. What work did each of these contractors do?
5. How much did each of them receive for his work?
6. Has the work in the east block been completed?
7. If not, what work remains to be done?
8. Has the work which has been done reduced the fire hazard?

Mr. Fournier (Hull):

1. Yes.

2. No.

3. Doran Construction Company.

4. The Doran Construction Company did general masonry work, carpentry work, sheet metal work, plastering, painting and glazing, electrical work, and plumbing, heating and ventilation improvements.

5. The Doran Construction Company was paid $788,134.19 to March 10, 1951.

6. No.

7. Elevator shaftways, new elevator cars, fireproofing stairways, fire-escapes to court area, improvements to entrances and sprinkler system.

8. Yes.

POULTRY—NEWCASTLE DISEASE—
DOYLE-WRIGHT VACCINE

Mr. Mott:

In connection with the federal policy of free distribution of the Doyle-Wright vaccine for Newcastle disease:

1. When was the vaccine made available in British Columbia?
2. What special veterinary staff was sent to British Columbia in this connection?
3. How has its availability been made known to poultrymen?
4. How many birds have been treated to date?
5. What percentage is this of estimated birds that should be treated to provide protection?

Mr. McCubbin:

1. Vaccine was made available week of February 17, 1951.

2. One senior veterinarian from Ottawa. In addition, three poultry inspectors from the prairie provinces and four from British Columbia were especially trained and have been made available to work under direction of the district veterinarian and thereby supplement the staff in British Columbia.

3. Through the press and various poultry associations and British Columbia poultry industries council.

4. 155,307 as at March 10, 1951.

5. 7·76 per cent.

[Mr. Sinclair.]

BROOKS, ALTA., PUBLIC BUILDING SITE

Mr. Wylie:

1. How many lots were purchased in the town of Brooks for the site of the dominion government public building?
2. What is the size of the lots?
3. From whom were the lots purchased, and what amount was paid in each case?

Mr. Fournier (Hull):

1. No lots were purchased, but four were expropriated.

2. Each lot is 26' x 130'.

3. Lots Nos. 1 and 2, (a), Ingram Bros.; lot No. 3, (a), town of Brooks; lot No. 4, (a), Justin M. Calwait; (b), no settlement yet made.

NEWFOUNDLAND AND QUEBEC BOUNDARIES

Mr. Higgins:

1. Was any work done in 1950 on defining the boundaries between the province of Newfoundand and the province of Quebec?
2. If so, what work?

Mr. Prudham:

1. No.

2. None.

NEWFOUNDLAND—MAGNETOMETRIC SURVEYS

Mr. Higgins:

1. Does the Department of Mines and Technical Surveys do magnetometric surveys?
2. If so, was any request for this service made by the province of Newfoundland at any time since the date of union?

Mr. Prudham:

1. Yes.

2. Yes.

COUNT JACQUES DE BERNONVILLE

Mr. Courtemanche:

1. Has the Canadian government received a request from the government of France for the extradition of Count de Bernonville?
2. If so, what action has been taken?

Mr. Pearson:

1. No.

2. Not applicable.

NEWFOUNDLAND AND LABRADOR COASTS—
SOUNDINGS AND CHARTINGS

Mr. Higgins:

What sounding and chartings were done on the Newfoundland and Labrador coasts in 1950?

Mr. Prudham: Sounding and hydrographic charting surveys were carried out in the province of Newfoundland and Labrador, in 1950, at the following places:

Bell island, Conception bay; St. John's harbour; Cape Race; Botwood; Lewisporte; Hare bay; Ariege bay; How harbour; Cremaillere harbour; Goose cove; Great Islets

harbour; St. Julien harbour; Spring Inlet; Maiden Arm; Battle harbour, Labrador; Hopedale, Labrador.

PRAIRIE PROVINCES—PURCHASE OF TRACTORS IN UNITED STATES

Mr. Sinnott:

1. How many tractors were purchased in each of the provinces of Manitoba, Saskatchewan and Alberta, from the United States during the year 1950?

2. What was the total amount of such purchases?

Mr. McIlraith:

1 and 2. Not available.

Imports of tractors from the United States entered at customs ports in the provinces of Manitoba, Saskatchewan and Alberta during the calendar year 1950 were as follows:

	Number	Value
		$
Manitoba	7,264	11,288,155
Saskatchewan	9,608	16,148,315
Alberta	8,298	15,304,182

Note: Imports into a particular province are not necessarily sold in that province.

PARLIAMENT BUILDINGS—EAST BLOCK—REPAIRS TO ROOF

Mr. McGregor:

1. Was any work done to the roof of the east block of the parliament buildings since 1949?

2. If so, what has been done to the roof?

3. Were tenders called for this work?

4. If so, who was the successful contractor?

5. Did the contractor agree to do the work in a certain time?

6. If so, has he fulfilled his agreement?

7. Has he completed the job?

8. If not, when does he expect to complete the job?

9. What has the job cost?

10. If not completed, what is the estimated cost to complete the job?

11. What material is being used to cover the roof?

Mr. Fournier (Hull):

1. Yes.

2. The old slate roof was removed, woodwork repaired and a new copper roof was applied over the repaired area.

3. No; work is part of the Doran Construction Company contract.

4. Answered by No. 3.

5. No.

6. Answered by No. 5.

7. No.

8. The end of June, 1951.

9. $56,643.47.

10. $33,143.58.

11. Copper.

80709—89½

Questions

NATIONAL REGISTRATION

Mr. Fulton:

1. Is a preliminary investigation now being carried out on the question of whether or not there should be a national registration, following the report of the national advisory council on manpower?

2. If so, who is conducting the investigation, of what does it consist, and what progress has been made to date?

Mr. Cote (Verdun-La Salle): The Department of Labour has under study all aspects of the question of national registration in relation to the most effective utilization of the present and potential Canadian working force in the national interest. It is planned that the results of these studies as available from time to time will be placed before the national advisory council on manpower for consideration at future meetings of the council.

PRAIRIE PROVINCES—PURCHASE OF TRACTORS IN EASTERN CANADA

Mr. Sinnott:

1. How many tractors were purchased in each of the provinces of Manitoba, Saskatchewan and Alberta, from eastern Canada, during the year 1950?

2. What was the total amount of such purchases?

Mr. McIlraith:

1 and 2. Not available.

Total sales of farm and garden tractors in the prairie provinces during 1949 (latest available) were as follows:

	Number	Value
		$
Farm tractors	36,006	65,495,176
Garden tractors ..	1,535	290,708

Break-downs by geographic source or individual provinces are not available.

FREIGHT RATES—FEED GRAINS—BRITISH COLUMBIA

Mr. Mott:

What is the total subvention paid on the movement of feed grains to British Columbia for each year since its inception under the federal freight assistance provision?

Mr. McCubbin:

1941-1942 (Nov. 1 to Mar. 31).	$ 371,061.65
1942-43	1,019,538.43
1943-44	1,577,976.41
1944-45	1,708,936.70
1945-46	1,786,338.94
1946-47	2,083,980.74
1947-48	2,118,683.46
1948-49	1,753,757.02
1949-50	1,481,194.65
1950-51 (April 1 to Jan. 31)..	912,542.87
Grand total	$14,814,010.87

Orders for Returns

FREIGHT RATES—FEED GRAINS—PROVINCE OF QUEBEC

Mr. Boisvert:

1. What quantities of feed grains were bought by the farmers of the province of Quebec for each of the years 1945, 1946, 1947, 1948, 1949 and 1950?

2. What was the amount of money paid by the Canadian government as freight assistance on western feed grains to the farmers of the province of Quebec for each of the years 1945, 1946, 1947, 1948, 1949 and 1950?

Mr. McCubbin:

1. No figures available to show quantities of feed grains bought by the farmers of the province of Quebec during the years 1945, 1946, 1947, 1948, 1949 and 1950.

2. The Canadian government paid as freight assistance on the movement of western feed grains to the farmers of the province of Quebec:

Fiscal Year	Tonnage moved	Amount paid
1945-46	1,170,281 Tons	$ 6,247,662.15
1946-47	1,326,924 "	7,072,504.92
1947-48	1,389,173 "	7,390,400.36
1948-49	1,053,410 "	6,744,934.18
1949-50	987,505 "	6,937,544.15
1950-51 (Apr. 1 to Jan. 31) ..	743,592 "	5,549,553.86
Totals for the period ..	6,670,885 "	$39,942,599.62

QUESTIONS PASSED AS ORDERS FOR RETURNS

OLD AGE PENSIONS

Mr. Hodgson:

1. Were any properties of old age pensioners taken over by the government in 1950?

2. If so, what amount of money was acquired by the government in this connection, by provinces?

3. How much money was paid to old age pensioners during the year 1950, by provinces?

TRAVEL BUREAU—ADVERTISING

Mr. Murphy:

1. What was the estimated tourist revenue for Canada in the year 1950?

2. Of the amount spent for advertising by the Canadian government travel bureau during the year 1950, how much was spent in (a) Canada; (b) the United States?

3. What advertising concerns were engaged?

4. How was the money spent by each of them?

5. What magazines and papers were used for advertising in both Canada and the United States?

6. What films were used in the United States to promote our tourist industry, and in what places was each film shown?

7. Were such films shown in Canada? If so, where?

8. Does the travel bureau have offices in the United States to promote the tourist industry?

9. If so, where, and how many persons are employed in each office?

Mr. Maybank: Return tabled.

[Mr. McCubbin.]

NORTH ATLANTIC TREATY—GIFTS MADE AND RECEIVED BY CANADA

Mr. Pouliot:

1. Since September 1, 1939, what gifts have been made by Canada to (a) each of the countries signatories to the Atlantic treaty, before and after the signing of the said treaty; (b) each of the other countries of the world?

2. Since the same date, what gifts have been received by Canada from (a) each of the countries signatories to the Atlantic treaty, before and after the signing of the said treaty; (b) each of the other countries of the world?

3. What was the amount or value in Canadian dollars of each gift mentioned in the two preceding questions?

CABANO, QUE., FIRE—DEVASTATION OF B.C. ORCHARDS

Mr. Fulton:

1. What was the total actual cost (or if not known, the estimated cost) of repairing the damage done by the fire at Cabano, province of Quebec, in 1950?

2. Did the provincial or local authorities request a contribution from the federal treasury towards the relief of this disaster? If so, how much?

3. What was the amount actually contributed from the federal treasury in this case?

4. What was the estimate of the cost of rehabilitating the orchards of British Columbia devastated by the winter of 1949-50?

5. Did the provincial authorities request a contribution from the federal treasury towards the relief of this disaster? If so, how much?

6. What was the amount actually contributed from the federal treasury in this case?

MOTIONS FOR PAPERS

WHEAT—AGREEMENT WITH UNITED KINGDOM

Mr. Coldwell:

For a copy of all letters, telegrams, memoranda, or other documents between any minister, department, official, or the government of Canada and any minister, department, official or His Majesty's government of the United Kingdom, relating to the final settlement of the four-year agreement, 1946, for the sale and purchase of Canadian wheat, including correspondence, and other documents relating to the price agreed to be paid during the last two years of the agreement.

He said: As arranged, I am prepared to withdraw the motion, now that the documents have been filed.

Mr. Speaker: Dropped.

BROOKS, ALTA., PUBLIC BUILDING SITE

Mr. Wylie:

For a copy of all letters, telegrams, memoranda and other documents exchanged during the past year between any person or persons and the Department of Public Works, relating to the location and purchase of various lots in the town of Brooks, Alberta, to be used as a site for a dominion government public building.

NATIONAL COUNCIL ON PHYSICAL FITNESS

Mr. Noseworthy:

For (1) a copy of any suggested amendments to the National Physical Fitness Act submitted by the

national council on physical fitness, since 1943, to the Department of National Health and Welfare; (2) a copy of any recommendations made, since 1943, by the national council on physical fitness to the Department of National Health and Welfare in regard to expenditure of funds for carrying out the purpose of the act; (3) a copy of all correspondence, legal or otherwise, exchanged since 1943, between the national council on physical fitness and the Prime Minister and/or the Minister of National Health and Welfare regarding the status of the council as an executive body.

FEDERAL ASSISTANCE TO B.C. FRUIT GROWERS

Mr. Herridge:

For a copy of all correspondence and telegrams exchanged between the government of British Columbia, or any minister or department thereof, and the federal government, or any minister or department thereof, in reference to the question of federal assistance to certain British Columbia fruit growers, whose trees were destroyed by frost during the winter of 1949-1950.

Mr. St. Laurent: Subject to the usual reservation with respect to obtaining the consent of the government of British Columbia.

VETERANS AFFAIRS—NEW BRUNSWICK HOSPITALS—SUPPLY OF COAL

Mr. Brooks:

For a copy of all tenders submitted under quotation requests Nos. 3331, 3333, 3417 and 3418, Department of Veterans Affairs, for the supply of coal to Lancaster military hospital and Ridgewood hospital, New Brunswick.

LEDUC, ALTA., PUBLIC BUILDING SITE

Mr. Thomas:

For a copy of all correspondence, telegrams, reports and other documents exchanged between the Department of Public Works and any person or persons, during the past two years, relating to the purchase of a site for a public building in the town of Leduc, Alberta.

NORTHWEST COVE, N.S., BREAKWATER

Mr. Nowlan:

For a copy of all payrolls, time sheets and other documents relating to labour employed, together with invoices and vouchers for material purchased in connection with moneys expended by the Department of Public Works at the Northwest Cove breakwater at Tancook island, Lunenburg county, Nova Scotia, during the calendar year 1950.

CHINA

REPORTED ARREST OF FIVE MISSIONARY SISTERS BY CHINESE COMMUNISTS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he is in a position to say what steps are being taken by the Canadian government in the light of the reported arrest by the present government of China of five missionary sisters under obviously trumped-up charges?

Inquiries of the Ministry

Hon. L. B. Pearson (Secretary of State for External Affairs): This information has been brought to our attention and we are taking what steps we can to inquire into the basis of it. On the face of it it would appear that the charges have been made for communist propaganda purposes of a kind with which we have become all too familiar in recent years.

INQUIRY FOR RETURN

STRAIT OF CANSO BRIDGE—INQUIRY AS TO CONSENT OF PROVINCE FOR PRODUCTION OF PAPERS

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): I should like to direct a question to the Minister of Transport. No notice is necessary. Has the Department of Transport requested the consent of the government of Nova Scotia to the bringing down of the return moved in this house on February 26 relating to the Canso project?

Hon. Lionel Chevrier (Minister of Transport): The answer is yes.

Mr. Gillis: No answer has been received?

Mr. Chevrier: Not at this date.

OLD AGE PENSIONS

CORRESPONDENCE WITH PROVINCES—INQUIRY AS TO PROGRESS IN REACHING AGREEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask the Minister of Justice whether he has done any of the long-distance telephoning that he offered to do in his letter to the provincial premiers of February 28. If so, can he advise the house as to what progress is being made in reaching an agreement with respect to the new old age pension program?

Hon. Stuart S. Garson (Minister of Justice): If my hon. friend will read that letter carefully he will see that the long-distance telephoning in question was to be done after we had received replies to this letter of February 28 to the various provincial premiers, and after we had endeavoured to reconcile any divergence of opinion that might be expressed in those replies. We have now received replies from eight of the provinces, but I have not as yet, unless they came in this morning, received a reply from Manitoba or Saskatchewan. Until we receive those and endeavour to reconcile them, there will be no occasion for the long-distance telephone calls, because such telephoning will be done for the purpose of reconciling any residual difference of opinion, which has not as yet emerged.

Inquiries of the Ministry

Mr. Knowles: May I ask a supplementary question? Had not these two provinces indicated their stand before this letter was written?

Mr. Garson: Yes; they had indicated their stand before this letter of February 28 was written; but this letter dealt with viewpoints expressed by at least four of the other provinces, and resulted in new drafts of these constitutional amendments upon which we sought to get the views of the various premiers in the form of replies to my letter of February 28 to which my hon. friend is referring.

Mr. Coldwell: If there is anything further to report, will the minister bring us up to date before we rise on Wednesday?

Mr. Garson: Yes, indeed.

Mr. Pouliot: May I ask the minister what provinces have not answered yet, in addition to Saskatchewan?

Mr. Garson: Manitoba.

Mr. Knowles: Both of them answered favourably long ago.

LAKE ONTARIO

STORM DAMAGE—REQUEST FOR ASSISTANCE OF HAMILTON HARBOUR COMMISSION

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to ask a question or make a request of the Minister of Public Works. The information upon which I am basing this request has just been received; I have not given the minister notice, and do not expect an answer now, but would ask him to take it as notice. I have been informed that buildings at Van Wagner's beach, near Hamilton, are being washed away by a storm which is raging on lake Ontario. I would ask the minister if it might be possible to instruct the Hamilton harbour commission to give whatever assistance it can in this emergency.

Hon. Alphonse Fournier (Minister of Public Works): As the hon. gentleman mentioned, I am not aware of these facts. I shall inquire into them and give the hon. member an answer as soon as possible.

HOCKEY

WINNING OF WORLD CHAMPIONSHIP BY LETHBRIDGE MAPLE LEAFS

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I rise on a question of privilege. Your Honour will desire to know, I believe, that Canada, on the night of March 17, at Paris, France, retained the amateur hockey championship of the world, won for her last year by the Edmonton Mercurys of Alberta. The team which played for Canada this year was the Lethbridge Maple Leafs, also of Alberta, all Lethbridge boys, supported by Dinny Flanagan, Mickey Roth and Billy Flick, hailing from Stratford, Ontario. These latter boys, having played this season with the Kitchener-Waterloo team, were flown to Paris after their 1951 play-offs by the Canadian amateur hockey association, to help the Leafs win and to be on hand in case of injuries.

The names of the Lethbridge Maple Leafs are: Dick Gray, formerly of Medicine Hat, coach and defence player; Mallie Hughes; Carl Sorokoski; Don Vogan; Jim Malacko; Whitey Rimsted; Bill Gibson; Hector Negrello; Don MacLean; Stan Obodiak; Tom Wood; Bill Chandler; Lou Siray; Nap Milroy; Bert Knibbs.

Many of the players are married and the fathers of children. During their absence the salaries of the members of the team are being paid by the people of Lethbridge, who donated $10,000 in a drive to help make the trip a possibility.

Lethbridge invites all Canadians to be glad with her that reports convey that her boys, chosen and commissioned to represent Canada, have been: first, gentlemen on and off the ice; second, ambassadors of good will to all they met; third, a team genuinely great; fourth, an attraction of the first order, playing to over 250,000 people in their lengthy tour of Europe and frequently drawing crowds of 15,000 and more; fifth, an honour to their country in this additional respect, that in their tour they won the last 29 games. Then in the play-off they defeated Finland, 11-1; Norway, 8-0; Britain, 17-1; United States, 16-2; Switzerland, 5-1 and Sweden, 5-1.

This, I am told, is the thirteenth such title won for Canada since 1924. Will you join with me, Mr. Speaker, in congratulating Alberta, the fine young city of Lethbridge, and the Lethbridge Maple Leafs?

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

INTERIM SUPPLY

Mr. Abbott moved:

Resolved, that a sum not exceeding $413,758,902.33, being one-sixth of the amount of each of the several items to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1952, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $1,644,656.25, being three-quarters of the

amount of items 62, 121, 204, 470, a sum not exceeding $4,040,634.67, being one-third of the amount of items 39, 456, 463, a sum not exceeding $536,759.17, being one-sixth of the amount of items 88, 566, 206, 209, 210, and a sum not exceeding $1,322,403.33, being one-twelfth of items 86, 386, 395, 398, 401, 411, 412, 415, 417, 420, 451, 458, 460, 495, of the said estimates, be granted to His Majesty on account of the fiscal year ending March 31, 1952.

He said: Mr. Chairman, the bill to be founded on this resolution is in exactly the same form as the bill we passed about this time last year.

It will provide one-sixth, that is to say two months, of all the items to be voted in the main estimates for the fiscal year 1951-52.

It will provide an additional three-quarters of four special items to provide for services on which the whole or greater part of the charges will come for payment within the first few months of the year.

It will provide an additional one-third of three special items to provide for services coming for payment within the first few months of the year but which do not require as great a proportion as the items to which I have just referred.

It will provide an additional one-sixth of five special items of which two are required to meet early in the year requirements of external affairs officers abroad, and three to cover the sessional expenses of the Senate and House of Commons, on which, as hon. members of the committee are aware, the heaviest charges come early in the year.

It will provide an additional one-twelfth of fourteen special items, mainly of a seasonal nature, connected with the experimental farms and so on, where heavier than normal proportions are required to get activities under way in the early part of the year.

The general proportion of one-sixth for all services is intended to provide for all necessary ordinary requirements to the end of May. The additional proportions requested for certain special items, as I have indicated, are necessary because of the seasonal and sessional services affected, such as the sessional expenses of the Senate and the House of Commons, seasonal expenses of the Department of Resources and Development, early-in-the-year requirements of external affairs and trade of commerce for their offices abroad, and other services involving total commitments coming for payment in the first few months of the year.

In no instance is the total amount of any item being released. The form of the bill is exactly the same as the bill I introduced last year at about this time, and the several items are approximately the same as well. I give the usual undertaking that the passing of this bill will not prejudice the rights and privileges of hon. members to criticize and discuss any item in the estimates which will come up for consideration from time to time during the balance of the session.

Mr. Drew: In view of the statement that has been made by the Minister of Finance perhaps it is hardly necessary to add anything; but so there may be no doubt about it, approval of this motion does not imply acceptance of the contents of any of the items to which this resolution refers. It simply follows the established practice of making the necessary amount available to carry on the business of government until the accounts can be fully examined.

Mr. Abbott: That is correct.

Mr. Gillis: In the past it has been the practice of the government to give financial assistance in the marketing of feed grains across the country. Last year I believe about $18 million was spent for this purpose. I notice that in the regular estimates there is an amount of $4 million allotted, but there is nothing in the supplementaries. I should like to find out from the minister if it is the intention of the government to discontinue the feed grain subsidy, and if not, can he so assure the committee?

Mr. Abbott: The estimates, Mr. Chairman, are in exactly the same form as they have been for several years past in so far as this item is concerned—freight assistance on western feed grain. It has been the practice to include in the main estimates an amount sufficient to pay this assistance until the end of the current crop year. The crop year, I understand ends about the end of July, and our fiscal year ends on March 31. We now have in last year's estimates an amount sufficient to carry it until the end of this month. The main estimates now before the committee provide for the continuance of feed grain assistance until July 31, the end of the crop year.

As has been the case in previous years, during the period between now and the time the main supplementaries are brought down, usually in June, the question as to the continuation of this assistance in the same or some other form will be considered. In past years, an amount sufficient to continue the freight assistance has been included in those supplementaries. As my hon. friend has pointed out, it amounts to between $18 million and $20 million to cover a full year. No consideration has yet been given as to what policy shall be followed with respect to the period after July 31. That will be brought, of course, before the house when the main

supplementaries are tabled, late in May or early June. Does that answer my hon. friend's question?

Mr. Gillis: No, not exactly. I did have unofficial assurance that it was not the intention of the government to discontinue the feed grain subsidy. There has been a lot of anxiety among farm organizations, in maritime organizations particularly, concerning not only feed grains but fertilizer which was also subsidized. In view of that anxiety, and certain statements that have been made in the press, can the minister not give the assurance that it is not the intention of the government to discontinue the feed grain subsidy? I would interpret his statement to mean that at least the present arrangement will carry on until the end of July, but that there has been no decision whether it will be continued beyond that date. That sort of statement is likely to convince those who are anxious about the present arrangement that there is some doubt whether the feed grain subsidy is to be continued. It certainly leaves a doubt in the minds of those who may read that statement.

Mr. Abbott: The situation is exactly the same as it has been in past years. The doubt may have arisen by reason of the fact that in this year's estimates, following a suggestion by the public accounts committee, a great deal more detailed information has been included. It is pointed out that the $4 million for this year is approximately the same as the amount in the estimates for last year, and it covers only the time up to the end of the current crop year. It is not customary to forecast government policy in advance of final decision.

I do not think I should add anything to the statement I made a moment ago. We are following the same practice as has been followed in prior estimates for several years. The reason why the small amount is included now is that the crop year overlaps the fiscal year.

Mr. Coldwell: I do not want to be out of order when the further supplementary estimates are before the house; consequently I am taking this opportunity of drawing the attention of the government, particularly of the Minister of Agriculture and the Minister of Finance, to a situation to which I referred just a year ago. In 1944 we appropriated $200 million for the support of agricultural prices other than wheat. This year I have again received, from the same person who wrote to me last year, a complaint about the lack of support for the potato growers of Prince Edward Island.

The minister will recall that last year I referred to a complaint from O'Leary railroad station in Prince Edward Island. Within the past few days the gentleman who wrote to me from there last year has written to me from Toronto. He says that he is in Toronto because the price received for his potatoes this year has been so low that he has had to move there to try to earn a little money to carry on his farming operations in Prince Edward Island. With his letter he enclosed his receipts for potatoes sold. I find that, between January 10 and February 22 of this year, the range of prices he received for his potatoes, before paying four cents a bushel for trucking, was 45 cents per bushel at the highest point and 40 cents per bushel at the lowest—that is for No. 1 Canadian table potatoes.

It seems to me that there is ground for complaint on the part of the potato growers of Prince Edward Island, and the other maritime provinces. I would draw attention to the fact that the appropriation which we thought was going to be used for the support of such agricultural prices has not been used to the extent that the house expected. As a matter of fact, in 1949, immediately before the general election, money from the agricultural price support appropriation was used, and that winter this man received an average of 69 cents a bushel. As I have said, within the last few months he received 40 to 45 cents per bushel, less the four cents for trucking, which brings it down to 36 and 41 cents respectively. I believe every hon. member will agree, without going closely into costs of production—and we know that they are not low for that type of produce in Prince Edward Island, because of the cost of fertilizer and so on—that those prices do not return to the producer a reasonable amount to enable him to live in the way we expect the producers of agricultural products to live in this country.

I am seizing this opportunity to bring this matter to the attention of the Minister of Agriculture, the Minister of Finance, indeed the government as a whole, to the end that some support may be given to these potato growers in the maritime provinces to enable them to continue to produce and to have a decent standard of living. After all, in the maritime provinces potatoes are an important agricultural product.

Mr. Fraser: Mr. Chairman, I suggest that in addition to support the potato growers need protection. Today United States potatoes are being served in the parliamentary restaurant. These people are not getting any protection at all.

Mr. Gardiner: The question which has just been brought forward is one which has been under discussion continually throughout this season. Arrangements have been made from time to time which have been helpful, but have not brought a final solution of the problem involved. About a week ago the minister of agriculture of the province of New Brunswick telephoned me to know whether or not we would be willing to receive a delegation which would present to the government the problems of the maritime potato growers. That delegation is here today. I have been discussing potatoes all forenoon with this delegation from the maritime provinces.

Mr. Fraser: Can you see eye to eye?

Mr. Gardiner: They are here this afternoon, as a matter of fact, meeting with a committee over in the agriculture department; and they are trying to work out some plan which may be of some assistance. I shall have a report, I expect, some time later in the day, or if not today, tomorrow morning, on the discussions which are now going on.

There are about 4,000 cars of potatoes unsold of this year's crop. That is not a quantity which is great as compared with other years. But the chief difficulty this year is that the potato price is very much lower in the United States than it was last year, or had been for some years previously, and when the double duty is applied at the end of the quota there is some doubt whether there is any market left in the United States for a considerable quantity of the potatoes, indeed probably for any of them. Under these circumstances it may be necessary to try to arrange some plan under which all the surplus can be converted into starch, or sold on the market in other parts of Canada as table potatoes. In any case, that is under consideration.

Mr. Coldwell: This condition has existed for some time. The house appropriated $200 million for support of such agricultural products, and apparently the support has not been given.

Mr. Gardiner: There was support given earlier in the year, but it was to assist in marketing the potatoes in Europe. These markets did not develop, for reasons which I shall be in a better position to discuss when we get to the appropriate item in the estimates.

Mr. Hatfield: I should like to draw to the attention of the minister the fact that the hon. member for Rosetown-Biggar says that the price received by his friend on the island was 40 cents a bushel and 45 cents a bushel, less the trucking charge. The potato growers in New Brunswick sold potatoes as low as 25 cents a bushel, and some lower, less trucking charge, this fall, especially the veterans who had just taken up farming under the Veterans Land Act, and the young growers who have just started to farm.

The minister mentioned that there were 4,000 cars unsold. I believe there are 8,000 or 10,000 cars left in New Brunswick and Prince Edward Island. In New Brunswick there are six or seven thousand cars left, and I should like the minister to understand that. Every day now the banks and the machinery companies are seizing machinery from these potato growers, and the growers are leaving their farms by the dozens every week and going to Ontario to try to earn enough money to come back and pay their fertilizer bills so that they can carry on next year's farming operations.

I knew about the delegation being up here today. I hope that the minister will give them every encouragement, and that he will report to the house.

Mr. Nowlan: The minister referred to the delegation that is here and the conferences which are going on. If it is decided to give support in this instance, will the Nova Scotia growers be accorded the same consideration as that which may be accorded to the growers of the other two provinces?

Mr. Gardiner: That question of course will come up, as it always does immediately any decision is reached on the other areas. But I would just like to correct what the hon. member (Mr. Hatfield) said. I think when information is given out which is correct it is hardly proper for an hon. member to rise in his place in the house and say that it is not correct. I went all over this with the representatives from New Brunswick and Prince Edward Island this morning, and it is not correct to say that there are 8,000 or 10,000 carloads now unsold. There are 4,000 carloads unsold; the others are sold but not yet delivered. The position is that there are 4,000 for which there is yet to be a market found. I think it is much better to take the correct information rather than a statement that is not correct.

Mr. Hatfield: I have been in this business for the last forty-five years. I do not know where the minister got his figures, was it from the members of the marketing board? I do not think he got them from them.

Mr. Gardiner: That is exactly where I got them.

Mr. Hatfield: If I am any judge, there are 2,000 cars left in Prince Edward Island, and

I am sure there are over 4,000 cars left in New Brunswick. After this time last year we had shipped over 3,600 cars to the United States; this year we are shipping very few cars there.

Mr. Gardiner: According to the latest information, there are 2,000 cars in each province not sold.

Mr. Fulton: When this problem of potatoes is under consideration and the whole matter is being looked into, I hope the minister will not lose sight of the fact that the potato growers in the interior of British Columbia had a very difficult year last year, mainly on account of the early United States competition. I am not going to take the time at this moment to go into that, because I do not think this is the right time to discuss the whole question of protection, but I do hope when this matter is under consideration the minister will bear that in mind. I am sure they would rather have steps taken to ensure them a local market than be dependent on subsidies. The two problems are interrelated, and I hope they will be so regarded.

Motion agreed to.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1952, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $413,758,902.33, being one-sixth of the amount of each of the items set forth in the main estimates for the fiscal year ending March 31, 1952;

2. The sum of $1,644,656.25, being three-quarters of the amount of items 62, 121, 204, 470 of the said estimates;

3. The sum of $4,040,634.67, being one-third of the amount of items 39, 456, 463 of the said estimates;

4. The sum of $536,759.17, being one-sixth of the amount of items 88, 566, 206, 209, 210 of the said estimates; and

5. The sum of $1,322,403.33, being one-twelfth of the amount of items 86, 386, 395, 398, 401, 411, 412, 415, 417, 420, 451, 458, 460, 495 of the said estimates, as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolutions reported, read the second time and concurred in.

[Mr. Hatfield.]

Mr. Abbott thereupon moved for leave to introduce Bill No. 169, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1952.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Dion in the chair.

Sections 1 to 4 inclusive agreed to.

On section 5—*$536,759.17 granted for 1951-52.*

Mr. Browne (St. John's West): Mr. Chairman, are we supposed to get copies of what you are reading from? They have not been distributed.

Mr. Abbott: Mr. Chairman, I doubt if there are copies yet available. It is the standard form of interim supply bill. Usually, by agreement, we put it through all stages at this time. I have given copies to the leader of each of the parties but it has not yet been made available for general distribution, although I think my hon. friend could get a copy a little later this afternoon.

Section agreed to.

Section 6 agreed to.

On section 7—*Power to raise sums required for redeeming loans or obligations.*

Mr. Knowles: May I ask the minister whether there is, in section 7, any variation from the usual provisions.

Mr. Abbott: I am informed there is not. I have been assured that the terms of the bill, except for the appropriate changes in amounts, are identical with the interim appropriation bill which we passed last year. I have not checked it myself.

Section agreed to.

Section 8 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF FINANCE

Contingencies and miscellaneous—

584. To authorize the write-off from non-active assets to the consolidated deficit account of the net trading loss in the securities investment account incurred between April, 1940, and November, 1949 ($8,299,183.77), $1.

Mr. Fraser: We are always suspicious of these one-dollar items. I should like to know what this is for.

Mr. Abbott: These proceedings this afternoon have gone so rapidly that I have not yet here with me my book containing the detailed information. I will have it here in a moment. Speaking from memory this item 584 is one of the dollar items which I think was indicated in the public accounts committee as a perfectly appropriate item. It is to authorize the write-off of the net trading loss in the securities investment account incurred between April, 1940, and November, 1949. I recall to the committee that there was some discussion in the house last year, and I indicated in some detail the operation of the securities investment account, colloquially known as our "X" account, in which the government purchased fairly substantial quantities of Dominion of Canada securities for various government funds. On the operation of that account, over the period referred to, there was a trading loss of some $8 million; but as against that, we earned some $50 million in interest accruals. This was taken up and explained in some detail, as I have mentioned, last year; and the insertion of this item in the estimates is to authorize the formal write-off of the trading loss in that account.

Mr. Macdonnell (Greenwood): Does this mean that we are now dealing in this way with the loss practically over ten years? And does this mean that this is the first time that this loss has come before us? I remember there was discussion about it.

Mr. Abbott: We hold no securities in the account at the moment.

Mr. Macdonnell (Greenwood): Will the minister just say a word about it? It was active and large over a period of years?

Mr. Abbott: That is correct.

Mr. Macdonnell (Greenwood): And, as I recall it, it covered several different accounts. Can the minister explain just what it is that has happened to cause the cessation entirely of that system?

Mr. Abbott: One answer would be that the demand for dominion government securities has been such that it was found desirable to sell the securities in the account. That is a matter of monetary management, management of the public debt, as my hon. friend appreciates, and involves some exercise of judgment as to when these securities should be sold. As he has pointed out, it covers a period of some ten years.

Mr. Macdonnell (Greenwood): What are the divisions of the accounts?

Mr. Abbott: I am sorry, but I am without the memorandum to which I referred but for which I have sent. The item could be allowed to stand, but, speaking only from memory, I did give the house last year the approximate amount of the trading losses and this is to give statutory authority to writing those off the books.

Mr. Macdonnell (Greenwood): I would be grateful if the minister would allow the item to stand.

Item stands.

General items of payroll costs including superannuation payments—

585. To provide, subject to the approval of the treasury board, for supplementing other votes for the payment of salaries, wages and other paylist charges—further amount required, $2,000,000.

Mr. Knowles: I take it this is the item that makes provision for the increases in civil service salaries which are to be made effective as from December 1, 1950?

Mr. Abbott: That is correct. This is the balance of the amount we estimated we would need to pay arrears from December 1 to March 31.

Mr. Drew: Is the minister going to make a statement in regard to this?

Mr. Abbott: I shall be happy to do so. The Prime Minister made a public statement on December 14, 1950, indicating the basis upon which it had been decided to give increases to the civil service. That statement indicated that it would be necessary to obtain a supplementary vote from parliament to cover them. I think I may have indicated previously that the cost of these increases for a full year will be something in the order of $30,000,000, so that for the four months of December, January, February and March something in the order of $9,000,000 will be paid out as supplementary payments.

There is a certain amount of money available to meet those payments in the votes of the various departments. In addition there is a certain amount left in the general salaries vote which, as the committee will recall, is the general vote available to provide for salary adjustments during the year. The information which we have received from the departments indicates that an additional amount of approximately $2,000,000 will be required in order to make the additional payment of some $9,000,000 representing the increases effective from December 1.

Mr. Knowles: Mr. Chairman, I certainly shall support this item and the proposal that our civil servants should get the increases which have been indicated. However, I should like to point out that civil servants are like other workers in this country in that the increases they get are all gone before they get them.

An hon. Member: Before they are spent?

Mr. Knowles: My hon. friend says, "Before they are spent." What I had in mind was the fact that the value of any increase is more than absorbed in the rising cost of living. The indication is that this increase is to be effective as from December 1, 1950. The last increase to civil servants was effective in October, 1948. During the period from October, 1948, to December 1, 1950, the cost of living rose by 11·5 points. Since the increase in civil servants' salaries and wages is put in terms of percentages it is only fair that I should translate that rise in the cost of living index from points to percentages. Therefore, I must say that the rise I have just referred to from October 1948 to December 1, 1950, was a rise of 7·2 per cent over the level as it stood in October 1948.

Before we get to the implementation of these increases we have had two further reports from the dominion bureau of statistics as to the cost of living index. The latest report is for February 1, 1951, at which time the over-all index stood at 175·2. That figure represents a rise in points from the last date of a civil service increase of 15·6 points. May I repeat that in terms of percentages? The cost of living has risen from October 1, 1948, the date of the last civil service increase, to the present time by 9·8 per cent over the October 1948 level.

I imagine that the minister will argue that the government is doing a fairly good job when they increase civil service salaries by what is reported to be an average of ten per cent. I understand that these increases vary from a low of four per cent to a high of 12·5 per cent.

Mr. Abbott: The four per cent is in relation to the higher group. It starts at 10 per cent, goes up to 12½ per cent and then drops rather sharply to four per cent.

Mr. Knowles: Correct, and the over-all average is about 10 per cent. May I point out that by the time the civil servants get this 10 per cent increase in salary to take care of the 9·8 per cent rise in the cost of living we will have passed the date at which the cost of living had risen by that amount. I am prepared to make the prediction that today the cost of living index is already considerably higher than it was on February 1.

In addition to the increased cost of living faced by civil servants there has also been an increase in the number of hours per week that they work. If my arithmetic is correct that works out to an increase of 6·8 per cent. In other words, this increase in salary will just compensate for the increase in the cost of living up to February 1, 1951. It will not compensate for the increased cost of living that has taken place since then, and for the further increases in the cost of living that are bound to take place before civil service increases are considered again. Further, it does not compensate for the increased work week which is the lot of the civil service.

I do not want to go into too many figures, but if you were to work out an index for the civil service and were to start with October, 1948, as 100 across the board and then take into consideration the rise in the cost of living and the increased hours per week that civil servants work you would find that the index of real hourly earnings for civil servants as at February 1, 1951, would be 93·8.

All of this it seems to me highlights the problem of our civil servants. I know the minister will say that it is the usual role of members of the opposition to approve of what the government has brought down and then say that it has not gone far enough, but I ask him to consider seriously the position of the civil servants. The government denies to them any effective collective bargaining rights. There are various civil service organizations, but collective bargaining as we know it under the provisions of the Industrial Relations and Disputes Investigation Act is not open to civil servants. It is also a matter of record that once an increase has been brought down there has to be a considerable period before another one is provided. It is a relatively short period this time if you take it from October 1, 1948, to December 1, 1950, but that period of two years and two months means that they can hardly look for a revision of this new scale until some time in 1953.

It seems to me that raises the whole question whether consideration should not be given to some sort of automatic cost of living bonus for our civil servants. That idea has already become quite current in contracts that trade unions are able to negotiate with their employers. That is particularly true in the United States where quite a number of employees work under an escalator clause which provides that whenever there is a certain increase in the cost of living index there is an automatic increase in the salaries or wages of those covered by that contract.

I have been trying to find out whether there are any recent examples of the same practice in Canada. I understand that recently, as reported on page 9 of the Montreal *Gazette* of March 12, 1951, the Robert Simpson Company approved of a plan whereby for its employees there is to be a 30 cents per point per week increase, in other

words $1.30 a month, as the cost of living index goes up. Similarly on page 5 of the Toronto *Globe and Mail* of March 6, 1951, it is reported that General Motors of Canada has agreed to a similar escalator clause. In this case the provision is for $5 per month for each 4-point rise in the cost of living index. I am interested in those figures because they seem to have a scientific basis. As I understand it, the cost of living index was worked out for the years 1935-39 on the basis of what was taken to be the average expenditure of a group of typical wage earning families surveyed in the middle of that period. The budget of this group, so I am told, was $1,453 per year.

That means therefore that a rise in the cost of living index of 1 point represents an increase of $14.53 a year in the retail prices of goods priced in the index budget. I may say when one takes that figure of $14.53 for one point, which is one hundredth of the total budget of the families who were surveyed, that no account is taken of the increased standards of living which we all accept as part of the progress that we are pursuing. I recall as a matter of fact a discussion with the minister's parliamentary assistant on that very point. He may have thought he was arguing with me, but the fact is that we both took the position that we do not want a return to the standard of living envisaged by the cost of living index basket of goods and services that was taken as the norm in the years 1935-39.

In other words what I am saying now is a case for arguing that a one point rise in the cost of living index should be considered as requiring more than $14.53 per year to meet that rise. Nevertheless I am prepared to take that figure as a minimum because it can be argued mathematically on the basis of the figures that were taken in arriving at the cost of living index. If a one point rise in the cost of living index means an increase of $14.53 a year in the prices of the goods and services covered by the cost of living index, that means that for any employee to be compensated for an increase of one index point he should receive an additional 28 cents per week or $1.21 per month.

I point out that the figures I have just given for the Robert Simpson Company and General Motors of Canada are reasonably close to the figure of $1.21 per month per point increase in the cost of living index. With regard to our civil servants my feeling is that they are not going to be greatly comforted with the increase they are now to get. They are counting on what they know has been announced by the government but as they look into the future, realizing it will be two or three years before their salaries can be reviewed again, they face the prospect of the cost of living index continuing to go up with the result that their latter position will be worse than what it was before the increase became effective.

It seems to me that the only solution to this kind of situation is for the government to work out a plan similar to that in effect in the case of many collective agreements in industry whereby our civil servants would automatically receive an increase in their income as the cost of living index goes up. As a matter of fact I went to the trouble to ascertain figures as to what increases in the cost of living index would involve. For example, if the cost of living index reaches a figure of 180 the supplement on that basis would have to be $11.12 per month, over and above the present increase, on the basis of the rise in the cost of living as from December 1, 1950. If it reaches 185 it would have to be $17.37 per month. If it reaches 190 it would have to be $23.62 per month.

I submit with the way the cost of living index is rising that those figures are not unlikely at all. My guess is that when we come back after the Easter recess and have the figure for March 1 we will find that it has gone up another two or three points above 175·2, perhaps to over 178, and that before the end of the year we will be up to a figure such as 190. If the minister says that my figures indicate that it would be a costly business for the government to consider an automatic increase in the salaries of civil servants, may I reply to him that those figures indicate the loss that the cost of living increase means to the civil servants themselves. Certainly it would cost the government $23.62 per month per employee to compensate for a cost of living index of 190. Similarly the average civil servant will be just that much short over his position as at December, 1950, namely, $23.62 a month, if the cost of living index goes up to that figure, and there is no compensation. I would be glad to hear from the minister as to what consideration has been given by the government to the position of civil servants from here on until the next time when their salaries might be subject to revision.

Mr. Abbott: Mr. Chairman, I do not know that I can add very much to what the Prime Minister said in the statement which he made outlining the proposed basis of increase to the civil service. In 1947 and 1948 the various civil service organizations urged upon the government the principle that salaries in the

public service should be directly related to the cost of living; in other words, that there should be an automatic increase with an increase in the cost of living index. As the committee will recall, that was tried during the war, and in the view of the government at any rate it had some very considerable defects. On both occasions to which I referred, in 1947 and 1948, the government decided not to accept that principle, mainly on the ground, I think, that it was not widely accepted in private employment, and because of the fact I think that we all recognized it would be very difficult to lower the bonus in the event of some decline in the cost of living. So on balance the government felt it was better to proceed on the principles I have outlined on several occasions, and which I think were reiterated by the Prime Minister in his statement to which I referred. As I have had occasion to say at other times, if the cost of living continued to climb of course the remuneration of civil servants would have to be adjusted, in the same way the remuneration of other groups in the community would have to be adjusted. Further than that I do not know that I would be prepared to elaborate at this time.

Mr. MacDougall: The hon. member who spoke a moment ago dealt very effectively, I thought, with the question of the cost of living in connection with those who are now inside the service. I wonder if I would be in order now to discuss the question of those who are without the civil service, who also are in very dire straits.

The Chairman: No.

Mr. Abbott: I should like to accommodate my hon. friend but I am afraid he would be completely out of order. If we were to open that door I do not know just where we would be able to stop.

Mr. MacDougall: Very well.

Mr. Knowles: Does the hon. member mean government employees outside the civil service?

Mr. Abbott: No, I think he means wage earners generally.

Item agreed to.

584. To authorize the write-off from non-active assets to the consolidated deficit account of the net trading loss in the securities investment account incurred between April, 1940, and November, 1949 ($8,299,183.77), $1.

Mr. Abbott: I am sorry the hon. member for Greenwood has left the chamber; I now have the information he requested, which I might put on the record. I am sure it will meet his desire.

[Mr. Abbott.]

Between the fiscal years 1940-41 and 1949-50 the government of Canada purchased and sold its own securities pursuant to P.C. 10061 dated December 24, 1941. The purpose of these bond transactions was twofold; first, to profitably employ idle cash balances which the dominion had in the Bank of Canada and the chartered banks and which were not bearing interest; and secondly, to promote a better and sounder market for dominion securities during those years.

The face value of Dominion of Canada bonds purchased and sold during this period totalled $2,674,790,000. The cost of such securities was $2,715,145,837.34 and the proceeds from the sale thereof totalled $2,706,846,653.57, leaving a net trading loss of $8,299,183.77. Against this trading loss there was a total revenue from interest on the securities purchased of $53,067,559. This interest was taken into revenue each year as received and no portion thereof was used to reduce any possible losses on the principal amount involved in these bond transactions.

Last fiscal year, i.e., 1949-50, the amount of trading loss of $8,299,183.77 was written down in our books to non-active assets and accordingly constituted an expenditure charge in arriving at the budgetary surplus or decrease in net debt for the year. The purpose of this dollar item is merely to provide the necessary authority to write off this non-active account to the consolidated deficit account of Canada, which would have no effect on the budgetary surplus for 1950-51, nor on the net debt.

Mr. Fraser: The other day in the public accounts committee it was brought out that securities totalling some $51 million had not been cashed by the public. I wonder if it would not be possible for the finance department to notify bondholders when a particular issue is going to be called, or when an issue is due. I say that because many people purchasing bonds today know nothing about such things. People have had bonds left to them, and they are just put away. We were told in the committee that one bond was taken and framed. So I wonder if it would not be possible for the department to notify these people that their bonds are being called or are maturing.

Mr. Abbott: As my hon. friend knows, the great majority of the bonds outstanding are bearer bonds, so there is no way of knowing who the holders may be. My recollection is that when bonds mature, and certainly if they are called ahead of maturity, the practice invariably is, as is required by the bond, to publish in various newspaper and other organs of public information—

Mr. Fraser: But that is only in the financial journals.

Mr. Abbott: No; when bonds are called we publish in the daily press. I know, because we have an item in the finance department appropriations to cover the cost of that advertising. In the case of the different series of victory loans we have been calling progressively for the last few years, notices have been published in the newspapers. As to the publication of a notice in connection with a bond which on its face falls due on March 1, 1951, whether we should remind the public of that by advertising in the newspapers, I shall be glad to consider. I must say I have always felt that in the interests of economy and the wise use of public funds we should not spend money to draw attention to the fact that people hold an obligation of the dominion which is coming due on a certain date. But we all know people are apt to be a bit careless about these things and not pay too much attention to the due date of a government bond, so possibly consideration should be given to a modest expenditure for that sort of thing.

Mr. Fraser: The minister says he has no record in connection with bearer bonds, but the department must have some kind of record because when a person cashes a coupon at the bank he must sign a slip.

Mr. Abbott: We have no record at all. The income tax department may have some record of those who are cashing coupons; but the bearer bond, by its terms, means that it is a bearer security, and neither the finance department nor the bank of Canada has any idea who may be the owners of those bonds.

Mr. Macdonnell (Greenwood): I am grateful for the statement given by the minister, which makes it clear that actually you did charge this amount as an expenditure in the year ending March 31, 1950.

Mr. Abbott: I believe that is correct.

Mr. Macdonnell (Greenwood): Therefore you put yourself in the position of turning it into a non-active asset which you could write off, and you are now writing it off. The amount involved was very large, $2,715,145,837.34, and the minister has pointed out that this was done for two reasons, first to employ idle cash balances, and second to promote a better and sounder market for dominion securities during those years. Could the minister say what was the total amount in those votes at any one time? That would give us an idea how much of that $2,700 million is buying and selling.

Mr. Abbott: I am afraid I could not, from memory. It was several hundred million dollars at one time, but it varied.

Item agreed to.

587. To provide for the transfer to the civil service superannuation account of a special government contribution of a portion of the amount by which the estimated liabilities exceed the balance in the account, $75,000,000.

Mr. Abbott: I think perhaps I had better make a brief explanatory statement on this item, and give the house some background to this amount of $75 million which we are proposing as a special contribution to the superannuation account in order to provide for part of the deficiency which was accumulated in that account over a long period of years.

Under the Civil Service Superannuation Act, employees to whom the act applies contribute for current service at rates which range from 5 per cent to 6 per cent. In that regard may I say that male employees who were contributors prior to August 11, 1939, contribute 5 per cent. Other male employees in receipt of a salary of $1,200 or less contribute 5 per cent. Those in receipt of a salary of over $1,200 and not over $1,500 per annum contribute 5½ per cent. Those in receipt of a salary of over $1,500 per annum contribute 6 per cent, while female employees contribute 5 per cent. Contributions may also be made for prior employment in the civil service, for some types of war service, and, under certain conditions, for prior pensionable service with a previous employer. The act does not require any specific contribution by the government but the practice has been to include annually an item in the estimates for a government contribution in an amount equal to the estimated current contributions of individuals in the previous fiscal year. In addition, interest at 4 per cent per annum is credited annually to the account, but no provision has been made heretofore for the matching by the government of past service contributions of employees.

The principal benefits under the act are calculated on the number of years of service, and the average salary for the last few years immediately preceding retirement. Contributions as provided for in the act with a matching contribution by the government will in general provide these benefits so long as the general level of salaries does not change appreciably. However, during the last decade or so there has been a substantial rise in the general salary level and future benefits under the act, being based on these higher salary levels, are thus greater than past contributions can provide.

I have been advised by the actuaries of the department of insurance that a substantial deficiency has accumulated, due principally to the rise in the general level of salaries and to the practice over the years of not crediting

the account with any government contribution for other than current service. An improvement in mortality among pensioners generally, and a tendency towards retirement at earlier ages, have also been factors contributing significantly to the deficit.

On the basis of an actuarial investigation made in the early thirties, there was a deficit of over $53 million in the account as of March 31, 1933. Two or three years ago we asked the actuaries of the department of insurance to undertake a further investigation and bring their earlier valuation up to date. While their report is not as yet in final shape, they advise me that the estimated accrued liability in respect of benefits under the superannuation act has continued to increase, and as of December 31, 1947, was in fact several times as large as the amount which we are providing for in this estimate. Hon. members will, of course, realize that what we are doing here is essentially to make a bookkeeping adjustment to reflect more accurately in our public accounts the magnitude of the liability to which the government of Canada is committed under this act. It is our hope that over the next few years it may be possible for us to make similar provisions for the remainder of the deficiency which has now been disclosed by the actuaries.

Although there is a substantial deficiency in the superannuation account, I think it is desirable to emphasize that it has arisen out of events of the past. While at a later date we propose to review the benefit and contribution provisions of the act with great care in the light of the detailed findings of the actuaries, present indications are that current contributions as provided in the act together with a matching contribution by the government will be probably about sufficient to cover benefits for employees entering the service in the future. If it should be found that the joint contributions of civil servants, and of the government as employer, are insufficient to cover the benefits provided by the act, we would hope to be able to suggest at this or the following session suitable amendments for the consideration of parliament.

I might also mention that the influences that have resulted in this deficit for which we are now making certain provision have not affected the civil service superannuation account alone, but have had a like influence on pension funds throughout the country. A great many other employers have had to make special contributions to their pension funds to offset similar deficits.

Mr. Browne (St. John's West): Can the minister state whether there is any difference between "superannuation fund" and "superannuation account", two expressions he used?

Mr. Abbott: No, they are the same. The superannuation account is the account we carry in the public accounts of Canada.

Mr. Browne (St. John's West): It would seem, then, that contributions have about equalled payments out?

Mr. Abbott: There has been a small surplus of $2 million or $3 million a year in the last couple of years in the actual payments into the fund as against payments out. That is not particularly significant from an actuarial point of view, because of the fact that the number of people in the service has been growing and, as I indicated in my statement, rates of pay have been increasing.

Mr. Browne (St. John's West): Can the minister give a little more detail about this vote of $75 million which his advisers have told him is needed?

Mr. Abbott: If my hon. friend will read my statement in *Hansard*, I think he will find I have given a comprehensive statement of the principles involved in this vote. The actuaries are still working on an analysis of the fund. As he will appreciate, and other members who know about these matters will appreciate, it is an extremely complicated calculation which involves the question of mortality tables, the ages of the civil servants, the contributions which are being made, the rate of growth in the service, and so on. I indicated that in 1933 when a survey was made during Mr. Bennett's time, the indication was that there was an actuarial deficit of approximately $50 million.

Mr. Browne (St. John's West): A liability.

Mr. Abbott: My friend appreciates that this is a charge against the government of Canada. There is a contractual obligation that when an employee has served so long in the public service, having made certain contributions, he receives a retiring allowance based upon that length of service and upon his average salary prior to the time of retirement. It is to reflect more accurately in our public accounts the ultimate liability of the taxpayers of Canada with respect to this superannuation that we are now suggesting that this transfer be made.

Mr. Browne (St. John's West): This $75 million will merely represent a book entry.

Mr. Abbott: I said that in my statement, that it is a book entry. We will credit the account with 4 per cent each year as earnings on the payment.

Mr. Browne (St. John's West): There will be another vote for that?

Mr. Abbott: That is statutory; that is included each year.

Mr. Gibson: Did I hear the minister state it would be 4 per cent?

Mr. Abbott: Yes, that is right, on the funds in the superannuation account. That is the rate at which interest is credited on that account, and that has been the case ever since the fund was set up, I believe.

Mr. Gibson: Would it not be more realistic to take the rate which the government pays on annuities to the general public?

Mr. Abbott: It is certainly favourable from the point of view of the civil servants, yes.

Mr. Knowles: I cannot but approve of the action of the government in making good the bookkeeping deficiency which has been brought to their attention in connection with this matter. As the minister knows, there is another deficiency which I wish he would make good as well. He need not lounge back in his seat too far, as though I were going to make a long speech on this question. But I should like to remind him that the position of quite a group of our retired civil servants is still worsening.

On March 12 of this year, in response to a question of mine, sessional paper 102-C was tabled, bringing us up to date as to the number of retired civil servants that we have, and as to the amount of their pensions in various brackets. The total number of retired civil servants on pensions of one kind or another as at February 28 of this year was 9,877. In addition to that, there were 4,667 widows of pensioners drawing their share of the pension.

I find in this return, however, that of the 9,877 retired civil servants, 1,478 of them, or 15 per cent, are receiving pensions of less than $40 a month. That includes a group of 291 receiving pensions of less than $20 a month.

With respect to the widows, I find that out of 4,667 who are drawing their widows' pensions, being widows of retired civil servants, 2,647, or 57 per cent of them, are drawing pensions of less than $40 a month. That includes a group of 906 who are drawing pensions of less than $20 a month. I picked that particular figure of $40 a month because it is the old age pension figure; at least it is the maximum provided under federal legislation.

And as we know from the rising cost of living index, that figure of $40 a month today, in terms of 1935-39 dollar values, is worth less than $23 a month. I know all the arguments on the minister's side, as he knows all the arguments on my side, because we have been throwing them back and forth for the last seven, eight or nine years. But it does seem that just as the minister now is bringing in an item of money to take care of something that arose out of a situation in the past, so he should face up to the problems of these people.

It has been pointed out that many of these people, whose case I argue, were people who were working in the civil service during the early 1930's when there was a cut in their wages and salaries. Accordingly, the amount of the pension that they receive reflects the cut that they had to take at that time. But in the meantime—and the government has had something to do with it—the cost of living has gone up tremendously. I contend there is a moral obligation there that is equal to the contractual argument that the government uses, and that it is time that something was done to improve the position of those old, retired civil servants, particularly those in the lower brackets.

There were many above the $40 figure who would feel that their case should be argued as well, and so it should, but I make a special plea for those down in the very lowest brackets. The minister knows, because I have gone into it before, that some other governments do something about the position of their retired civil servants. I refer particularly to the three I mentioned on previous occasions, namely, the United Kingdom, Newfoundland and Saskatchewan; and I urge that further consideration be given to this matter.

I have had a great deal of correspondence with these people, as one might expect. Just a few days ago I was sent an exchange of correspondence between two retired civil servants one at The Pas, Manitoba, to a fellow retired civil servant in Winnipeg. They were discussing back and forth the situation, and the prospect for their future, and one asked the other what the situation might be if the new old age pension plan were to come into effect, and this was the reply:

> I understand that we would come under that in addition to the pension that we are receiving now. According to reports, 1952 may be when that would go into effect if passed. Unfortunately, a great number of us may be under the sod before then, or perhaps it might be fortunate for some of us if that happened.

That is not a nice way to put it, but it expresses the opinion of a great many of these people. They feel that, partly because their numbers are so small, they are literally being left out in the cold. I will not take more time on it now. I dare to hope that something might have got into the minister's

heart since the last time this was up, and that the matter might be reconsidered, namely, the matter of providing some cost of living bonus or other supplement for these people. I know the kind of letters I will get from them if nothing is done in the next little while—the minister will get them too—when they learn of the increase that we are providing for the civil servants, which I support. As a matter of fact, a few moments ago I was arguing that they should have a cost of living bonus as well. When they hear of this $75 million which is being provided to take care of the situation that flows out of the past they will wonder what it is that stands in the way of their getting an adjustment on their situation, their deficiency, which to them is very serious.

Mr. Pouliot: Mr. Chairman, it is not only a question of having a big heart. The minister has one, and everybody knows it. The hon. gentleman who has just spoken has said that the minister knows all about it. I know that he does. But I do not want him to forget one class of former civil servants, employees of the state. I mean the old employees of the Intercolonial Railway and the Prince Edward Island Railway and even the Temiscouata Railway. The former were civil servants inasmuch as the old Intercolonial was owned by the government before it was transferred to other companies with which it has been amalgamated. As the minister knows, the amount of superannuation of these employees is just a mere pittance, and I hope that the matter will be reconsidered by the government in due course. I know that the Prime Minister and all the members of the government are sympathetic to these people.

There is one thing that I want to say about the remarks made by the hon. member for Winnipeg North Centre. He has asked for bonuses without any discrimination between the civil servants. I presume it was that. Well, there should be a difference established between civil servants, the difference between those who are useful to the state and those who are not. There must be some means to establish the value of any civil servant to the state. It is not only a matter of commiseration and pity. I realize as well as the hon. gentleman that not only civil servants are affected by the rise in the cost of living index. It affects us all. I know. If you have one civil servant who does positively nothing and is surrounded by his staff, just as the sultan is surrounded by his harem, and surrounded by girls who do nothing except knitting, and by men who do nothing but chew gum and read the paper, then I do not see what increase that man should have. We should see the efficiency and the usefulness to the state of each civil servant, and that seems only fair.

When they get into the service they think they are into a charitable organization, and then they have only to repeat their laments for an increase in salary. Members of parliament should have the courage to say that some civil servants are not worth their salt.

Mr. Knowles: We are talking now about retired civil servants.

Mr. Pouliot: Some are retired, yes. I am speaking of those who will be retired afterwards and will enjoy the benefits of that legislation. I do not say that of all civil servants. There may be the exception, I do not know; but there are some civil servants who are completely dumb, who are not worth their salt, who refuse to work, who are procrastinators. They are good for nothing. They come here and ask for an increase in salary just the same as those who work and do well. There is something else that struck me forcibly the other day. I was listening to the radio and I heard the voice of a youngster who was speaking in a high-pitched voice to a gathering of civil servants. He said: Gentlemen, if you are not satisfied with the answer of the Minister of Finance, remember the railway strike, and we will tell the government what to do. That fellow should have been fired at once. There should be no strikes among civil servants. There is no reason for that. That is not the tone in which to speak. If they come to speak to the government, as the hon. member for Winnipeg North Centre has said, submitting their grievances, I have no objection; but if they come on the warpath to tell the government: You must do this or we will strike; we will have a sympathy strike along with this group or that one, then I say they should not be received, and that the government should show a firm hand in dealing with them. Is the tail to run the head? We have seen that.

To the late prime minister I offered on a silver platter the control of the whole civil service, but he refused it at the time and it was lost forever—well, I hope not forever because I trust that the Prime Minister may be firm at the right moment, the Minister of Finance also, and all members of the government. As the supplementary estimates show clearly, they are ready to come to the assistance of civil servants who are worthy of consideration; but it is time to draw a distinction between those who are useful to the state and those who are not. I wonder how long it will take. They do not all deserve the same sympathy. There is a necessary distinction which must be made, and I hope that it will

be made in due course. I do not want the hon. member who has just spoken to say that I am not in sympathy with his suggestion. I am in sympathy with it, provided that those who get any benefit from it are those who are worthy of it.

Mr. Knowles: I am glad to have the sympathy and support of the hon. member for Temiscouata for my suggestion that something should be done to improve the lot of retired civil servants, particularly those in the lower brackets. Since he has indicated his agreement with the basic contention that I am making, I will not take the time to spell out my disagreement with a number of things that he has said. I should like to say this, however, on behalf of civil servants generally. I think that they accept—not only because it is in the law, but as a matter of principle—the denial to them of the use of the strike weapon. There is no question about that so far as civil servants are concerned. What they complain about is the feeling that at times advantage is taken of them because they have not the same effective bargaining power that is enjoyed by some other workers in this country. That was the point I was making.

Mr. Pouliot: If my hon. friend will pardon me, may I say that the other day I heard, with my own ears, over the radio, a man holding up the railway strike as an example, as a threat to the government, in order to get exactly what my hon. friend is advocating for them. I thought that was not the proper way to go about it. I hope that sort of thing will not occur again. That is all I want to say. But I was a witness to the lecture that was given on that occasion.

Mr. Knowles: I will not deny that, but—

Mr. Abbott: I have only one comment I want to make on my hon. friend's remarks. I do not know what the civil servants feel and I do not know whether my hon. friend can speak with authority as to what they feel; but they certainly are not justified in feeling that the government takes advantage of the fact that they are not organized and do not exercise the strike weapon in order to fix unfair levels of salaries and wages. So far as my own experience goes, it has been that we have tried to lean over backward for that very reason. I do not think there is any justification for saying that the civil servants' salary scales are lower because of the fact that they, quite properly, have not the right to strike. I could not allow that sort of statement to go unchallenged.

Mr. Browne (St. John's West): Since the cost of living, from the time that controls were first taken off, has risen about 60 points, has any consideration been given by the government to the giving of a cost of living bonus to these retired civil servants, especially those in the lower brackets to whom the hon. member for Winnipeg North Centre referred?

Mr. Abbott: My hon. friend has been in the house only a short time. As the hon. member for Winnipeg North Centre has said, I have dealt with this matter on numerous occasions. I do not know that I should attempt to reiterate what I then said, but briefly it is this. The right of the civil servant to superannuation is the same as any other contractual obligation. There are a great many people in this country who are not entitled to superannuation from anybody. They have to provide their own superannuation. There are a great many taxpayers in that position. I have never been able to see why one particular group who are paid out of taxpayers' money should receive preferential treatment. The people who have had to provide their own social security by small holdings of victory bonds and others who have had to provide their superannuation or its equivalent in other ways are not compensated out of public moneys for whatever increase there may have been in the cost of living. I am perhaps oversimplifying my argument, but the hon. member for Winnipeg North Centre knows that I have elaborated it a great deal more on other occasions. In essence, that is the reason why the government feels that it is not justified in increasing this particular type of contractual obligation.

Mr. Browne (St. John's West): I have only one comment to make and that is that I do not agree with the position taken; I think it is unsound and unjust.

Mr. Knowles: As the minister says, we are both speaking in shorthand today, so far as our arguments are concerned. I simply want to make this reply to what he has said. These people are our employees, and I think that the government should be the model employer in this country.

Item agreed to.

Special—

588. Notwithstanding section 32 of the Consolidated Revenue and Audit Act, to authorize payment under votes 678 and 679 of the Appropriation Act No. 4, 1950, of the federal government's share of the claims received after March 31, 1951, in respect of costs incurred as a result of the large fires in Rimouski and Cabano in May, 1950, where such claims are certified for payment by the commission named for that purpose by the government of the province of Quebec, $1.

Mr. Abbott: Perhaps I should give a word of explanation of this item. In the further

supplementary estimates for the year now closing, the two votes referred to in this item were provided:

678. To authorize and provide for a grant to assist the province of Quebec to meet costs incurred as a result of the large fire in Rimouski in May, 1950, $2,500,000.

679. To authorize and provide for a grant to assist the province of Quebec to meet costs incurred as a result of the large fire in Cabano, in May, 1950, $300,000.

The wording of those original items, the votes to which I have just referred, envisaged the federal government making grants to the province of Quebec to meet costs incurred as a result of these fires. Subsequently, however, an arrangement was entered into between the federal and provincial governments whereby the two governments would share equally in such claims as were determined as justified and approved by the commissions set up to investigate claims arising out of the large fires at Rimouski and Cabano, in May, 1950.

In view of this new arrangement some payments will have to be made directly from the federal treasury after March 31, 1951.

During consideration of the main estimates for 1951-52—that is, the coming year—it was decided not to include therein items to continue these programs of assistance because it was felt that a final supplementary estimate amendment of this type, the type we are now considering, would be most in keeping with the original intention of parliament and of the government and would be most workable in the pursuit of that intention.

In other words, it is intended that the dollar item is really an amendment to the wording of the two original votes and is intended to constitute this as a continuing appropriation.

Mr. Pouliot: Is it possible to have a list of all those who have made claims, showing the amounts they have received from this government and from the provincial government, in connection with Cabano at least, if not for both places?

Mr. Abbott: Claims are paid after the two commissions, one for Cabano and the other for Rimouski, have approved them. On that authorization payment is made to the extent of 50 per cent from the federal treasury and 50 per cent from the provincial treasury. I would be glad to get that list and give it to my hon. friend.

Item agreed to.

DEPARTMENT OF INSURANCE

592. Expenses of work in the interest of fire prevention—further amount required, $3,000.

[Mr. Abbott.]

Mr. Browne (St. John's West): What is this item for?

Mr. Abbott: This is for printing, stationery and office equipment and the actual cost of reprinting 25,000 copies of a textbook on fire prevention education which exceeded the estimated cost by $4,700. This was due to changes having been made in the reprint. A portion of the excess cost will be paid from surplus and then the further additional amount will be required.

Mr. Knowles: Is this branch now fully staffed?

Mr. Abbott: I think so, although I cannot answer that positively.

Mr. Knowles: But the minister is not sure.

Mr. Abbott: I do not think we have any authorized positions which are not filled at the moment. I might say that I consider this staff to be a highly competent one.

Mr. Herridge: How is this book distributed?

Mr. Abbott: I am sorry but I cannot give my hon. friend that information. It is distributed under the direction of the dominion fire commissioner, but I cannot say just where it goes.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

B—General—

580. The Canadian government's assessment for membership in the food and agriculture organization of the United Nations, further amount required, $109,000.

Mr. Wright: Can the minister give us a brief outline of the work being carried on by this organization?

Mr. Pearson: I think possibly the Minister of Agriculture would be in a position to deal with this matter with more authority than I possess. As hon. members know, the food and agriculture organization is a specialized agency of the United Nations which deals with food and agricultural questions. Its membership consists of approximately 70 states, each with one vote in the conference or in the governing body which meets between conferences. The FAO is divided into technical divisions, of which I think there are seven. There are the divisions on agriculture, distribution, commerce, statistics, forestry and fisheries products, nutrition and rural welfare.

These divisions provide a wide range of fact-finding and advisory services designed to furnish information to the member states and to help them in the formulation of their agricultural policies. Canada has a real interest in the technical information obtained from

these various divisions. I believe the Department of Agriculture feels that useful services are being performed by them.

The FAO has been in existence for five years and during that period has established statistical services in the field of food, agriculture, forestry and fisheries which have been of use to our government and to the provincial agricultural services. The organization has also collected a great deal of technical information in these fields which has been made available to us and which has been of special assistance in the development of the agriculture of backward countries. If the hon. member would like to have more detailed information I can secure for him a copy of the report of FAO which deals with these matters at much greater length.

Mr. Hatfield: Is not most of this money being spent to send agricultural representatives behind the iron curtain to teach the people there how to farm with tractors and agricultural machinery bought with Marshall aid funds in order that the products may be shipped back to this country or to the United States?

Mr. Pearson: I am not sure that I quite gather the import of my hon. friend's question. I would point out that there are no countries behind the iron curtain which are members of the food and agriculture organization. They have all withdrawn from that organization and are not now receiving any assistance from it.

Mr. Hatfield: They were receiving assistance. I was at the United Nations at Lake Success and we heard a man who had just come back from the Ukraine where he said he had been trying to show the farmers how to use tractors, gang plows and other agricultural machinery that had been shipped under the Marshall plan. Before that time they were using only wooden sticks for plows. He said he had been there all this time trying to show those people how to grow wheat with agricultural machinery sent from the United States under the Marshall plan.

Mr. Nowlan: Could the minister tell us on what basis this amount is arrived at? Is it prorated between the countries?

Mr. Pearson: The budget of this organization has been fixed this year by the United Nations at $5,000,000, and Canada's contribution is 4·11 per cent, which is slightly lower than the figure of 4·5 per cent, for last year. Our proportion on that basis would be roughly $205,500 U.S. or $217,000 Canadian.

The organization decided this year to move its headquarters from Washington to Rome and some additional expenditures must be made immediately. We, along with other countries, have been requested to make the contribution on next year's assessment available at as early a date as possible and this item is one-half of next year's contribution.

Mr. Hatfield: What can the Canadian farmer expect to learn about agriculture from Rome?

Mr. Pouliot: What is the total personnel of FAO? How many members of that personnel are Canadian? What is the top salary paid to any member of the FAO? Are they allowed travelling expenses?

Mr. Pearson: I have not that information available at the moment but I shall be glad to get it for my hon. friend. I know that the staff is pretty efficiently managed. I know the Minister of Agriculture will agree that there are some Canadians in important positions, the director of the fisheries division, for instance. As to salary scales and allowances and all that sort of thing, I shall have to secure that information and give it to my hon. friend.

Mr. Pouliot: I am not so much interested in the efficiency as in the number.

Item agreed to.

Terminable services—

582. Contribution for the United Nations relief and rehabilitation program for Korea, $7,250,000.

Mr. Knowles: I wonder if the minister could give us a few comments on this item. It certainly deals with a very desirable move. Is this the first amount that we have been asked to vote for rehabilitation in Korea? What is the total amount being undertaken under the auspices of the United Nations? Can the minister give some comment as to the nature of the program and as to what progress is being made?

Mr. Pearson: Mr. Chairman, at the last session of the general assembly a resolution was passed providing for a program of relief and rehabilitation for Korea where of course the need is very great and getting greater every day. A committee of the assembly discussed this matter at great length and a United Nations commission for relief and rehabilitation of Korea was set up. That organization drew up a plan of action and reported back to the United Nations. Its plan was also very carefully considered by the economic and social council. It is estimated that about $250 million will be required to meet the immediate needs. That of course will not begin to cover the whole problem of rehabilitation.

Mr. Knowles: That is just relief?

Mr. Pearson: That is relief only.

Mr. Graydon: It will be worse now.

Mr. Pearson: This was some weeks ago. Of course there has been more damage done since that time, and there have been more refugees moving south. It was felt that $250 million might see the organization through the immediate period of relief. Our delegation at that time thought it would be most desirable if this amount could be raised by assessment of all members on the basis of their proportions of contribution to the United Nations itself. We were not able to get sufficient support for that idea but a committee was set up to try to raise this money on some equitable and proportionate basis. As a result a high proportion of the $250 million has now been earmarked by various governments.

We felt that as a government we might ask parliament to agree to appropriate an amount which would be roughly proportionate to our share of the United Nations budget. For that reason we are asking approval for this estimate of $7,250,000 for Korean relief. The organization to supervise the expenditure of this money has been set up. The director general of the organization is Mr. Kingsley, who has been director general of the international refugee organization. He has been to Korea and has made arrangements that these relief supplies should be distributed through the unified command while operations are going on. We hope that this effort will be successful because there is no part of the world now where relief is more urgently needed than in Korea.

Mr. Brooks: Can the minister give a list of the different nations that are contributing?

Mr. Pearson: I have at least a partial list. In addition to its military appropriations, the United States has already pledged some $162 million for Korean relief. The United Kingdom has allocated $28 million for relief. We are asking for an appropriation of $7,250,000; $4,500,000 has been appropriated each by Thailand and Australia, and something between $2 million and $3 million by the Philippines, Brazil and Uruguay. We also expect other contributions from other countries.

Mr. Brooks: The communist nations are not contributing.

Mr. Pearson: Not a bit.

Mr. Knowles: I take it that thus far the money has been spent mainly on medical supplies, food, clothing and other things necessary for immediate relief. Do the terms of the resolution voted by the United Nations envisage going on with a program of rehabilitation if and when the shooting is over?

Mr. Pearson: Yes. This is a program of relief and rehabilitation but the funds that are being raised now will not be sufficient even to cover the immediate cost of relief.

Mr. Low: Is there any possibility of Russia and her satellites making a contribution eventually to this rehabilitation fund?

Mr. Pearson: They have been given the opportunity but they have not seen fit to take advantage of it, and I think it a highly unlikely contingency that they will contribute.

Mr. Knowles: Let us do our share anyway.

Mr. Graydon: In other words, the Soviet nations are doing the damage and we are having to pay for it.

Mr. Pouliot: In the first place I would ask the minister to give the same information about the United Nations relief and works agency for Palestine refugees, the vote that was just passed, and the United Nations program for Korea as was requested for FAO. I should like to know the number of Canadians on the Palestine agency, the number of Canadians who have contributed to the rehabilitation program for Korea, the size of the staff, the highest salary and the lowest.

We are now rebuilding what we have destroyed. The temple of Jerusalem was destroyed and it was hard to rebuild it in three days. The destruction has taken place, and what surprises me is the amount of the contribution of the United States, the United Kingdom and Canada. I wonder if the amounts for rehabilitation are in proportion to the loss and damage caused to Korea by each of those countries. Naturally no one knows about that. United States bombers were there. They were very active and caused more damage than the Canadian destroyers or the few Canadian soldiers who have been there. That is evident.

I should also like to know how the United Nations came to establish Canada's share for the rehabilitation program in Korea at $7,250,000. What is the use of destruction when we have to rebuild afterwards? I know that life is perpetually recommencing. On the other hand, a country is destroyed and then we proceed to rebuild it again. Coventry is not yet rebuilt in its entirety. In many parts of Europe there are still ruins dating from the last conflict, and no new buildings have been erected there. I find it very sad. I am not a pessimist but we hear of war every time that there is a sitting of

the house. It is war, war, war. Now we are trying to rebuild what has been destroyed. Would it not have been easier not to destroy and therefore not have to rebuild?

That is a suggestion that may arouse the minds of some of my colleagues but I find that the war in Korea is very pitiful. I was the only one to say that in the house last June, and some hon. members gave me the cold shoulder at the time. What progress has been made in Korea up to now? The armies go up to the 38th parallel and they come down. Now they are nearing the 38th parallel and the newspapers are full of news of a possible total war. How can we rehabilitate Korea if we have a total war? There are some Canadians in Korea in the Canadian army. For a time they complained that they were not dressed warmly enough. I have every sympathy with the Korean people. It is not because they live in the antipodes that we have the right to be indifferent to their sufferings. As human beings they are entitled to our consideration and the consideration of the whole world. No country has publicized the tragedy and misery of Korea to such an extent as the United States, through the big magazines of that country which have published illustrations showing refugees wandering about in numbers, without shelter, deprived of food.

I ask the minister a supplementary question, which he may answer whenever he feels like it. If we vote this amount of $7,250,000 for the rehabilitation of Korea, can we be sure that our men there who may be wounded, and the Koreans themselves, will get some advantage from it? I hope so.

Mr. Pearson: I will try to get the information the hon. gentleman has requested in regard to these other agencies. As far as the Palestine agency is concerned, I do know that the director is a Canadian, and I can assure the hon. gentleman he is doing that work as an international duty and not because of any salary involved. The figure of $7,250,000 was not established for us by the United Nations; it is a figure this government thought fit to recommend to parliament as an estimate for this purpose. The other information I will get as soon as possible.

Mr. Pouliot: But what was the basis for the computation of that amount? What made the minister come to the conclusion that $7,250,000 should be voted by the house?

Mr. Pearson: The amount requested by the United Nations was $250 million. Our proportion of the expenses of the United Nations has been laid down as 3·2 per cent, and the application of that principle to this amount gave us roughly this figure.

Mr. Graydon: I congratulate the minister on at least having some principle and some mathematical calculation for this amount, which has been lacking in other instances.

Mr. Macdonnell (Greenwood): I wonder if the minister could say anything in the most general way as to how the work is going to be done. What is the plan? How will this money be handled? He has explained the basis for the amount; perhaps he can tell us something about the way the undertaking will be proceeded with.

Mr. Pearson: It is very difficult to answer that question at the present time. The director himself has just returned from Korea. He had long talks with the commander in Tokyo and with the commanders in the field, trying to work out an organization by which these relief supplies could be distributed. At the present time, with military operations going on, it will probably have to be brought under the supervision of the military in the field, but it is hoped that conditions will soon become stable enough so that the administration of relief may be turned over to this civilian agency and removed, to some extent at least, from military control. The position in that regard is not unlike what it was after the war in Europe, when the first stage of relief was handled by the soldiers in the field as military relief until UNRRA came in as a civilian organization. It is hoped that this will be done in Korea, but for obvious reasons these plans are still in a very formative stage.

Mr. Graydon: Will this relief and rehabilitation apply only to the portion of Korea south of the 38th parallel?

Mr. Pearson: No, it will apply to all that part of Korea which is under United Nations and republican Korean control. At present, of course, that does not include any territory north of the 38th parallel.

Mr. Noseworthy: Can the minister give us any information regarding what relief is now being given in Korea? A great deal of relief work is being carried on in Korea at the present time, and I wonder if the minister could tell us about it.

Mr. Pearson: There is a very great deal of relief work being carried on for several hundred thousands of these people. That is being done by the military authorities as part of military relief. It is also true, I think, that there have been some voluntary contributions to Korea, and that the Red Cross is helping out there under arrangements with the unified command. So far the relief has been largely military, however.

Mr. Graydon: From time to time we have seen in the newspapers reports of the movement by the military of certain civilian refugees from Korea to some adjoining islands. Could the minister give any indication of how many people have been taken off the mainland and what provision is being made for them at other places?

Mr. Pearson: I am afraid I have not all those details at my command. I do know some thousands have been taken to islands not far from Korea and looked after there in relief establishments. There again, those establishments have been kept up by the military authorities at their expense, and by and large that means at the expense of the United States. So far relief has been almost entirely military, and it has covered many thousands of Korean refugees, some of whom are in these island camps.

Mr. Graydon: In the discussions at the United Nations did the Soviets, either for themselves or speaking on behalf of red China, refuse to accept any responsibility for the damage that had been done?

Mr. Pearson: Yes. The U.S.S.R. and the satellite states were invited to appear before this committee which was arranging for relief contributions and give some assurance that they would participate in this work. Naturally they refused to take any part in it. That is what one might have expected. They disclaimed all responsibility for this work because, again as one might have expected, they claimed it was due to the aggressive policies of the United States and other countries that this relief was necessary. Therefore, in their estimation, that relieved them of responsibility.

Mr. Pouliot: I do not want to be considered heartless, but my impression of the whole thing is that the population of Korea has been bombed, revived, bombed again, and revived again. How long are we to continue that?

Mr. Macdonnell (Greenwood): The minister has made it clear that at the moment, naturally I think, relief is being directed to the first and obvious necessity of keeping people alive. Is it possible now to say how far the objectives of relief go? For example, what measure of reconstruction of physical damage would it cover?

Mr. Pearson: Any rehabilitation or reconstruction which is incidental to military operation no doubt will be carried on by the military. It is hoped that this United Nations agency will have responsibility not only for relief but for civilian rehabilitation and reconstruction afterwards, but of course that will depend upon the resources made available to the agency. At the present time they are seeking only $250 million. That may seem a large amount of money, but it is not large in terms of the needs of the people of Korea, and I doubt very much if any great portion of that will be available for anything but immediate needs.

Item agreed to.

DEPARTMENT OF LABOUR

Annuities Act—

594. Notwithstanding the Government Annuities Act, to authorize the Minister of Labour in consequence of the transfer of employees from the original employers to the new employers specified in the details of the estimates to enter into contracts with the original employers and the new employers, to provide that the new employers shall, effective on the dates respectively specified in the details become parties to group annuity contracts specified in the said details respectively in the place of the original employers with respect to employees to whom those contracts applied and who were transferred to the new employers and for the application of the contracts in respect of service with the original employers and the new employers and for such other terms as the minister deems necessary for the maintenance and continuity of pension rights of the employees under those contracts, and to provide for payments in the current and subsequent fiscal years in accordance with the contracts so entered into out of the government annuities account, $1.

Mr. Fulton: This is another dollar item, one of those referred to in the public accounts committee as having a legislative effect. We have not had time to study the details, so would the minister give us some information in connection with this item?

Mr. Gregg: Mr. Chairman, the purpose of this item 594 is to provide authority to effect the transfer of certain group annuity contracts to successor employers when a change of ownership has occurred, so that the pension rights of the employees under the group contract of such employers will not be affected. In the back of the book there is a list of such employers who, in many cases, have just changed their name. Legally that is interpreted as another corporate entity, and consequently it would be impossible to pay the pensions unless some such item as this were approved or unless an amendment were made to the act. This will be looked into when the act is again opened up.

Mr. Pouliot: Just before the item is carried, may I say that I regret that government annuities are not more publicized because they are the best system of saving something for old age. I hope the minister will see to it that in due course government annuities receive greater publicity than ever so that people will know the advantages of that scheme.

Mr. Knowles: May I ask the Minister of Labour to take into consideration a suggestion made three or four years ago in connection with the annuities act? Apparently it was given some consideration at that time, and it was that the annuities act be referred to a special committee for study. There is an exchange of questions and answers between the former minister of labour and myself which I shall not bother to recall in detail at this time. At any rate, that idea, though it was considered, was never carried out. If the minister does not give me a direct answer now, will he consider the idea of having this act referred to a committee for study to see if there are not ways in which its benefits might be improved, and its publicity widened, as has just been suggested by the member for Temiscouata?

Item agreed to.

Special—

595. To authorize and provide for federal contributions to reimburse the province of Quebec for one-half the expenditure for the reconstruction of buildings of technical and marine schools, Rimouski, Quebec, and one-half the cost of re-equipping the technical school and to authorize the Minister of Labour to enter into an agreement with the province of Quebec for such expenditures, $330,000.

Mr. Pouliot: Before this item is carried may I ask the minister if he would be kind enough to give me a list of the firms engaged in the construction work mentioned in this item, and the members of each of those building firms?

Mr. Gregg: Mr. Chairman, the question refers to the item covering 50 per cent of the cost of the schools at Rimouski. I am sorry that I have not the detailed information available that my hon. friend is requesting. Our negotiations in this matter have been entirely with the government of the province of Quebec. We have received a report by the Theriault-Laurent commission indicating the validity of this total amount, which I believe they said would total about $659,000. On the basis of our regular participation of 50 per cent with the province, this amount is included in the estimates. Later I shall attempt to get perhaps the information for my hon. friend, if it is obtainable.

Mr. Pouliot: Thank you.

Mr. White (Middlesex East): Are funds available to the other provinces on the same basis as this grant to the technical school at Rimouski?

Mr. Gregg: Well, funds have been available under the vocational training plan for some time. There is an item in the main estimates under that heading.

Mr. White (Middlesex East): This is not a special contribution of any kind?

Mr. Gregg: This is a very special one, yes.

Mr. White (Middlesex East): Will the minister go into a little more detail about it?

Mr. St. Laurent: Mr. Chairman, this item covers the cost of replacing two schools that had been in operation there for a number of years, and which were destroyed in the the conflagration that occurred at Rimouski last spring. Arrangements were made with the provincial government that there would be a contribution of 50 per cent towards the damages suffered by a number of individuals, and in addition to that the federal government and provincial government would contribute on a 50 per cent basis to the rebuilding of these two schools which had been erected originally as a consequence of joint contributions made by these two governments.

Mr. Brooks: Will the minister state whether there is any insurance on buildings of this kind held by the government?

Mr. St. Laurent: There was insurance, and it was applied to the rebuilding, but the insurance was quite insufficient. The cost of the equipment is much more than the amount of the insurance. Originally the equipment for the marine school had been provided from war assets out of the "innards" of one of the corvettes. The insurance was for a sum much below the market value of equipment of that character when new. It cost more than the amount that was provided by the insurance to instal the kind of equipment required for this training.

When this matter arose I was concerned. I had been down there at the time of the fire, and I knew something of the situation. When these accounts were submitted, I found that they were high, and though the commission originally did not have any jurisdiction in respect of government property or property that had been contributed to jointly by the two governments, we asked that the commission check all the items to make sure whether or not proper care had been taken in the restoring of the schools. As a matter of fact the people down there had gone ahead with the work, making their own arrangements. There was a corporation administering this marine school, and they had gone ahead on their own because they wanted it re-established as rapidly as possible. We had agreed that we would contribute 50 per cent of the cost of the contract provided it was let to the lowest tenderer. As a matter of fact, when that arrangement was made the thing was already more than two-thirds completed. In order to be sure that it had been carefully handled, we asked

the commissioners to go down and inquire into the whole situation. Their report was that if we were going to do the work now, because of cost increases, it would cost even more; that they had salvaged everything that could be salvaged, and that the matter had been handled in a workmanlike manner by the corporation comprised of citizens of Rimouski. It is on the basis of the certificates given by the commission that the item was proposed in the estimates.

Mr. Brooks: The Prime Minister suggests that the original equipment for the school was obtained from a corvette and so obtained cheaply?

Mr. St. Laurent: Originally, yes.

Mr. Brooks: And for that reason he suggests the insurance on it was very low. Is that the principle on which they base their insurance when they equip other government buildings?

Mr. St. Laurent: This was insured in the name of the corporation that is made up of the citizens of Rimouski who had founded this thing in a spirit of public service, and they had been supplied with the equipment for the training of sailors.

Mr. Brooks: It happens all over Canada.

Mr. St. Laurent: If I remember rightly they had insured for $75,000. That was the amount of insurance that they carried on the equipment. That was probably more than they had paid War Assets Corporation for the equipment, but it was not anything like the cost of new equipment today to replace it.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: The committee was considering item 595, in the Department of Labour. Shall the item carry?

Mr. Knight: Mr. Chairman, this is an item to authorize and provide for federal contributions to reimburse the province of Quebec for one-half the expenditure for the reconstruction of buildings of technical and marine schools at Rimouski, Quebec, and one-half the cost of re-equipping the technical school, and to authorize the Minister of Labour to enter into an agreement with the province of Quebec for such expenditures.

May I say first of all that this item has my hearty support. I presume these unfortunate people lost their schools through the fire, and they are now being helped by the federal government to restore those educational facilities. It is a worthy cause, and I hope the government has made the grant sufficiently large.

However while supporting this expenditure I would point out that this is a grant in aid to education in Quebec. It is a grant from the dominion government to a province, and earmarked as an expenditure for education. The last three words in the item, "for such expenditures", are reminiscent of the last few words of the resolution I moved on February 22 of this year. Those words were, "by the granting of financial assistance to the various provinces for that purpose." I see my genial friend, the Minister of National Health and Welfare, in his seat, and I would recall to his mind that it was on those words that he based his special and final argument.

Here is a dominion grant for an expenditure on education, such expenditure to be given to a province. We have every sympathy in the world for this town which suffered so disastrously from fire, and we are pleased to see that they are being given this assistance. However I would point out that while this is a special case—and this is what I rose to say—a district such as the town of Rimouski which was prosperous enough to afford that type of school on its own account, but which lost it through fire, is in no worse plight than many corresponding districts which have never been able to afford that type of school, simply because of a lack of ability to pay for it.

I hope the people of Quebec will not feel that this grant is interfering in any way with their autonomy in matters of provincial education, or that that autonomy has been violated by the giving of this grant, or that dominion-provincial relations will be impaired thereby. I presume this grant is being given without suggestion of any control whatsoever by the dominion government, except that it be spent for the purposes indicated in the vote. I am sure someone will disagree with me before long when I say that this is just another precedent in a long list of precedents of grants earmarked for purposes of education, and which have been granted by the federal government to a province.

Mr. White (Middlesex East): Mr. Chairman, all hon. members appreciate the full explanation given by the Prime Minister with respect to this grant. I am wondering however, as did the hon. member who has just taken his seat, if we are now setting a precedent, and whether we may look forward to its being extended over a wider area so that it will not be confined alone to the province of Quebec; or is it a precedent which in future the government may regret? If we are going to base our grants on needs and expectations—and I refer in passing to the $65 million grant

—there will be many municipalities in Canada that will be hoping to come under the same provision or to receive the same help from the federal treasury.

Some time ago I mentioned that the burden of taxation on real estate was becoming very heavy, and that I hoped the federal government would see its way clear to give grants in aid of education to a degree greater than has been done in the past. I have been wondering how many students were going to the school in question, and how great an area it serves.

Mr. Gregg: Mr. Chairman, I am not able to answer the last question, but I shall try to get the information for my hon. friend. Referring to the comment made by both hon. members, however, they both know that in their respective provinces, as in all provinces of Canada, a federal-provincial program has been under way in the field of vocational and technical training. This operates on a two-way basis: on the one hand by way of assistance in capital expenditures, which would correspond with the present instance—and consequently this does not set a new precedent—and, on the other hand, assistance to vocational training students.

When the main estimates are before the committee I shall be able to give a full report in this matter as it affects all provinces, and at that time I shall endeavour to have details with regard to this particular school.

Mr. St. Laurent: Mr. Chairman, I have a figure here which indicates that 342 students had been enrolled up to October. I understand that a considerable number have been refused because they were being housed in what formerly had been a shed, and such facilities could not be made sufficient to care for any more than the 342.

This happened to be a school; but it was a part of the aid extended in the province of Quebec because of the disaster that had occurred. That aid was extended, not particularly in respect of schools, but as a part of the general aid extended following the precedent that had been established in connection with the Fraser valley floods, and then the Red river floods, as a consequence of a disaster that, rightly or wrongly, was regarded as being too extensive to be left to the resources of the locality.

It happened to be a school; but it was because of the nature of the disaster—and in that respect I am sure the hon. member hopes, as I do, that it is a precedent of disaster that will not occur very often elsewhere.

Mr. Pouliot: I must thank the Prime Minister for what he has said. But I will say to the member for Middlesex East, who is a popular member in the house, that his remarks about Rimouski were most untimely. I am not the member from Rimouski, but I know the situation there, and I was greatly surprised that the hon. member for Middlesex East had no observation to make about an amount which is twice as large for the Palestine refugees. Over $7,250,000 was voted for Korea, but here is an amount of only $330,000 which is to equal the amount being spent by the province of Quebec. Yet questions are being asked about it. I notice the hon. member for Peel was in favour of the money being spent for Korea, but my friend complains about this grant for Rimouski. I hope in future he will be more judicious about his parliamentary intervention.

Mr. White (Middlesex East): The hon. member for Temiscouata seems a little touchy on this subject.

Mr. Pouliot: Yes, I am.

Mr. White (Middlesex East): I was seeking information; I was not complaining.

Mr. MacInnis: Mr. Chairman, I am sure that all members of the committee will approve wholeheartedly of this appropriation and its purpose. As the Minister of Labour has said, aid for technical education by the federal government is nothing new. We have been giving such aid for many years. If the federal government can constitutionally make grants in aid of technical education, they can make grants in aid of any kind of education. All this argument about the federal government not being able to do it because of the constitution is just so much nonsense. It is just merely something that is said because there is no will to do it.

The Prime Minister is usually quite logical and clear on nearly all matters that he discusses in this house, and he stated that this grant was made because of the fire last summer in Rimouski. If a disaster of that kind is sufficient basis for a grant of this kind I think teachers and those who have to do with education throughout the provinces would be able to tell the Prime Minister that there is a condition existing that amounts to disaster in the failure of the provinces to provide all the education required to equalize educational opportunity among the people of the provinces. There is an urgent situation there which makes nonsense of the government's argument that nothing can be done because education is a matter that is under the control of the provinces. Where there is a will there is a way, as this item so well demonstrates.

Item agreed to.

B—Unemployment Insurance Act, 1940—

596. Government's contribution to the unemployment insurance fund—further amount required, $3,350,000.

Mr. MacDougall: Mr. Chairman, this is the second attempt today I have made to speak about a matter which I think is of extreme importance to all members of this house. I shall start off by complimenting the government, and particularly the Minister of Labour, upon the work they are doing with respect to the screening of the film "Date of Birth." The pamphlet which has gone out with respect to that film I believe has done a tremendous amount of good for a great number of people in Canada. It is of that particular group that this film was designed to assist that I wish to speak tonight.

There has been a tendency to refer to men and women in industry and unfortunately in the civil service as being too old at forty-five years. I think that argument is completely and utterly erroneous and in order to indicate what happens when we consider a cross-section of Canada, I have tabulated, not to the nth degree, what would happen to the membership of this House of Commons if everyone over forty-five years was ruled out of court. It was rather startling to me when I went through the red bible of the parliamentarians to find that if we removed those who are forty-five years or over from the house with a membership of 262, we would have only 66 members, and among those would be just two cabinet ministers. It might be that such a housecleaning would expedite the business of the house, but I rather doubt it. If the numerical strength of the house were decreased, the quality generally of the house would be decreased.

I give those figures simply to illustrate the over-all picture in the Dominion of Canada. I intend to deal only with the age group of 45 to 69. I find that there are 1,431,000 males in that group and 1,312,000 females, or a total of 2,743,000, or roughly 20 per cent of our total population. I have taken those figures from the Canada Year Book of 1950 and they are applicable to the end of 1948.

Coming now to what the Department of Labour is endeavouring to do with respect to this age group, I commend for hon. members' consideration a pamphlet which has been put out by the Department of Labour over the signature of the deputy minister entitled, "A progress report on 'Date of Birth' ". In that pamphlet we find some helpful information. It brings us up to January 15, and on page two there are certain comments which I should like to draw to the attention of the committee as follows:

The film was designed to bring to the attention of the Canadian public, and community and national leaders in particular, the problem of the older worker in obtaining employment with a view to expanding employment opportunities for these workers.

We find that this film has been shown in Canada 751 times, and that it had a total audience of approximately 58,000. Here are some of the comments after the film had been seen by various executives and businessmen across the length and breadth of our land. On the same page paragraph (b) reads:

In an Alberta city the personnel manager of a large department store telephoned the local office to state that as a direct result of seeing the film this firm was placing an order for five older people to train as sales clerks.

Paragraph (c) reads:

. . . the sales manager of a large firm reported he was hiring thirty salesmen in western Canada. After seeing the film he decided to insert in his advertisement "that age is no barrier." This advertisement was to appear in all western newspapers.

Paragraph (d) on the same page reads:

After a showing of the film to the personnel managers' association the personnel director of one department store reported that he had revised the age radius in several occupations in their store to include workers from forty-five upwards in their hiring program.

On page 4 we also find some very revealing information. Toward the bottom of the page, with reference to the Ontario region there is the following:

I unhesitatingly believe that this film has done an outstanding job in placing before the proper persons the problem of the older worker with a lasting effect, and in many cases direct results.

There have been beneficial and practical results. In addition there is the following:

For example, there is no doubt that the twenty-eight showings of the film in the Toronto area have developed an impetus in opportunities for senior citizens. Many individual orders have resulted from this publicity. As a result of one showing six orders were received in the local office for older workers.

I think that this is one of the very important bits of work that the present government is carrying on to a degree of great fruition. We are short of many skilled labourers in the Dominion of Canada. We also have many semi-retired people who actually are not desirous of attaining full retirement and have not at the present time a sufficient bank roll to maintain themselves. They have a great desire to work if and when work is provided for them to do. Many authorities have been quoted in this house, all of whom I presume are in the nature of things much greater authorities than I, but I should like to quote what I stated with

respect to this problem on a radio broadcast to the Vancouver area on March 6. At that time I said:

> It seems to me there is one particular class in the Canadian community that must now be afforded some additional protection against the high cost of living. That is the great community of people across Canada who are on fixed incomes. It matters not whether those fixed incomes are old age pensions, annuities, disability pensions, veterans allowances, or retired pensioners from industry and the civil service. It seems to me that these groups are the ones who should have greatest consideration immediately by measures which will alleviate their present situation. I think it is also fair to say that the time is now opportune for the government and parliament to consider the question of men and women who are considered too old at forty-five . . . I am sure we are all agreed that forty-five years of age does not mean that a man's or woman's capacity to produce is over, and with such a great amount of manpower being required in our defence efforts this is the logical time for parliament to consider giving a better deal than now exists for those in this age category.

There are revealing figures in the Canada Year Book with respect to this problem. I think it was Horace Greeley who at one time said: Go west, young man, and grow up with the country. I might reiterate that when you look over the list of figures compiled in the Canada Year Book you find that there is a surplus of men in Canada in all age categories from forty-five up to seventy-five. But apparently when one reaches the three-quarter century mark in one's travails through this mundane sphere the old man of the family sloughs off through hard work in order that his wife may have some of the better things of life to think about after he has gone.

At seventy-five we see there is a complete balance of 85,000 males and 85,000 females. The ratio from then on up to 90 plus is all in favour of the widow or spinster. I am informed that there is a great plethora of females in the city of Ottawa, and so I say that what the girls should do is go west and grow up with the country. In the riding of Cariboo in the northern part of British Columbia—my hon. friend behind me nods his head—it has practically become a matter of notable history in Prince George that no girls who go into that country as nurses and school teachers have ever lasted in single blessedness for more than eighteen months.

To me there is a great urgency with respect to this problem. This afternoon one hon. member raised the point about securing a higher standard of living for our civil servants. I am all for that but, Mr. Chairman and hon. members, I want to make a plea to you that we do something now, not next year or the year after, for men and women who are forty-five and cannot get into the civil service. It seems to me a great many of those people are living on fixed incomes on a pension basis which have long since lost their purchasing power in the markets of this country. So I am very much in sympathy with doing something now to better the living conditions of those men and women on fixed incomes. As I have stated, only 66 persons in this house are under the age of 45, so I think it must be recognized that people over that age make a tremendous contribution to the biggest business in Canada, the business of governing the country. On the same basis, Mr. Chairman, I say those people have a great contribution to make whether within or without the civil service, provided the government will give them the opportunity to do so.

In thinking of this great question I tried to find out something about a gentleman who a few years ago started a business in one of the larger metropolitan centres of Canada. This man was disabled in the first war. When the second war broke out things were not too good, and he determined to start a business where the first consideration in hiring personnel would be that men or women should be selected who were 45 or over, either fit or suffering some disability from one cause or another. He found by actual comparison with conditions in a similar industry in another city that he was getting much less absenteeism from those employees of mature age who were to some extent physically handicapped. He also found that while a group of younger personnel might do a certain task quicker, over the long haul the older workers, men or women, disabled or otherwise, gave more continuous, active and efficient service.

Having that in mind I think we as members of parliament should give all possible assistance to the work outlined in this pamphlet, "Date of Birth", because this is the sort of liaison between employer and employee that industry throughout Canada needs today more than ever before, when in many categories of labour we are actually scraping the bottom of the barrel. Surely working together we can evolve some scheme to assist these people who will find themselves in dire straits unless they are able to secure employment.

I appreciate that people over this age have not been able to get into the civil service because of pension qualifications. Well, we have some excellent actuaries employed by the government, and I believe a way could be found to open the door to employment in the civil service for these people of 45 or over, who are so much steadier than people of 25. Surely we can find a way of making their employment possible, just as the provincial

government took steps to aid in the employment of disabled persons who returned from overseas after the last war. Arrangements were made in factories under provincial supervision whereby certain percentages of their time off through illness or accident were paid for by the employers as well as by the employees under the Workmen's Compensation Act.

I believe we should give this matter very serious and earnest consideration, because in this category of men and women across Canada I think we have a most stable influence in our whole national economy. It is not good enough for any government at any level to say these people on meagre pensions, regardless of the source of those pensions, have contributed to what they are now receiving and it is simply unfortunate that the purchasing power of the dollar now is not what it was when they were pensioned off. I join heartily in what was said today by the hon. member for Winnipeg North Centre about those in the civil service, only in reverse. I am expressing the same sentiments, I trust, when I say I am for those who are outside the civil service. I am anxious that they should get consideration equal to that given those in the service, and I believe a way can be found to do that.

I am going to conclude by suggesting to the government with all the force at my command that we come to grips with this problem, not next year or the year after but now. We should avail ourselves of the services of this group of men and women who do not desire charity but who are determined now as always to make their own way in life. Their only desire is to be of service to Canada, either their native or their adopted land. So, sir, in all sincerity I ask the most serious consideration of this problem by the government, so that before many days or weeks, we may come up with an answer that will give us individually and collectively a great lift because we will have done something for Canada. If it is good for Canada it is good for them and good for us. Vive le Canada! God save the King!

Mr. Carroll: I agree with the hon. member who has just taken his seat, that this age limit that is placed against people forty-five years of age and over by both the civil service and industry of this country should not exist. As the hon. gentleman has pointed out, the reason industries say they cannot take these people into service is that they cannot make their pension plans actuarily sound. It is not on this particular matter that I wanted to say a few words this evening. We have a very serious situation in the coal mining town of Inverness. The principal coal operation there is carried on by the government of Nova Scotia. It has been losing between $350,000 and $400,000 a year. Today there is a motion before the provincial legislature to have the government close down this mine. I may say that the members who are proposing it are not Conservative or C.C.F., but are supporters of the Liberal government of Nova Scotia.

Strange to say the man who is doing most of the objecting to the continuance of this operation comes to Ottawa about four or five times a year in order to get $125,000 to help a concern in the northern part of Cape Breton county get their products to market by giving them deeper dredging. I have supported that, too, but it does seem to me to be a dangerous precedent for the gentleman from Halifax who has made this motion. However, that is by the way.

I am in hopes, Mr. Chairman, that this mine will not be closed down this year. I should like to bring to the attention of the Department of Labour the fact that if this mine is closed down all those miners who are over forty-five years of age and out of employment will find it difficult to get work. The chief employer of miners in that area is the Dominion Coal Company and, rightly or wrongly, they do not employ people who are over forty-five years of age. There are a few other small coal operations around Inverness county, but they are well manned now. I am fearful of what is going to happen to those miners, roughly between 300 and 400, and their families if this mine should be closed this year or in the near future.

I am bringing this to the attention of the Minister of Labour in the hope that something can be done to assist those coal miners by way of unemployment insurance if this disaster should come about. Last year something very helpful to many people in my constituency was done, and that was the supplementary aid in connection with unemployment insurance. I know of eight or ten persons, not fishermen but people who were doing different work, who did not get the required number of days' works to qualify. The Department of Labour, through this unemployment insurance commission, did come to their aid when the matter was brought to their attention. Mr. Chairman, I do not know whether it is possible to do something about a situation such as this, but I am bringing it to the attention of the minister because I am fearful of what will happen in that time.

Mr. Gregg: I want to express my gratitude to the member for Vancouver-Burrard for his encouraging words. I am sure that they

will, in truth, be encouraging to the officials of the national employment service, who come under the Minister of Labour, and also those who are also working to assist in the employment of older veterans, who come under my colleague the Minister of Veterans Affairs. The hon. member has brought forward a very important question. It is true that the employers of labour are increasingly sympathetic and receptive to the idea of employing older people. Owing to the depression of the thirties, the gospel was then preached that we should get people out of employment somewhere around sixty to make jobs for those coming along. Now we should, from two points of view, reverse our steps. First, from the point of view that those who want to work should have an opportunity to work, and also because of the need for greater production.

The film to which the hon. member referred has been well accepted across the country. While my officials have co-operated in its preparation, the fulsome compliments I have to divert to the national film board under the direction of my seatmate the Minister of Resources and Development. To the imagination and ability of the people on the film board who are responsible for producing this film goes most of the credit.

In speaking of the older workers may I say that they have, in fact, been incapacitated for work because they have not been given the opportunity to get jobs. We are trying our best to overcome that. These people are thus associated with another group namely those who are incapacitated for work because of some physical disability, and the reluctance on the part of industry in offering them jobs as compared with fit men and women. As for the second group, I am hoping that before too long my colleagues the Minister of National Health and Welfare and the Minister of Veterans Affairs will have an opportunity of telling the house some of the plans that were evolved during the federal-provincial conference at Toronto attended by the three of us early in February. At that time the important voluntary agencies, all provincial government departments affected, and all three federal government departments affected, were represented, and they worked out recommendations which I believe will be useful in helping to solve the problem of those incapacitated owing to physical defects. I can assure the member for Vancouver-Burrard that this whole problem is receiving the full consideration of the government, of my department, of the unemployment insurance commission and of the national employment service. These organizations are now actively engaged in efforts for the improvement of the lot of the older and incapacitated workers.

In so far as the request made by the member for Inverness-Richmond is concerned, I shall be glad to look into that situation and see what we can do.

Mr. Gillis: Mr. Chairman, I just have a few observations to make on this item. At this stage of the session when the supplementary estimates are before us, I know it is not the proper time to make an extended speech. I should like to support the statement made by the member for Inverness-Richmond. That particular town has taken a bad beating for the past twenty years. It is a mining operation that was destroyed by faulty development under free enterprise. When it was no longer profitable it was taken over by the provincial government, and has been operating for the last twenty years more or less as a relief project.

Like many other industries in our economy, it is necessary but not self-supporting. That industry has been subsidized and operated by the provincial government over the years because it provides the means of a livelihood in that particular area, and is necessary to the economy of a large section of Cape Breton Island.

I have commended the provincial government for doing it. They pay wage rates prevailing in the rest of the industry, but because of the shrinkage of that particular operation over the past couple of years men have been laid off periodically. They have no chance of employment elsewhere because, as the hon. member for Inverness-Richmond pointed out, they have reached the age when organizations like the Dominion Coal and Steel Company will not take them on, and they are permanently unemployed, despite the fact that they are still productive.

There is a threat of closing the mine; and, as the hon. member has suggested, it will throw out of employment perhaps 300 men who have families, and who have a stake in the community. A town has been built around that industry. There is a big investment there on the part of the community. There are schools and churches, and that has to be taken into consideration.

My main objective in rising was to ask the Minister of Labour whether any thought has been given to the possibility of extending the unemployment insurance benefits, I do not say right across the country, but in areas such as the one referred to, which is affected in the manner indicated. A man becoming unemployed in that particular area, with a family on his hands, is through. There is not much chance of his getting out, and most

of them are over the employable age, because it is the national policy of every industry in Canada, and has been since 1945, not to employ a person over 40 years of age, and they are sticking to that policy.

With his officials the minister might consider the possibility of extending unemployment insurance in an area such as the one I describe until such time as more gainful employment can be found for these people either in that community or elsewhere, because if we can take 600 Germans to northern Ontario, pay transportation and train them in the metal industry of northern Ontario, then we certainly have a similar obligation to Canadian citizens who have been paying taxes over the years. That is not an unreasonable request. I would ask the minister to take a look at that particular subject.

My second point is this. Over the years there has been a demand to take in the fishing industry. There are hundreds of fishermen who are employed probably eight months or nine months of the year, but there is a period when they are out of employment. I do not think you would be adding any additional burden to the Unemployment Insurance Act if the fishing industry were taken in, because they are totally unemployed for only a couple of months of the year. The contribution you would get from that industry would offset any expenditures you may have to make during the seasons when certain types of fishermen are unemployed. I bring that again to the attention of the minister so that his actuaries may have a look at it and ascertain if it is not possible to bring them under the act. But I want him definitely to be able to make an answer to the house before it closes next June or July on this particular program of extending the benefits of unemployment insurance to areas such as Inverness, and to other places where unemployment is a permanent thing, where, because of the present industrial policy right across the country, people over 40 years of age are not going to be employed any more. They are too young for pensions. There is no picture into which they can fit.

Another thing I want to mention to the minister is this. Anyone who says that industry is co-operating a hundred per cent with the employment offices does not know very much about it because it is not. In practically every industry that I know of employment offices have been set up. These industries have their own employment agents, and they by-pass completely the unemployment insurance offices which have a tabulation of all the unemployed in the area. Those offices know what these unemployed people are fitted for, how long they are unemployed and what their family obligations are, and the unemployment insurance offices are in a position to give proper direction in every community across this country to the employers, if the employers will make their needs known to them and take direction from the offices, instead of setting up their own employment offices. In that respect they are not co-operating. They by-pass them.

But more than that, contracts are let by the government in many communities across this country. They are federal contracts. When the contractor comes in, instead of going to the employment offices and getting his men through those offices, he will accept slips from people all over the community, from local politicians of all kinds. I have been on jobs, and I have seen the type of personnel that a contractor had to take because of that vicious patronage system. His work was hampered, he told me, because he did not get the right type of man. He knew that if he had the right to go to the employment office, and if the employment officer could direct personnel to him, he would have obtained the kind of people he wanted.

I said I was not going to take very long. I hope the minister will take a look at tonight's *Hansard* before the end of the session and see if he cannot correct these few sore spots in the act.

Mr. Pouliot: It is fortunate that the Minister of Labour follows the footsteps of his predecessor, the late Mr. Mitchell. He is sincere and friendly and that is why he so often meets with success.

Unemployment insurance is a big organization, and the personnel is working in a satisfactory manner. I have just a question to ask the minister. I am sure he is not in a position to answer now but I hope he will be kind enough to convey the information when he gets it. I should like to know the number of people who have received unemployment insurance during the last twelve months in each of the constituencies of the city of Winnipeg. How much was paid during that period for unemployment insurance in each constituency?

Item agreed to.

597. To reimburse the unemployment insurance fund under section 87F(1) of the Unemployment Insurance Act, 1940, as amended by statute of 1950, $1,780,000.

Mr. Browne (St. John's West): I notice that this item comes under section 87F (1) of the Unemployment Insurance Act. There were four new classes added by the amendment of last year. Has the minister figures to show

how much is for each class? What I particularly rose for was to speak about the operation of the unemployment assistance that we had in Newfoundland in the winter of 1949-50. Through inexperience I suppose as much as inadvertence, several hundred, I believe indeed thousands, of persons were not considered eligible for this unemployment assistance. Mistakes were made by the officials handling unemployment insurance for the first time. I was speaking to the manager down there, Mr. O'Grady, of the case of several workers who had 85 days in instead of 90 days. He admitted to me that it was possible to work now the other five days, on this new arrangement. That was done in several of the cases of the workmen, but one of the minor officials said it could not be done in the other case. I wonder if the minister knows now about that position? My first question was with regard to the proportion of this money which will be spent on the different classes.

Mr. Gregg: I shall read the remarks of the hon. member for Cape Breton South as they appear in *Hansard*, and do what can be done.

The hon. member who has just taken his seat will recall that last year upon the amendment made to the Unemployment Insurance Act the supplementary payments were payable only from February 28 until April 15. Consequently it was quite a rush for the officials in all parts of Canada to get the new changes into the picture. I would imagine there may have been cases where some who felt they were entitled to supplementary benefits did not get them because of a lack of a clear understanding of the regulations. I have in my hand a document which shows that the amount of supplementary benefits paid in Newfoundland during that short period was $3,955.90. This amount was expended in the last fiscal year, and this item in the estimates is to reimburse the fund to the extent of $1,780,000.

Item agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—Health services—

604. Food and drugs, further amount required, $10,000.

Mr. Pouliot: I was under the impression that the Food and Drugs Act was still under the Department of National Revenue. Apparently however it has been transferred to the Department of National Health and Welfare.

There are three kinds of gin: there is gin; there is compound gin, and there is blended gin. I would ask the minister for the formula for each kind of gin.

Mr. Fournier (Hull): May we have these two items in the department stand; the minister is not here. I suggest that we take item 577, in the Department of Citizenship and Immigration.

Mr. Pouliot: I would like to have a description of each of those gins. It may be printed; it may be publicized—I do not know. However I do not want the item to stand, because I am sure the minister would be willing to give the information tomorrow.

Mr. Fournier (Hull): Carried.

The Deputy Chairman: Shall item 604 carry?

Mr. Knowles: Some of us have questions we would like to ask the minister.

The Deputy Chairman: Then items 604 and 605 will stand.

Item stands.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

577. To provide for payments to Trans-Canada Airlines of the difference in cost between air transportation and minimum tourist class ocean transportation for immigrants transported from the United Kingdom by Trans-Canada Airlines during the period of November 29, 1950, to March 31, 1951, $380,000.

Mr. Lennard: May we have an explanation?

Mr. Coldwell: This is something that members of the house know very little about?

Mr. Lennard: That is why I wish to have an explanation.

Mr. Coldwell: Could the minister give us a brief explanation of what this means, what is being done, and how the money is being spent?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Chairman, in order to speed the movement of immigrants to Canada it was decided at December 1 that T.C.A. might be used to some extent. The plan evolved was that any immigrant starting from the United Kingdom, though not necessarily a person resident in the United Kingdom, might come by T.C.A., upon the payment of $160, which is the tourist passage by steamship, and that the remaining portion of the normal passage cost on T.C.A. would be met by the government. That works out to $215.50. There will be something like 1,750 of these persons between the period December 1 and March 31, at the end of the fiscal year.

Mr. Coldwell: Are those specially selected people? Are they technicians or specialists of any kind?

Mr. Harris (Grey-Bruce): We try to give priority to them. But a good deal of it depends upon the desire of the immigrant to come by that particular form of transportation.

Mr. Lennard: How does the minister arrive at this amount?

Mr. Macdonnell (Greenwood): The minister has explained with regard to the difference between the $160 and the T.C.A. fare paid under this item. I do not think he told us however who pays the $160.

Mr. Harris (Grey-Bruce): The immigrant pays the $160.

Mr. Macdonnell (Greenwood): Would the minister take us into his confidence and tell us more about the plan? What happens to the people when they get the fare? Do they have to have a certain minimum of money when they arrive? There are several things of which I am ignorant and which it seems to me would be of interest to hon. members—unless, of course, others are better informed than I am. If not perhaps the minister would give some further information.

Mr. Harris (Grey-Bruce): There is nothing unusual about this. It applies to any immigrant who can meet our requirements otherwise. I could discuss the requirements in connection with immigration when we are discussing other items, quite as well as in connection with this one. There are absolutely no strings attached, except that one who wishes to come by T.C.A. has to pay the $160. And of course such persons must have met all the other requirements of our immigration program.

Mr. Macdonnell (Greenwood): Is this the appropriate place to ask what arrangements if any there are for his housing when he arrives, and for his employment? If the minister would prefer to discuss the matter at some other time, I do not mind. However, it is a question which it seems to me is relevant.

Mr. Harris (Grey-Bruce): Those matters are relevant to all problems of immigration, of course. But anyone from the United Kingdom is entitled to come to Canada, if such person has met the health requirements and has some means whereby he will not be a public charge. He does not necessarily have to have assured employment, although in most cases he should have a sponsor for that purpose. I venture to say that ninety-nine per cent of these people are either persons coming to assured employment, or the dependents of persons already here.

Mr. Fulton: How many did the minister say he anticipates will be here by March 31?

[Mr. Coldwell.]

Mr. Harris (Grey-Bruce): About 1,750, within a few one way or the other.

Mr. Fulton: I am not very good at arithmetic, but if one divides this $380,000 by $115, the amount the minister said the department had put up—

Mr. Harris (Grey-Bruce): It is $215.50.

Mr. Fulton: Oh, I did not hear the figure.

Mr. Fraser: Are these all from the United Kingdom?

Mr. Harris (Grey-Bruce): No. It applies to anyone who is in the United Kingdom and who wishes to come forward by this means.

Mr. Fraser: They must come to the United Kingdom first?

Mr. Harris (Grey-Bruce): Yes.

Mr. Pouliot: Mr. Chairman, the real crux of the problem of immigration has not been touched by hon. members who have asked these questions. The real crux of the problem is this: Do we need immigrants?

An hon. Member: Yes.

Mr. Pouliot: One hon. member says yes.

Mr. Lennard: I say yes, too.

Mr. Pouliot: It is a matter of opinion. When I went to London some years ago I met a gentleman who told be that Duchess So and So desired to see me. I was greatly impressed because that was the first time that such a thing had happened to me. I went to pay my respects to the beautiful duchess and she told me she had been in Canada and had found it a beautiful country, but there were not enough people there. I told her that if she decided to come to Canada again she would be one more charming person in our country. She smiled graciously.

Then I went back to where I was staying and another gentleman came to see me and told me another lady would like to see me. I told him I was pleased but I had just been to see a duchess and did not want to see anyone else. He told me that she was Marchioness So and So, and I told him I would go to see her. The marchioness asked me if I was a member of parliament and I told her I was. She told me that she thought Canada was a great country, that she understood its motto was, "From sea to sea," between two oceans. I told her in that way it was the same as England, only larger. She also thought that there was not enough population. She told me we needed more people in Canada.

That is the kind of propaganda that is used, flattery and fine words from attractive women. It did not go further. I am sure the hon.

member who suggested a minute ago that there should be more immigration has met many duchesses and marchionesses and countesses who think Canada is a great country but without enough people.

There are many unemployed in this country and I do not think they are all just day labourers. We are told that the immigrants who come here are technicians and specialists in trade and industry. If they are, well and good. But if they are coming here to take the place of Canadians in our hospitals or in our labour ranks, then I am opposed to it. I am making a clear distinction. There are some hon. members who are such imperialists that whenever a man or woman comes from any European country through Great Britain they consider it is something like the buildings that were marked with the blood of the lamb at the time of the Jews in the Old Testament—they are O.K., they have passed through the holy land of our time. That is not enough.

On the part of all men in the labour ranks who are not employed I protest against the bringing to Canada of anyone who is not a specialist in industry.

An hon. Member: From where?

Mr. Pouliot: Anyone from anywhere who is a specialist in industry. I am not anti-British, I am pro-Canadian. I want to make that clear because there are some people who do not seem to understand it. They are ready to swallow anything under a British label. We must be Canadians first. I know that many people are unemployed and what has been said tonight about unemployment insurance confirms that fact. We are having to pay unemployment insurance benefits to Canadians and yet the doors are wide open for people to come in from outside to enjoy these benefits at the expense of the Canadian taxpayers.

I am not against immigration, but as I said in Westminster hall in London, Canada is not to be a dumping ground for all the nations in the world. We have to look after our own people first. We have unemployment insurance and it must be available to those who have been here long enough to qualify them for the payment of taxation that is paid by other Canadians.

We should welcome specialists in industry from all countries of the world, but we should not have to receive migratory birds who will be just passers-by with an ultimate destination in the United States or some South American country. I am in favour of bona fide immigrants, but I am not in favour of the other type. I ask the minister how many immigrants have come here during the last twelve months to take the place of Canadians in hospitals?

How is it that no member of the opposition has given any information to the minister about the charges that have been laid against immigration officials in the old country or on the continent? Do they suffer from amnesia?

Mr. Fulton: The hon. member has been speaking most of the time.

Mr. Pouliot: The hon. member from Kamloops is like all the other Tories. They are all ready to swallow anything, to swallow immigrants from all parts of the world who come here to take the place of Canadians who are unemployed.

An hon. Member: Liberal policy.

Mr. Pouliot: Hon. members should remember that their leader hired planes to bring more Britishers to Ontario and I would refresh their memories in regard to that.

An hon. Member: Good immigrants.

An hon. Member: None better.

An hon. Member: Where would you get them?

Mr. Pouliot: Immigrants from Great Britain, immigrants from Europe or the continent, immigrants from the United States if they find Canada to be a better country, immigrants from anywhere provided they are willing to be Canadians, provided that they are fit, provided that they are self-supporting.

Mr. Macdonnell (Greenwood): We were all immigrants originally.

Mr. Pouliot: They may come from anywhere. I know people from the Nordic countries and central Europe who are excellent Canadian citizens. I know of people from the British isles who are good Canadians. As I said before in the house, some of them are better than people who were born here. That is not new. I said it before.

An hon. Member: Say it again.

Mr. Pouliot: If the hon. member does not remember what I said a minute ago he is too hard to teach and I shall not repeat it. We hear speeches about the fundamental freedoms and the rights of men but when anyone expresses his own opinion in the house in the defence of Canadians by birth, or Canadians by adoption, it is taboo. It should not be said. Well, no Tory or anybody else will prevent me from saying what I sincerely believe it my duty to say in the House of Commons.

Mr. Brooks: We like to hear you rant.

Mr. Pouliot: Thank you. My hon. friends know that I have no rancour but I want to warn the government against the intrusion into this country of many people who will be a burden for the taxpayers within a short time.

Some hon. Members: Hear, hear.

Mr. Pouliot: Now that my hon. friends agree with me I thank them, and I hope in the future they will always agree with me.

Mr. Noseworthy: Are any of these fares recoverable or are they entirely subsidized by the government?

Mr. Harris (Grey-Bruce): The $160 is paid by the immigrant. The $215 is paid by the government and is not recoverable.

Mr. Fleming: Mr. Chairman, the committee has been given some information as to what seem to me to be the bare essentials that go into the making up of this item. Certain questions have been asked by the hon. member for Temiscouata concerning which I think the committee is entitled to an answer. I think there are answers to some of the questions he has asked, and it seems to me it is the duty of the minister to provide them.

I should like to make one or two observations about the item. As we have been told by the minister, it provides for assistance of this particular kind to immigrants during the four-month period commencing December 1 and ending on the 31st of this month. It is anticipated there will be approximately 1,700 to 1,750 immigrants who will be taking advantage of this subsidy towards the expense of their air transport.

We should be told how this fits into some scheme. This is more than a four-month scheme. When it was announced in December I think the country was given to understand this was the beginning of a scheme that was to be continuous. It seems to me that the committee has not yet been given information on some essential aspects of this matter. It is obvious that the 1,700 people are merely a fraction of those who will be coming to our shores as immigrants during this four-month period. One must naturally ask, how is it that certain immigrants are selected to have the benefit of this subsidy, some small fraction out of the total? What is the basis of selection? Is it simply those who wish to come by air, or is it rather those who have special aptitudes or skills that are in urgent demand in this country at the present time?

We have been given no information on that subject, and it seems to me it is highly essential information that the committee ought to have. If there are intending immigrants who have skills that are in urgent demand in this country at the present time, is 1,700 the total of such or is 1,700 the total for whom in this four-month period transportation space is available? What is it that determines the number, 1,700 or 1,750 in the four-month period? How then does this plan relate to plans for the coming year? Surely there is something much more in the minds of the government than simply a limited appropriation now to meet the needs of a limited number of immigrants for a limited period. Surely we should have a more comprehensive statement from the government. We sit here and have to prod and needle all the time to get little tidbits of information. It seems to me it is high time the government came out in the open and made a comprehensive statement on the subject.

That leads me to make an observation concerning the questions put to the minister by the hon. member for Temiscouata. One does not have to share all the views expressed by the hon. member for Temiscouata to appreciate the force of some of the questions he has asked. I am quite sure the minister has the answers to some of the questions put by the hon. member for Temiscouata. I am another member of this house who would like to hear a statement from the minister as to the number of immigrants who have become charges, who have been found later to have health defects that were not discerned at the time of entry, and how many of them have become charges on the unemployment insurance fund.

Let us have the information in order that we may determine whether the hon. member for Temiscouata is drawing sound or unsound inferences. I think the minister has the answers to these questions, and I urge him to give them to the house so that there may be some serious attempt to set at rest a lot of these questions that are raised from time to time as they have been tonight.

Mr. Harris (Grey-Bruce): Mr. Chairman, I do not have at this moment any figures to indicate that any persons in hospitals have been displaced by immigrants. There may be some. If there are complaints of that kind of course we will look into them. We do have these complaints made regularly. We investigate them, and we do not say that there is not an immigrant hired in the place of someone but in many cases it is found that the inference to be drawn from that very thing is not that the immigrant has displaced the person who has lost his employment. I did not think that the house would want to engage in a long discussion of immigration. We have provision made in the main estimates for a continuation of this policy. I thought

that when the main estimates came before the house we could have an extended debate on the whole policy of immigration, and the experience that has been built up in the past year. I think we could then debate it under circumstances that would be more conducive to coming to good conclusions than on the supplementary estimates of two or three items which are the result of a new policy devised since the house last met, and for which money is being voted for the limited period covered by the supplementaries.

Mr. Fleming: I do not wish to be querulous with reference to the statement of the minister, but I do say that the committee has not been given the information at the present time that it ought to have. After all we are not suggesting—

Mr. Harris (Grey-Bruce): What do you want?

Mr. Fleming: —an extended debate on the question of immigration policy. We are asking for essential information with respect to the plan for which an appropriation is to be provided for a four-month period. I have asked certain questions and the minister has given no information with regard to them. Has the minister nothing to say about this particular plan? I was not suggesting that we enter into a debate on the whole policy of immigration. I think, however, that a house that is being called upon now to vote $380,000, a tidy sum, for a four-month period for a particular plan is entitled to a good deal of information. Therefore I come back to the questions which I asked before and which were in the main unanswered.

How does this tie in with the plan? What is it that has established the figure of 1,700 or 1,750? Is it a limitation of the number of those who are applying for emigration from the United Kingdom and who have aptitudes and skills that are in urgent demand in this country at the present time? Is it a limitation on air transport facilities? What is it that has fixed this number? Let us have some information about it.

May I ask the minister also to be a little more explicit in dealing with the questions thrown about by the hon. member for Temiscouata, who seemed to be throwing them at the opposition benches instead of in the proper direction, namely, at the minister. Why should the opposition be expected to answer for the shortcomings—and goodness knows they are plenty—of the immigration policy of the government? I suggest to the hon. member for Temiscouata that this is an example of the error into which habit can lead even an earnest member of the house. When you get into the habit of railing at those who happen to be sitting on the opposition benches, you are led into the habit of directing to the opposition benches questions concerning government policy and the elaboration of government immigration plans for which we modestly profess our inability to answer for the government. But I do think the Minister of Citizenship and Immigration owes it to all members of this house, not only the hon. member for Temiscouata but all those of us who have been asked by the hon. member to provide him with answers, to provide the information and answer the questions.

Mr. Pouliot: I want to correct what has been said for the hon. member for Eglinton. I never asked the opposition to give me any information about the immigration policy of the government. All I said was that they were completely silent on what I considered the essential matter in the immigration policy. I did not blame them for not answering me. I said I was very much surprised that they had not asked those questions on the basis of the immigration policy; that is all. Now I will excuse myself for having intervened at this point, because I see the minister is very anxious to answer the questions that have been put to him by myself and rebroadcast by the hon. member for Eglinton.

Mr. Gauthier (Portneuf): I should like to say a few words on this very important matter, and at the outset of my remarks I think I can say I concur to a certain extent in the words that have been uttered by the hon. member for Temiscouata. As he is against immigration unlimited, so I always will be opposed to immigration unlimited. I do not say that the plan mentioned by the minister is what we may call immigration unlimited; but while I am not qualified to give the minister advice or warnings or anything like that, I can utter what is in mind on this special question, as I have always desired to do every time it has come before the house.

I should like to know, of those who have been coming and those who are to come under this special arrangement how many technicians there were or will be, how many day labourers, how many farmers and so on. That would be very interesting to know, because as everyone is aware the percentage of population as between the cities and rural districts of Canada is increasing every day in favour of the cities. That situation should not exist, and certainly it should not be allowed to increase. Then I should like the minister to say whether under this scheme the screening of these immigrants will be as

severe as the screening I called for the last time I took the floor on our immigration policy.

The hon. member for Temiscouata says no one has ever touched the main point of the immigration policy. There was an immigration policy which I believe is still the policy of the present minister; that is, that Canada must not receive more immigrants than she can absorb. This is the main point to be made on this question of immigration. If Canada cannot absorb more than let us say 75,000 or 100,000 a year, we should not bring in more than that number. There is one feature of this scheme I do not like very much, because I am afraid it might develop into some kind of a trade. I believe the minister stated that these immigrants will leave the United Kingdom by plane. That is O.K., but let us say a few thousand come from other countries on the continent. They cross to the United Kingdom to comply with this scheme. It could develop into some kind of a trade, which would not be desirable because it would make the screening that much harder.

I believe we cannot talk too often and too firmly on this question of the screening of immigrants, not only in relation to physical health but in relation to mental health, intellectual and moral health, and political health. I believe those requirements are not too hard to comply with, but in any case I feel they are absolutely necessary especially in this period in which we are living. I have great confidence in the minister. Last year he told me the screening was to be very severe, and I hope he will not forget that this screening should cover the various issues I have mentioned, especially moral and political health.

Sometimes, even in the rural districts, we hear criticism which appears to be well founded. Some say these immigrants, not all but a few or perhaps many, come here with the assurance that they will have jobs. They even leave the United Kingdom or some other country of Europe with the assurance that their jobs are here waiting for them. That is a criticism we hear very often. Another is that we have a very real problem of housing in this country. I have been told by people in Montreal that some immigrants even have houses ready for them here. I was told of two instances in which friends of mine wanted to buy houses built under a certain housing scheme, only to be told that those houses were being kept, or had even been sold to some company, for the use of immigrants. That is another criticism I should like the minister to deal with, if not on this item then on the general item in the estimates having to do with immigration.

[Mr. Gauthier (Portneuf).]

Mr. Harris (Grey-Bruce): As I said a moment ago, I would be pleased to do that. I think we could debate immigration policy much better on the main estimates than on this item; but with respect to the questions asked by the hon. member for Eglinton, as I understand it he wants to know why this was done, why it is apparently limited to 1,750, and the basis of selection of those 1,750.

It was done because one of the problems we had to face in immigration was the lack of transportation. T.C.A. is flying certain regular flights from the United Kingdom here. It seemed logical, if there was space on T.C.A., that we should take advantage of that space. The numbers who are coming forward are the numbers that can be provided with transportation on the regular flights for immigrants in seats that are not taken up by other types of passengers.

As a matter of interest, the plan was announced on December 1, and because it took some time for arrangements to be made, and because of the Christmas season, there were not many who wished to come forward at that time. There were 79 in December; in January 461; in February 577, and the first two days of March, 48, making a total of 1,165. We have estimated that there will be 1,750 by the end of March. As I said before, there is an item in the main estimates continuing this plan. We believe that as long as there is available space we could use it in this operation. Have I covered all the questions?

Mr. Fleming: Would the minister just confirm one inference I have drawn from his remarks? That figure has been arrived at because of the limitation on space available by T.C.A.; that has been the factor that has established the number?

Mr. Harris (Grey-Bruce): On the regular flights, yes.

Mr. Fleming: Then, within the ceiling established by the limitation of space on regular flights on T.C.A., what has been the basis of selection of the 1,700 from what must have been a larger number of applicants?

Mr. Harris (Grey-Bruce): There has not been such a large number of applicants for passage by T.C.A. under this plan. We have about 1,000 now booked for the period after March 31. T.C.A. has been accepting applications from individuals who wanted to come forward under this plan. T.C.A. has within itself the means of booking the passage. We do not make a selection unless there is a particular demand for a particular person.

Mr. Fleming: It comes down to this, then, that up to the present time the entire number of applicants has been contained within the limitation of space available on T.C.A., and there has been no selection?

Mr. Harris (Grey-Bruce): And the numbers who indicated a desire to come in the summer months rather than in the winter months. As I say, we have bookings after March 31 of persons who in January said they would like to come by air in May or April or some other month.

Mr. Fleming: Then what has been done to make the plan known in the United Kingdom or elsewhere where this type of immigrant has been invited?

Mr. Harris (Grey-Bruce): Mr. Chairman, there was a poster issued immediately by T.C.A. Shortly after, in connection with another item we have here providing for assisted passage, we put out posters on a limited scale. I should say that the transportation agencies found it most convenient to advertise the schemes themselves, and there is ample publicity now in the United Kingdom and elsewhere for this plan.

Mr. Brooks: I quite agree with the member for Temiscouata that we should not dump a lot of people in this country unless they have employment. I take it that most of those people who are coming here have employment somewhere in Canada. Could the minister give by provinces the number of people who are coming in under this system?

Mr. Harris (Grey-Bruce): Mr. Chairman, I want to make it clear that this is not a special scheme, but only provides additional transportation facilities for those seeking to come to Canada from Europe. The persons who come under this scheme are persons who are otherwise admissible and who would come by ordinary passage if it were not for this scheme.

Mr. Brooks: They would come in the regular quotas?

Mr. Harris (Grey-Bruce): We have no quotas against any particular country. We have certain qualifications which were mentioned by the member for Portneuf. I could give the house the statistics for last year's immigration, which would be a good guide to what we would logically expect this year, but perhaps I would do it at a later time. The figures show that roughly 60 to 65 per cent of the immigrants indicated a desire to go to Quebec and Ontario, and the remainder to the maritimes and the west.

Mr. Coldwell: Will some of this amount of $380,000 be repayable? What I have in mind is that I believe there are some assisted passages when an immigrant comes here for a special purpose, when the employer pays part of the $160 and the balance over a period of time. I was wondering if that is done by the Department of Immigration or is that a matter which is looked after by the Department of Labour? Does this item include any portion which is repayable?

Mr. Harris (Grey-Bruce): No, Mr. Chairman, no part of this is repayable. The assisted passage item appears under loans and investments at the end.

Mr. Macdonnell (Greenwood): I still have the feeling which the member for Eglinton expressed that we are still not getting this story except in bits and pieces. The minister has said this is not a special scheme but is part of a larger undertaking. I believe that is what the member for Eglinton had in mind. The member for Temiscouata made a particular suggestion which, so far as I know, has not been answered. It came to me as a surprise, but he suggested that the whole thing was unsound because of a substantial amount of unemployment. I have not heard that answered. It came to me as a surprise, but perhaps the minister can answer it.

Another thing one hears is that private organizations have immigration plans and are making their own attempts to get people in substantial numbers. Are those in any way integrated with the larger plan? From before Christmas I carry in my mind that we heard a number, not 1,700 or 17,000, but many tens of thousands, perhaps over 100,000 immigrants for this year. I cannot see why this is not the natural time for us to get a somewhat comprehensive outline as to what the plan is. It may be many weeks before we are on the main estimates concerning immigration, and surely plans must exist. Why is this not the natural time for us to hear about them? For some reason the minister does not want to give them out.

Mr. Harris (Grey-Bruce): Mr. Chairman, there is a later item for the assisted passage scheme, and I am sure that is what my hon. friend has in mind. If the committee reaches that item I shall go into detail on it, but I can only repeat what I said a minute ago that this is merely one method of providing transportation which is vitally needed because there is a scarcity of transportation for immigrants coming to Canada.

Mr. Noseworthy: The minister states that anyone who desires can come by air. I think that is what he said. Who determines whether an immigrant from the British isles comes by air or by boat? Is it entirely up to the immigrant?

Mr. Harris (Grey-Bruce): It is entirely up to the immigrant.

Mr. Noseworthy: Then, Mr. Chairman, are we bringing any immigrants from European countries by air?

Mr. Harris (Grey-Bruce): T.C.A. only operates as far as the United Kingdom. If people come to the United Kingdom they can then use this plan if they can make arrangements with T.C.A.

Mr. Coldwell: When the service is established to Paris, will Paris be a place of embarkation?

Mr. Harris (Grey-Bruce): That is a matter of government policy and the decision will be announced in due course.

Mr. Fraser: The minister said an immigrant can apply to T.C.A. I have cases of people in my riding who have sent transportation, or arranged for transportation with the Trans-Canada Air Lines, to bring immigrants from the United Kingdom to my riding. These people have had to pay the full fare. It happened within the last month or so. Has any arrangement been made to reimburse these people? The immigrants are coming here definitely to do a job as domestics. In most cases the domestic promised to pay half the fare and the employer the other half. Has any arrangement been made to reimburse them?

Mr. Harris (Grey-Bruce): I shall look into the matter that my hon. friend has mentioned and see him privately about it.

Mr. Fraser: Something should be done about it. The people who have arranged the fares do not know about the assisted passage arrangement. They go down to the Trans-Canada Air Lines office and say: I want this to go to such and such an immigrant. The passage is arranged as to when the person can leave the United Kingdom to come here and that is all there is to it. It costs them full fare.

Mr. Fleming: I was hoping that the minister was not going to brush off the questions put by the hon. member for Temiscouata without a fuller answer than he has just given. I should like to hear the minister make a comment on the suggestion that immigration has caused unemployment. The minister ought to be prepared to make a statement on the remarks made just a few minutes ago by the hon. member for Portneuf. He raised the question as to the absorptive capacity of this country. What has the government to say about the absorptive capacity of the country at the present time? How does it relate to the government's plans for encouraging immigration? We heard the statement last December about the new plans. A question has been raised about the absorptive capacity of the country. The government should be prepared to give us a statement. They must have some conception of what they consider the absorptive capacity of the country to be at the present time. I ask the minister, for the benefit of all hon. members of the house, to answer these two important questions by the hon. member for Temiscouata and the hon. member for Portneuf, in relation to the plan of which this item is to provide for a part.

Mr. Gauthier (Portneuf): On the question of the capacity of absorption, I said to the minister that I was ready to wait until the main item having to do with the policy on immigration was before the committee. I did not ask for a declaration from the minister right now. I am ready to wait until the special item on immigration comes before the house.

Mr. Pouliot: It is before the house now.

Mr. St. Laurent: What is before the house now, Mr. Chairman, is a supplementary estimate to carry out the policy that was announced and approved by the house in the general estimates for the year 1950-51. All those who are coming by these amounts are immigrants who have been certified as admissible to Canada. There is not sufficient transportation for them all to get here by ship, and there were regular flights on the Trans-Canada Air Lines that were not taken up by the ordinary passengers at that season of the year, and it was thought that that would be a convenient way of hastening the transportation to Canada of persons who had been certified under the plan that was approved in the general estimates for the year 1950-51.

In the estimates for the year 1951-52 there are substantial sums for the whole of the services of the immigration department, and when they are being discussed I think the whole policy for the year 1951-52 should be discussed, but I do not think it is usual to discuss the policy for the coming year on a supplementary estimate to take care of the expenses incurred in the current year; and that is all that is provided for by the supplementary estimates. They are all persons who have been certified by the services established as admissible to Canada. They have not been able to get here by boat, and there were those empty seats, or there would have been those empty seats, on the Trans-Canada Air Lines. Trans-Canada Air Lines operates only between England or Scotland and Canada, and it was made known that those who wanted to come could be accommodated in that way when there were seats that had not been sold to the ordinary

passengers. They get notice that there are a certain number of seats available, and they have to be prepared to come on very short notice. They express some ultimate desire to come at a certain time. They are told, if there is space you can come at that time; but this will not provide for the 1951-52 program. That program will be up before the house in a general estimate, and there will be full opportunity to discuss it then.

I do not think anyone feels that there has been, up to the present time, any overtaxing of the absorptive capacity of the country with respect to immigrants who have come forward.

Mr. Pouliot: This is the first satisfactory explanation that the committee has got about item 577 of these estimates.

Mr. Noseworthy: Are there among those who find their way to England and come by air any number of displaced persons? Will the minister tell us how these displaced persons are screened? Who does the screening?

Mr. Harris (Grey-Bruce): I do not use the phrase "displaced persons" but those who do, I think, refer to persons under the management of the international refugee organization. If that is what my hon. friend has in mind, they do not come forward in this manner. They come from Europe by ordinary transportation.

Mr. Fleming: It would be much easier to follow the Prime Minister in the statement he has just made if this item were not directly related to what was put before the people of Canada last December as a new plan.

Mr. Harris (Grey-Bruce): By whom and when?

Mr. Fleming: By the government in an announcement of the plan that was made. It may have been another case of someone speaking for the government; but certainly it was put before the people of Canada in the way I now describe and the government, so far as I am aware, has made no attempt to correct or alter the statement. It was that a plan was being inaugurated to bring 150,000 immigrants to Canada, and a concerted effort was to be made to interest in coming to Canada artisans and persons having those skills that are in urgent demand at the present time; and that to facilitate early movement of such immigrants into Canada with their skills the government was going to assist air passages and take other means to help bring these people to Canada at a time when their skills were in urgent demand. That, it seems to me, is the reason, and a very proper reason, why some of us have been asking questions tonight designed to elicit necessary information relating to this item, because this item certainly represents the first four months' instalment of the new plan if the new plan is what the people of Canada were given last December to understand it to be.

Mr. Harris (Grey-Bruce): The hon. member for Eglinton has entirely misconceived the information that he thinks he has received. In December the government of the province of Ontario made some announcement about their plans, and that is what I think my hon. friend was referring to, and what I think the hon. member for Greenwood was referring to.

Mr. Fleming: That is not what I was referring to.

Mr. Harris (Grey-Bruce): We made no announcement whatever in December except the plan we are now debating which was to bring forward people by Trans-Canada Air Lines, and that took effect on the 1st of December. There was no other announcement made in that month except with respect to persons under P.C. 2115. Well, during January the minister made a speech in which he said that it was expected that 150,000 people might come to Canada during this year, if that is the matter that my hon. friend has in mind. It was at that point that we announced assisted passage, which may be debated under a subsequent item of the supplementaries.

Mr. Fleming: The minister has shed some light on the subject. I should like to ask him, in view of the answer he has just given, if then it is a fact that there is no new plan, so far as the government is concerned, with respect to encouraging further immigration to Canada?

Mr. Harris (Grey-Bruce): If my hon. friend will look at page 13 of the further supplementary estimates he will see there item 648, which has to do with an assisted passage scheme. That is the only scheme I think we have any purpose in debating at this point—when we come to it.

Mr. Fleming: That is not an answer to my question. I do not want to take up the time of the house —

Mr. Fournier (Hull): Oh no!

Some hon. Members: No!

Mr. Fleming: I can tell some hon. members that I do want to get on with the business of the house, and if they want to do so the best thing they can do is to encourage ministers to give direct and simple answers to questions.

Mr. Fournier (Hull): The hon. member is out of order.

Mr. Abbott: Ask simple questions, then.

Mr. Fleming: I do not think I could put a more simple question than the last one, and it has not been answered yet.

Mr. Harris (Grey-Bruce): What was that?

Mr. Fleming: I will put the same question, to which I wish to have a short answer, in keeping with the standard prescribed by the Minister of Finance.

Mr. Abbott: A high standard.

Mr. Fleming: Am I to infer that there is no new plan with respect to immigration, so far as the government is concerned?

Mr. Harris (Grey-Bruce): Of course not. I have said twice that there was one, and it is described in item 648, which we will come to shortly—if this is passed.

Mr. Fleming: The answer is yes and no.

Mr. Gardiner: The answer is that you are out of order.

Mr. Drew: Mr. Chairman, the Prime Minister has not clarified things at all. He has referred to a statement made in the session last year, when the regular estimates were before the House of Commons. There was no statement at that time which would explain the item now before us.

The minister knows perfectly well that the item now before us relates to an announcement made some time subsequent to the regular session, when it was stated that the government planned or that the government intended to provide part of the cost of air passages. There was some suggestion that it would apply particularly during the off season, when there would be space available on the transatlantic planes.

Now, that is a new plan, since the session. It being a new plan, a plan related to this particular item, then I say this is the time for hon. members to find out why they are being asked to vote $380,000. I know that the figure mentioned here, without any explanation, of $380,000, may seem a mere pittance to a good many members; but the fact remains that at a time like this members should be asking themselves why they are voting this amount.

The minister has given a number of explanations in regard to the procedure by which intending immigrants may avail themselves of the funds available. A plan for assisted passages is justified only if it is a plan that is going to mean some substantial movement of people. If it is going to affect only a few people, then it simply means that some people who happen to learn about it will get a cheaper passage than others get, and it does not mean any really important part of a planned immigration to this country. And, having regard to the expense of maintaining immigration offices, and carrying out the ordinary duties related to immigration, there simply is no justification for a plan of this kind, unless it is a real plan, and one that will bring a substantial number of people to this country.

The minister has explained that this is an additional amount which would take care of a substantial part of the passage—in fact, more than half of the passage, where an immigrant applies for transportation by air and succeeds in getting it. It is available not only to people living in the British isles but it is also available to anyone who wishes to come to Canada, gets as far as the British isles and then decides to come the rest of the distance by air.

One of the things the minister certainly should explain in this connection, at a time when we are being asked to vote an item for the first time relating to this plan, is this: By what device does the immigration branch determine whether the individual who has arrived in England and is coming here is in fact a prospective immigrant, or is just a tourist who finds that this would be a cheap way to get to Canada?

Do not let the minister suggest that that does not happen. I know it does happen—and under a very much more carefully arranged plan than this. After all, why would not a person avail himself of this, unless there were some process which actually determined how this money is to be allocated? What the committee should have is an explanation in detail of a plan of this kind. We should know what the process is, from the time a person makes application until the time he gets here. Do they go to some office and do they then qualify before an immigration official for this special allowance, or do they simply go to the T.C.A. office in London, explain they want to fly to Canada and, if they get their reservation, make application under this plan?

Mr. Harris (Grey-Bruce): Mr. Chairman, I can well understand that the leader of the opposition has had some experience in this. It may be that the plan he had in mind did work in such a way that occasionally some took advantage of it as tourists. There is always the possibility that that would happen. But so far as I know now, we have not found that to happen in respect of the eleven hundred, odd, who have come forward.

The procedure is simple. The applicant arrives at the immigration office. He passes through all the processes of becoming an

immigrant. He is investigated, as is any ordinary immigrant. If after that he is passed as an immigrant—not as a tourist—he then may obtain passage by T.C.A. under this plan. That is always provided, of course, that there are demands for his services in this country, and that he is in all probability urgently needed at this moment, or will be very shortly.

Mr. Drew: That, Mr. Chairman, does not explain the detail at all. May I tell the minister, in case he has any wrong impressions, that not a handful of people among close to 20,000 who came into Ontario by air, under a different device, came for any purpose other than as straight immigrants. Nevertheless we did find that there might have been fifteen or twenty who availed themselves of the opportunity to come to Canada on a cheap fare—at that time it was $170.

I am only pointing out that in a plan of this kind, if an assisted passage is justified, there must be some definite procedure which assures that the assisted passage is for the purpose of bringing immigrants with a definite objective and who are going to be useful citizens in this country.

Now, it seems to me we have not yet anything before us to indicate that the immigration branch has assured itself in any way, first, that these people are really going to be able to fit into satisfactory jobs and, secondly, that they really are people who are coming out here with the idea of settling down as citizens in this country. If the minister has any explanation of that, then I certainly have not been able to find it in what he has said.

Mr. Harris (Grey-Bruce): Perhaps the leader of the opposition would accept my assurance that that is the case. I can disclose to him all the files of the 1,160 who have come. But let him for the moment, I hope, take my assurance that we check this movement of people, having in mind that it is an assisted passage—we check very carefully—and having in mind the necessity of bringing forward persons of the class he has described.

Mr. Pouliot: Mr. Chairman, this item 577 is to provide for payments to Trans-Canada Air Lines of the difference in cost in air transportation and minimum tourist class ocean transportation for immigrants transported from the United Kingdom by Trans-Canada Air Lines during the period November 29, 1950, to March 31, 1951. This is the 19th of March and in twelve days we will have reached March 31. Is this $380,000 going to the T.C.A. to pay for past transportation or is it to pay for future transportation?

Mr. Harris (Grey-Bruce): It is for the transportation of the 1,165 who had come up to March 2, and of the roughly 600 more we expect to come between March 2 and March 31.

Mr. Macdonnell (Greenwood): When the minister was describing the requirements which are required in the case of people coming to Canada under this scheme he used the words, "provided that there is a demand for his services in this country." Will the minister state what means are taken by the authorities to satisfy themselves on that point?

Mr. Harris (Grey-Bruce): If I understand the question correctly it relates to the destination of the immigrant. If the immigrant is coming to assured employment he will qualify under this if that employment is in something which is urgently required.

Mr. Macdonnell (Greenwood): Does that mean that he will have made his own private arrangement with some person for employment?

Mr. Harris (Grey-Bruce): Yes and no. There may be a demand sent by an employer to our offices in London which is filled in this manner or, alternatively, he may have made his own arrangements.

Mr. Fleming: Mr. Chairman, a very widespread impression has been created throughout this country that the government has inaugurated some new plan or policy with respect to immigration into Canada. Statements have been made and if they do not reflect government policy then I think in the interests of a proper understanding of the situation the house and country should be told.

Last September two senior officials of the Department of Citizenship and Immigration, on the immigration side, when departing for Europe in connection with certain duties, were quoted in the newspapers as saying that the Canadian government aimed to step up the flow of immigrants to 150,000 or 175,000 a year. The two officials concerned were Mr. C. E. S. Smith, director of the immigration department, and his deputy, Mr. George A. Benoit. They were leaving for Europe with a view to concentrating their efforts, so the newspaper statement indicates, on Britain, France, Germany, Italy and Switzerland, and attaining that which had been described as the goal of the government in this stepped-up program.

The Deputy Chairman: Would the hon. member quote the newspaper?

Mr. Fleming: It appeared in several papers.

An hon. Member: *Globe and Mail?*

Mr. Fleming: The statement was issued on September 25 on the departure of these two officials for Europe.

An hon. Member: What paper?

Mr. Fleming: It appeared in a number of papers. I am informed that it was made in Montreal on their departure for Europe. Whether the minister intended it or not, the speech which he made in Winnipeg on January 19 of this year was interpreted by many people as confirming the statement attributed to these officials in the previous September. The minister is reported in a Canadian Press dispatch from Winnipeg of January 19 as saying:

> Our objective—

Note the word "objective."

> —for this year, assuming that conditions remain the same, is in the neighbourhood of 150,000. Of this number it is expected that over 30,000 will come from the United Kingdom. The balance will come largely from western Europe and will include some refugees.

Later on in the same dispatch the minister is quoted as saying:

> Immigration is of great importance to Canada today. Through a vigorous, yet carefully controlled immigration program lies the solution to meeting, in part at least, the problem of national defence, and any real ability to participate fully in united undertakings against aggression.

I think the minister should indicate whether the two officials who were quoted in the statement I have referred to were speaking with authority and were making a statement that reflected government policy, and whether the government has committed itself to an objective, as the minister put it, in the neighbourhood of 150,000 immigrants this year as compared with only 74,000 in 1950. If the minister is not prepared to say that the statement attributed to those two officials reflects government policy, then why did he use the word "objective" in his Winnipeg speech as indicated in the dispatch I have referred to? At that time, I repeat, he said:

> Our objective for this year, assuming that conditions remain the same, is in the neighbourhood of 150,000.

Mr. Harris (Grey-Bruce): The quotation from the officials that has been read is new to me, but since the figure is approximately that which I gave in Winnipeg I do not think that any explanation is needed. As my hon. friend has quoted, in Winnipeg I said that under present conditions we thought that perhaps 150,000 people would come to Canada. I went on to say, what my hon. friend did not quote, that we thought those people could be absorbed into the national economy.

[Mr. Fleming.]

Mr. Fleming: I still come back to the purpose of this discussion and that is to find out whether there is a government plan with reference to this objective. The minister has just said that he thinks that 150,000 people will come this year, but that is not what the minister said in Winnipeg. In Winnipeg he said:

> Our objective for this year, assuming that conditions remain the same, is in the neighbourhood of 150,000.

To an intelligent Canadian the use of the word "objective" would imply that the government has set a goal for itself. That is quite different from saying in a casual way, "Well, we think 150,000 people will come this year as compared with 74,000 last year."

Mr. Blue: What was your objective when you were married?

Mr. Fleming: Those who are not prepared to take the discussion of an important problem seriously should find means of amusing themselves elsewhere. I want to say to the minister, and I say this in a friendly spirit, that what he has said now is not what he said at Winnipeg. What he has said now does not indicate an objective set by government policy. What he had said is very different from indicating an objective which would be a matter of deliberate, conscious government policy.

Mr. Noseworthy: Do I understand correctly that the T.C.A. is used to bring immigrants whose fares are partly paid by the government only when T.C.A. planes would be coming back without paying passengers?

Mr. Harris (Grey-Bruce): In these particular seasons.

Mr. Hatfield: What becomes of these particular immigrants after they land in Canada? Has the department anyone there to guide them to their destination? I ask the question because I was coming up on the train the other day from Saint John, New Brunswick, and there were a dozen immigrants on it. They were on a C.P.R. train and they all had C.N.R. tickets. The conductor was going to put them off. I told him he had better take the tickets. They were going through to Grand Falls. I should like to know who was at the port to guide these immigrants when they came here.

Mr. Harris (Grey-Bruce): I am glad the hon. member drew my attention to this. I am sure that everybody in the maritimes has been at a port at one time or another when a ship came in with immigrants. If they have they will realize that we have a large staff of persons there to look after them, to see that they get on the right trains and arrive at their destinations.

Mr. Hatfield: Why were they given Canadian National tickets on a C.P.R. train?

Mr. Harris (Grey-Bruce): I must say I cannot understand that but I will make inquiries.

Mr. Pouliot: Was it not a pool train?

Mr. Ferguson: Mr. Chairman, the immigration department during the war and since has certainly been neglected by the government either intentionally or because of the fact that they believe that Canada does not need any immigrants. My hon. friend who is now in charge as minister of the department has proven his outstanding ability in other matters in this house. If he is given the department to run without unnecessary and continuous restraint and restriction I believe he is far-sighted enough to realize what Canada needs in the way of immigrants. If he is restricted it will certainly not be through lack of ability and knowledge on his part because in his heart he knows what Canada needs so far as immigrants are concerned. He knows that this land has not been given to the present generation of Canadians. He knows that our forefathers came here to expand a profitable and rich gift from God.

So far as the government is concerned, in the last fifteen years absolutely no desire or ability to expand this great country and develop its natural resources has been displayed by any of the minister's predecessors. Whether or not that is the wish of the cabinet nobody knows. I want to say that it is up to the minister not only to make speeches in Winnipeg and have representatives of his department make statements to the press prior to departing for Europe. He must realize, and I know he does, the serious attitude of the citizens of Canada with respect to what is going to happen so far as immigration is concerned. Are we going to be told there are not sufficient boats to bring these people here? Are we going to have curtailment of expansion of our industries owing to lack of labour?

We know that we are preaching unity in the world. We know that our representatives in the United Nations are preaching brotherly love but it was only recently that we considered this country no longer at war with Germany. Some of the finest settlers in this country were men and women who came from Germany, people of whom we are proud, and we are exceedingly proud of their children and grandchildren. We have men from Yugoslavia and their descendants, men from Iceland. Citizens of Canada have every right to point to them with pride and call them citizens of Canada because they have earned that title. Yet we are continuing a policy of a paltry 75,000 immigrants a year. Knowing the minister as we do we know that is not his plan, and we know that is not his wish. We know it is somebody else's wish, somebody else's planning in the typical manner in which this government has been planning immigration for at least the last twenty years.

Some of us fought against the Germans. We took pot shots at them and they took pot shots at us. Sometimes they hit and sometimes we hit but when they were taken prisoners there was not the slightest animosity towards them for having been good soldiers. Why should we bear them ill will for being Hitler-trained in the last war? We could almost do the same thing with our youth under certain conditions and with the same kind of training that produced the SS troops. We point to them as people who should almost never be associated with again. That is poppycock and nonsense. Give these people what we have got to give. Set an example for these people from all these European countries and bar none excepting those from Russia.

Bring them here and spend one-tenth of what we spend to educate every man and woman in this country, which is approximately $5,000. Give them a break, and it is a cheap investment at $500 per educated person over the age of twenty, able bodied, medically examined, whom we bring to the Dominion of Canada. Let them help us develop the country. On the day the house closed last June I was travelling to my home town of Collingwood on the train from Toronto to Allandale.

Mr. Blue: Looking for help.

Mr. Ferguson: You would not have been much good if I had asked you to do the job. You would have done more talking than work. Let us get on with the talking now and I will proceed. There was a Roumanian doctor on the train with his wife who was a Viennese. They had tabs on them indicating that they were D.P.'s. With them were a man and his wife from Yugoslavia marked "domestic". There was another man and his wife marked "domestic" from Poland. With my poor French and the doctor's good French I was able to carry on a conversation with him. He in turn carried on a conversation with the people from Yugoslavia and Poland. That was the latter part of June when this house closed. Two months later I received a letter from the doctor written in almost perfect English saying that this was a land of opportunity and a great country. He is now working as a doctor in the Gravenhurst sanatorium and his wife is helping around the institution. A month

later, I received word from the man from Yugoslavia who is working in an hotel in a northern town with his wife. Two months later the Pole wrote and thanked me for the information I had given to new citizens. I had told them that if they played the game they were just as good as any other Canadian citizen from the day they landed here. We Canadians came from the same kind of stock, the stock that is in a man from any country who is willing to work be he from the British isles, Yugoslavia, Poland, Germany or any other European country. He comes, he brings the right kind of stock and if he is a willing worker he is willing to become a loyal citizen of Canada. We cannot monopolize this country. The world has its eyes on Canada, a country of fourteen million people.

Mr. Blue: Hear, hear.

Mr. Ferguson: I suggest to my hon. friend who keeps interrupting that the new immigrants will forgive him. They will understand him the same as I do. He will not make any more impression on them than he makes in the House of Commons. He will not prevent them from becoming good citizens.

Mr. Blue: I want to prolong your speech.

Mr. Ferguson: Maybe it would not hurt, but it is time some of us said something that this government will understand, and make an appeal for broadening immigration. It is time that a man with the ability of the present minister was permitted to do something to tell the world that Canada, not only by words but by deeds, intends to show itself in its true colours and to open its doors to the right kind of immigrants without any nonsensical strings on them. Hundreds of thousands of people in devastated, grief-stricken Europe would be very happy to travel in boats with the same equipment we used to transport our brave soldiers during both wars. There are women in those countries who would make wonderful Canadian citizens and be the mothers of the children of the future, also willing to travel in that type of accommodation. But our ships are now gathering barnacles in our harbours, with the crews laid off. We have the transportation—

An hon. Member: And the water.

Mr. Ferguson: Please make your own speech later. We are not getting along very quickly, with your foolish interjections. Please behave yourself. I would hate to have you called to order, but it will have to be done soon because your interjections are simply nonsense. You make your speech; I will make mine.

[Mr. Ferguson.]

We are asking these people to pay $500, $600 or $700; people who have gone through a dreadful ordeal, who will be under the handicap of not being able to speak our language, and that money must be in American or Canadian dollars. That is a fortune to them. It seems to me that a little sincere effort on the part of the minister and his department should make it possible for these people to be brought here with about $350 left of their $500, to keep the wolf from the door and worry from their minds for a few months after their arrival. In other words they should be able to get here by paying $150 instead of $500. We have been trying to tell the Chinese we are pretty good people. We have been telling them we do not bear any animosity, and that they should not believe Mr. Stalin when he puts his arm around them. The truth is that the Chinese has proven himself a good citizen. But he wants to bring his wife from Hong Kong, and there is no effort on the part of the government to help him. He has to pay $1,000 to bring the wife that he loves as dearly as we love our wives.

An hon. Member: Hear, hear.

Mr. Ferguson: Well, the hon. member probably would not love anyone, but after all the Chinese is a human being. We tell him we are the broadminded, western people; but we also tell him it will cost him $1,000 to be reunited with his wife. He may have been a Canadian citizen for years; he may have contributed in his own way as much as most Canadians and far more than many who have been here for generations and who are too proud to work. You know whom I mean as well as I do. Let us be realistic about this immigration situation. Many members of the cabinet are right-thinking; many of the men in the Liberal ranks are businessmen, but even today there is no semblance of business practice in the department. I should like to believe the minister has a plan almost complete. Dear knows he had to start from scratch to get that department in any kind of workable condition. But if he has a plan that would appeal to Canadians let him announce it in this house; let him tell the country all about it. Do not bring these immigrants and displaced persons here piecemeal. The minister knows as well as I do that any businessman, given authority to go to Europe with good screening teams, could bring back numbers of carpenters, bricklayers, farmers and all the rest of it. We could load our boats with bricklayers, carpenters, masons, plasterers, barbers, cooks and all the others we need. There should be nothing difficult about that. But there is no sign of a concrete

immigration plan even today with the possibility of an all-out war facing us. How are we going to man our munition factories, when our Canadian boys will have to go into the ranks?

The Deputy Chairman: Order. I have given the hon. member every possible chance, I think, to discuss this item, which relates to payments to Trans-Canada Air Lines to make up the difference in cost between air transportation and minimum tourist class ocean transportation for immigrants, and I would ask him to direct his remarks to the item under consideration.

Mr. Ferguson: Very well, Mr. Chairman; I have never tried to be objectionable at any time. In conclusion let me simply say that I pray the minister to enlighten this country on one of the most vital subjects confronting Canada today, affecting as it does our hopes for the future.

Item agreed to.

648. To authorize and provide for a special account in the consolidated revenue fund from which interest-free loans may be made to heads of families or single persons, whose services are urgently required in Canada, towards the cost of ocean transportation to Canada and rail transportation in Canada from port of entry to destination—including cost of meals en route—under conditions fixed from time to time by the governor in council; and to authorize the crediting to such special account of repayments by immigrants and the re-advancing of such repayments, $3,000,000.

Mr. Harris (Grey-Bruce): In view of the previous discussion I am sure there will be a few questions and I should make an explanation. This is the item everyone seems to want to talk about, but they wanted to do it under the previous item. We announced a policy for the purpose of bringing to Canada single persons or the heads of families whose skills are urgently needed in Canada at the present time. That plan calls for the loan to that person of his passage money, except for the sum of $30 which he is expected to put up himself in the currency of his own country. The loan of the passage money will be repayable by arrangement with the immigrant and his employer by deduction from his wages monthly over a period of twelve months in some cases but in no case to exceed twenty-four months. We expect we will require the $3 million to be voted here so that by the time the money starts coming in again by way of repayment we will have expended approximately this amount.

The reason for this is that the cost of transportation has been one of the factors which have delayed immigration to Canada, as the hon. member for Simcoe North just said. At the same time we have done what we could to provide transportation for these people, and if the committee will permit me I should like to give an explanation of the transportation facilities. More than 30 vessels will make scheduled stops at Canadian ports during 1951. Five of these vessels did not visit Canadian ports last year. They are the *La Guardia*, the *Homeland*, the *Europa*, the *Stockholm*, and the *Stavengerfjord*. Several others have increased the number of scheduled stops. For example, the *Scythia* will make six more visits to Canada than she did during 1950. The *Neptunia* and the *Italia* will each make five additional visits to Canada. The *Washington* will make four more visits than she did last year.

Mr. Riley: On item 648, Mr. Chairman, I should like to say a few words in tribute to the minister and his department for the new immigration facilities which were recently opened at the port of Saint John. When the member for Simcoe North was describing the lack of evidence of an immigration plan a few moments ago, I could not help but feel that he should have accepted my invitation to come to the port of Saint John a few weeks ago. He would then have seen some really concrete evidence of an immigration plan, because this building was opened a few short months ago.

We were given a picture of a bright future for this immigration policy which would be carried on by the department under the leadership of the present minister. This building is most modern, and probably the best equipped immigration station in North America. The building was commenced in 1948 and opened last December. It is located on the dockside and is more than 130 feet by 330 feet. It is bright and airy, and has excellent hospital facilities. It has the latest in restaurant and cafeteria equipment, and the detention quarters are of a superior nature.

The member for Fraser Valley is making a few suggestions, but I would suggest that he hold back for private members' night, because I am sure that before this session is completed he will have every opportunity to exhaust himself on the pipe line bills. I should like to pay particular tribute to the immigration work that is being carried on in the port of Saint John by the splendid volunteer organizations who are meeting the new immigrants and adding that touch of welcome which cannot be given by the regular efficient employees of the department. I should like to mention the Salvation Army, the lay members of the Baptist church, the Presbyterian church, the British and Foreign Missionary society, the Canadian Red Cross,

the Catholic Women's League, and the Sisters of Service. The Canadian Red Cross is operating an excellent nursery which is staffed and equipped through voluntary effort and subscription. I am sure that the excellent work carried on by these voluntary organizations in welcoming these new immigrants to our country could be helped by other organizations throughout the country who may wish to lend a hand.

Mr. Macdonnell (Greenwood): Mr. Chairman, when we were asking questions on the previous item, I understood that the minister rather preferred to have us wait for item 648. I thought that when we came to this item our questions would be answered. So far as I am concerned they have not been answered at all. I can add one or two more to give the minister a start.

We have heard a description of the fine set-up at Saint John, but I should like to know something more about it. How many are employed there? How many people came through that port of entry? Is it going to be operated during the summer? How is this $3 million to be used? How much is to be for each family or each unit? Is there any estimate as to how often the fund will revolve? How many can be brought out under this plan during the year, and what is the relationship of this figure, which I understand is still an accepted figure, more or less a basic figure, of 150,000? We are still in the dark about that.

Mr. Harris (Grey-Bruce): Mr. Chairman, to answer the first question first, the personnel at the port of Saint John in the immigration building totals about 15 to 18. For the period when a ship comes in, there are a good many more on a temporary basis.

The second question, as I understood it, was how much money is to be loaned? A person who benefits from this scheme provides $30 in the currency of his own country, and the Canadian government will lend him the difference between $30 and the cost of his transportation to Canada, including his transportation to any point in Canada, which works out to about $40 on the average.

Mr. Macdonnell (Greenwood): The minister must have in his mind an average amount of money to each person on that basis?

Mr. Harris (Grey-Bruce): It works out to just about $200.

Mr. Macdonnell (Greenwood): In the case of a family?

Mr. Harris (Grey-Bruce): This applies only to single workers or to the head of a family.

[Mr. Riley.]

In other words, it is working hands that are required here, and the members of the family do not receive the benefit of this loan.

Mr. Brooks: I was very much interested in what the member for Saint John-Albert said. I had the pleasure, of course, of seeing this splendid shed, and I have known something about it. I agree when he says it is one of the finest immigration sheds in Canada, and perhaps in North America. There is one thing the people are very much concerned about, especially those who are employed in the shed, and that is whether these splendid facilities would be used for only a few months during the winter, or whether ships would be brought into Saint John to use those facilities which cannot be excelled anywhere else in Canada the year round. Really, I believe it is a great loss of money if those sheds are not used during the summer, just as they are during the winter. I should like the minister to say whether there is any intention of using these splendid facilities at the port of Saint John during the summer months.

Mr. Harris (Grey-Bruce): I believe it is the desire of the department to use all its facilities to the maximum efficiency.

Mr. Macdonnell (Greenwood): One of my questions has not been answered. It was, how many came through the port of Saint John? I might ask the minister if my arithmetic is correct. He says there would be about $200 each, so the maximum would be about 15,000 people that might be accommodated under this particular item?

Mr. Harris (Grey-Bruce): The first question was the number who came in. In December, there were 1,533; in January 280; and in February, 1,625. The 15,000, the expected number who will benefit by this plan, will probably come in, in the course of the next three, four or five months. We have only an estimate to go on. Over 30,000 persons applied in the offices in the United Kingdom and western Europe in the months of January and February for immigrant status. We are processing these now, and I should imagine that a very large number of these will come forward under the assisted passage scheme.

Mr. Macdonnell (Greenwood): Will the minister say how this compares with figures of a year ago?

Mr. Harris (Grey-Bruce): We had no assisted passage scheme a year ago.

Mr. Macdonnell (Greenwood): No, but would you not have figures of the applicants of a year ago?

Mr. Harris (Grey-Bruce): Only 13,000 came forward from the United Kingdom in the whole of last year, so that my hon. friend can see that in the two months of January and February we received twice as many applications as came forward during the whole of the year.

Mr. Pouliot: Just before my hon. friend goes on, these are further supplementary estimates, 1950-51, for the fiscal year ending March 31, 1951. What has been said about item 577 was about an amount that has to be spent from now until March 31; but item 648 is entirely different, and I wonder why it was not put in the main estimates which were tabled not long ago, because this amount of $3 million is apparently not for the supplementary estimates of 1950-51, but for the main estimate of 1951-52, and it is for future payments, not four or five months only. I ask the minister why it was not in the main estimates of 1951-52?

Mr. Harris (Grey-Bruce): The plan was announced effective February 1, so that to the extent of two months it would have been included in these supplementaries in any event, but in order that it should be made clear that it was a continuing plan on a revolving fund basis, we put it in for the full amount that we expected to use while the plan was in operation.

Item agreed to.

The Deputy Chairman: Shall we revert now to item 578?

Indian Affairs branch—Reserves and trusts—

578. Administration—further amount required, $22,082.

Mr. MacKenzie: Under this item I want to clarify something that has appeared in the press just recently. This item has to do with reserves and trusts. In the riding that I have the honour to represent, Lambton-Kent, there is probably the largest Indian reserve in Canada. It contains something over 40,000 acres. There are close to 1,000 Indians in my riding. Adjacent to the reserve is a shooting and hunting marsh that the Indians have had the rights to for many years. This has been under lease and was called the St. Anne's lease. It was leased by a Toronto firm mainly for several years, but the department decided that it should be advertised and leased to someone else. They called for public tenders.

My experience with the Indian branch has been that the officials of the Indian affairs branch are very zealous of the Indians' rights. Any time that I have talked to them they have claimed that their first consideration is the Indian. I was rather bothered and disturbed over an item that appeared in the papers a few days ago. As a matter of fact, it appeared in the *Journal* last Thursday night. It was in the *Globe and Mail*, and I clipped this little item from the Windsor *Star* last Thursday. I will read it:

> Hunters ask lease probe.
>
> A parliamentary investigation of the federal government's action in leasing St. Anne's island in lake St. Clair, near Wallaceburg, to a private sportsmen's club was asked today by the Ontario federation of anglers and hunters in a brief to the legislature's fish and game committee.
>
> K. S. Clarke, federation president, said that the lease had been "slipped over" by the federal department of Indian Affairs to a "highly objectionable" private club, whose members are mostly from the United States. "The amount of game that is taken from the island is something that the police might well look into," he said. The province had offered to pay the same amount, but the lease had been granted to the private club "for purely political reasons."

As the representative of that riding I want to know why it was granted for political reasons, because if it was I have no knowledge of it in the least.

Mr. Harris (Grey-Bruce): I probably would not have commented except for the conclusion of the quotation. The St. Anne's lease is a well known lease in southwestern Ontario, and as my hon. friend says, the only interest that this department has in it is to obtain the maximum return from these grounds for the Indian band who surrendered part of the island in the first place. It has been under lease for something over sixty years, I think. Last year, as a result of a lawsuit, this lease came to an end and we had to re-lease that portion of the island because that was the basis on which the Indian band council had surrendered it. We advertised the hunting privileges in the Toronto *Star*, the Toronto *Globe and Mail*, the Windsor *Star*, the Chatham *News*, the London *Free Press*, the Sarnia *Canadian Observer* and the Detroit *Free Press* during July and August of last year. We asked for tenders, and they were opened on August 30, 1950. At that time there were three bids in the tenders, and we accepted the highest tender. That happened to be a number of persons, some Canadians and some Americans. A suggestion has been made that we ignored certain representations which had been made by a sportsmen's association in southwestern Ontario, but we did not receive any firm undertaking or bid from either the Ontario federation of anglers and hunters, the Kent county sportsmen's association or any similar organization in the province of Ontario.

I may repeat, our only interest is on behalf of the Indians who in fact are the beneficiaries of the lease.

In regard to remarks in the paper that the amount of game taken from the island is something that the police might look into, it is to be observed that in the lease there is a section stating that the lessee will at all times co-operate as closely as possible with the dominion wildlife authorities and the game and fisheries branch of the province of Ontario in all matters pertaining to wildlife conservation.

Item agreed to.

Indian Affairs branch; education—

579. Grants to residential schools, further amount required, $60,668.

The Deputy Chairman: Shall the item carry?

Mr. Knowles: Eleven o'clock.

Mr. Abbott: Carry that one.

Mr. Harris (Grey-Bruce): Mr. Chairman, this in the final item of the Indian affairs branch in the supplementaries. Would it not be possible to carry it?

Some hon. Members: Carried.

The Deputy Chairman: Shall the item carry?

Some hon. Members: Carried.

An hon. Member: By leave of the house.

The Deputy Chairman: Is it the pleasure of the committee that this item be carried?

An hon. Member: Unanimous consent.

Mr. Knowles: No.

The Deputy Chairman: Carried?

Mr. Knowles: No.

Mr. Abbott: Carried.

The Deputy Chairman: Item 579 does not carry. Shall I report progress?

Mr. Abbott: Who opposed it?

Mr. Sinnott: He is just kidding.

Item stands.

Resolutions adopted in committee of supply this day reported, read the second time and concurred in.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will continue with these further supplementary estimates. Then we will take up Bill No. 79, an act respecting Indians. If the second reading of this bill is given, the bill will be sent to the special committee on Indian affairs. Then, we have some other small bills which could be taken up too tomorrow.

[Mr. Harris (Grey-Bruce).]

Mr. Fulton: Would the minister indicate the order in which the supplementary estimates will be dealt with?

Mr. Fournier (Hull): We were trying today to place before the committee the less contentious ones. However, perhaps I misjudged the situation. Tomorrow I will do my best to have the less contentious estimates come up first. Then we will take the difficult ones —if there are some.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF EXTERNAL AFFAIRS

B—General—

580. The Canadian Government's Assessment for Membership in the Food and Agriculture Organization of the United Nations—further amount required, $109,000.

Terminable services—

581. Contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East—further amount required, $750,000.

582. Contribution for the United Nations Relief and Rehabilitation program for Korea, $7,250,000.

DEPARTMENT OF FINANCE

Contingencies and miscellaneous—

583. Cost of telephone service at Ottawa for all departments—further amount required, $100,000.

584. To authorize the write-off from non-active assets to the consolidated deficit account of the net trading loss in the securities investment account incurred between April, 1940, and November, 1949 ($8,299,183.77), $1.

General items of payroll costs including superannuation payments—

585. To provide, subject to the approval of the treasury board, for supplementing other votes for the payment of salaries, wages and other paylist charges—further amount required, $2,000,000.

586. To provide for the government's contribution as an employer to the unemployment insurance fund in respect of government employees paid through the central pay office—further amount required, $80,000.

587. To provide for the transfer to the civil service superannuation account of a special government contribution of a portion of the amount by which the estimated liabilities exceed the balance in the account, $75,000,000.

Special—

588. Notwithstanding section 32 of the Consolidated Revenue and Audit Act, to authorize payment under votes 678 and 679 of the Appropriation Act No. 4, 1950, of the federal government's share of the claims received after March 31, 1951, in respect of costs incurred as a result of the large fires in Rimouski and Cabano in May, 1950, where such claims are certified for payment by the commission named for that purpose by the government of the province of Quebec, $1.

Insurance—

591. Departmental administration—further amount required, $10,000.

592. Expenses of work in the interest of fire prevention—further amount required, $3,000.

DEPARTMENT OF LABOUR

A—Department—general administration—

593. *Labour Gazette* and other publications authorized by Labour Department Act—further amount required, $48,000.

Annuities Act—

594. Notwithstanding the Government Annuities Act, to authorize the Minister of Labour in consequence of the transfer of employees from the original employers to the new employers specified in the details of the estimates to enter into contracts with the original employers and the new employers, to provide that the new employers shall, effective on the dates respectively specified in the details become parties to group annuity contracts specified in the said details respectively in the place of the original employers with respect to employees to whom those contracts applied and who were transferred to the new employers and for the application of the contracts in respect of service with the original employers and the new employers and for such other terms as the minister deems necessary for the maintenance and continuity of pension rights of the employees under those contracts, and to provide for payments in the current and subsequent fiscal years in accordance with the contracts so entered into out of the government annuities account, $1.

Special—

595. To authorize and provide for federal contributions to reimburse the province of Quebec for one-half the expenditure for the reconstruction of buildings of technical and marine schools, Rimouski, Quebec, and one-half the cost of re-equipping the technical school and to authorize the Minister of Labour to enter into an agreement with the province of Quebec for such expenditures, $330,000.

B—Unemployment Insurance Act, 1940—

596. Government's contribution to the unemployment insurance fund—further amount required, $3,350,000.

597. To reimburse the unemployment insurance fund under section 87F(1) of the Unemployment Insurance Act, 1940, as amended by statute of 1950, $1,780,000.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

577. To provide for payments to Trans-Canada Airlines of the difference in cost between air transportation and minimum tourist class ocean transportation for immigrants transported from the United Kingdom by Trans-Canada Airlines during the period November 29, 1950, to March 31, 1951, $380,000.

Indian Affairs branch—Reserves and trusts—

578. Administration—further amount required, $22,082.

Loans, investments and advances—

Citizenship and immigration—

648. To authorize and provide for a special account in the consolidated revenue fund from which interest-free loans may be made to heads of families or single persons, whose services are urgently required in Canada, towards the cost of ocean transportation to Canada and rail transportation in Canada from port of entry to destination—including cost of meals en route—under conditions fixed from time to time by the governor in council; and to authorize the crediting to such special account of repayments by immigrants and the readvancing of such repayments, $3,000,000.

HOUSE OF COMMONS

Tuesday, March 20, 1951

The house met at three o'clock.

FEDERAL-PROVINCIAL CONFERENCE

FEDERAL AID TO EDUCATION—CORRESPONDENCE WITH PROVINCES

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, an order was made on the 14th instant in connection with a motion of the hon. member for Saskatoon (Mr. Knight) for the production of correspondence with the government of Saskatchewan dealing with federal aid to education. On looking at the files I find that that correspondence was all tabled on May 23, 1950, and was added as an appendix to *Hansard* of that date. Perhaps that declaration might be taken in lieu of a new tabling of these same letters.

While I am dealing with this kind of subject, may I say that my attention has been called to the fact that I made too inclusive a statement on Friday with respect to correspondence with the government of Manitoba.

I tabled a letter, which was the only letter which had not yet been tabled. In doing so I said that the letters tabled on January 29 had been printed as an appendix to *Hansard*. I find that is not so. They were tabled and they had been distributed at the time of the dominion-provincial conference, and had received a lot of publicity at that time. However they constituted a quite voluminous collection of letters, and there was no order made that they be printed as an appendix to *Hansard*.

TRANS-CANADA AIR LINES

TABLING OF AUDITORS REPORT

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, I wish to table the auditors report to parliament of accounts of Trans-Canada Air Lines for the year ended December 31, 1950.

NATIONAL HARBOURS BOARD

TABLING OF ANNUAL REPORT

Hon. F. G. Bradley (Secretary of State): Mr. Speaker, on behalf of the Minister of Transport (Mr. Chevrier), and in pursuance of the National Harbours Board Act, I wish to table, in manuscript form, the annual report of the national harbours board for the calendar year 1950.

It is expected that printed copies will be ready shortly, and as soon as they are received they will be made available for distribution.

CHINA

REPORTED ARREST OF FIVE MISSIONARY SISTERS BY CHINESE COMMUNISTS

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, may I ask the Secretary of State for External Affairs if he has any more information since yesterday about the five nuns who have been arrested in China? This matter interests, very much, many people in Canada.

Hon. L. B. Pearson (Secretary of State for External Affairs): Well, Mr. Speaker, I have not very much by way of additional information, but the information I have I shall give to the hon. member and the house. It is as follows—

Mr. Fulton: Why did you not give it to me yesterday?

Mr. Pearson: I did not give it to the hon. member yesterday because I did not have it yesterday. However, I have it today for the hon. member for Temiscouata, and other hon. members.

Attacks have recently been made in the Chinese communist press in Canton, Peking and Hong Kong against Canadian nuns of the Order of the Immaculate Conception who conduct the Orphanage of the Holy Child in Canton.

Typical charges made against the nuns are as follows:

1. Far from pursuing acts of charity they are guilty of inhuman acts against the children in their charge.

2. The orphanage is a typical example of an imperialist charity organization, operation of which would not be tolerated by the Chinese people.

3. Since the communist liberation of Canton the orphanage had admitted a total of 2,251 infants, of whom 2,116, or 94 per cent, have died in the institution to date.

4. This mortality rate reflects fully on the irresponsible attitude adopted by the sisters in caring for the infants.

This information, which we received from unofficial sources—that is the information as to these charges—has been confirmed by telegram from our high commissioner in London, who secured the confirmation from the United Kingdom authorities, who of course are represented in China.

A letter from the orphanage in Canton, dated March 5, has been received by the Mother Superior in Montreal. The nuns reported that the orphanage had been taken over by the Chinese authorities and that the Canadian nuns were to be deported to Hong Kong. There has been no official confirmation of newspaper reports of their arrest. The United Kingdom foreign office has been requested by the Canadian government to ask the United Kingdom chargé d'affaires in Peking to do everything possible to assist these nuns who apparently have been the victims of grotesque and unfounded charges.

HOUSE OF COMMONS

AUDIBILITY OF DEBATE—HOURS OF SITTING

On the orders of the day:

Mr. Gordon Graydon (Peel): Mr. Speaker, I have a question to ask, but I am not sure whether it should be addressed to the Prime Minister or to Your Honour. It arises out of the statement made a few days ago by Your Honour with respect to audibility of debate and the acoustics of this chamber, a statement with which I fancy everyone is in complete agreement.

I suggest, sir, that during the Easter recess, or shortly afterward, you have some kind of plebiscite taken among the members of the House of Commons to see if something cannot be done about the inhuman hours we work, particularly at night. I think an attempt should be made to reach an agreement among members under which the sitting hours could be changed to the satisfaction of all members.

I suggest that Your Honour, and perhaps the Prime Minister and some others, might give this matter consideration and see if we cannot come to some agreement on it.

LAKE ONTARIO

STORM DAMAGE—REQUEST FOR ASSISTANCE OF HAMILTON HARBOUR COMMISSION

On the orders of the day:

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Wentworth (Mr. Lennard) made the following request:

> I have been informed that buildings at Van Wagner's beach, near Hamilton, are being washed away by a storm which is raging on lake Ontario. I would ask the minister if it might be possible to instruct the Hamilton harbour commission to give whatever assistance it can in this emergency.

[Mr. Pearson.]

The Hamilton harbour commission is under the jurisdiction of the Department of Transport, and not this department. The territory under control of the commission is confined to the inside of Burlington bay. Van Wagner's beach is on the inside of the sandspit stretching between Hamilton and Burlington, and consequently does not come under the jurisdiction of the Hamilton harbour commission. Any arrangements for assistance would seem to be a purely local matter.

POSTAL SERVICE

REDUCTION IN URBAN MAIL DELIVERIES—HAMILTON

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to address a series of questions to the Postmaster General (Mr. Rinfret), notice of which has been given. They are as follows:

1. Have additional carriers been requested by the postmaster at Hamilton?
2. Has any consideration been given to supplying this need?
3. How many carriers have resigned?
4. How many letter carriers have been granted superannuation in the last month?

Some hon. Members: Order.

Mrs. Fairclough: Mr. Speaker, this is urgent.

Mr. Speaker: As the house will be sitting only one more day before we adjourn for Easter, perhaps I should allow these questions. If the hon. member would like to continue, I will allow her to do so.

Mrs. Fairclough: The fifth question is possibly the significant one. It is as follows:

5. Is there a sufficient number of vacancies to absorb the men who have received notice of lay-off?

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): Mr. Speaker, subject to your remarks, and as notice of these questions was given and the information is available, I am prepared to answer them now.

To question No. 1 the answer is no. Question No. 2 is answered by the answer to question No. 1. The answer to question No. 3 is that since February 1 the number is four. The answer to question No. 4 is that since February 1 the number is one. The information with regard to question No. 5 will not be available until March 31.

BACKLOG OF MAIL AT HAMILTON POST OFFICE

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to ask the Postmaster General (Mr. Rinfret) or his parliamentary assistant what is being done to relieve the backlog of mail which has piled up in the Hamilton post office.

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): I have received no information with regard to the backlog of mail mentioned by the hon. member, but I shall be pleased to investigate the matter and do whatever has to be done under the circumstances.

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

KOREA—QUESTION AS TO RECROSSING OF 38TH PARALLEL BY UNITED NATIONS TROOPS

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, before you leave the chair I should like to take a few minutes to bring to the attention of the house a matter which I believe is of great concern, not only to the people of Canada but to the people of the whole western world. I refer to the fact that for the second time communist forces in Korea have been driven to or across the 38th parallel. I should like to know what action is to be taken by the United Nations forces when they reach the 38th parallel on this occasion.

On February 13 the leader of this group, the hon. member for Rosetown-Biggar (Mr. Coldwell), asked a number of questions which were answered by the Secretary of State for External Affairs (Mr. Pearson). These will be found on page 306 of *Hansard* and are as follows:

Were members of the United Nations consulted about the reported recrossing of the 38th parallel by United Nations troops? If so, did Canada express an opinion, and what was it?

Has Canada made any representations to the Secretary General or to the United Nations concerning reconsideration of the implied permission which was granted to the troops last October?

The Secretary of State for External Affairs replied in part as follows—and I do not think I am leaving out any important part of his reply:

There is some doubt as to the exact details about the reported crossing of the 38th parallel by a South Korean detachment. Apparently it was a purely tactical movement and on a small scale, and does not indicate that any decision has been taken for a major crossing of the line, even if military conditions make that possible.

In reply to the second question, Mr. Speaker, Canada has not made any representations to the Secretary General or to the United Nations concerning the question of the recrossing of the 38th parallel by United Nations forces. However, representatives of governments with forces participating in Korean operations have had informal discussions recently with the United States representatives in regard to this and other matters arising out of the Korean campaign. These discussions have included a Canadian representative. As a result of these discussions, I think I can state that the political significance of any new move across the parallel deep into North Korean territory is fully appreciated. At this moment I would not like to add anything to this observation beyond repeating my view that any decision taken in this matter should be a collective one, including particularly those governments who are participating in United Nations Korean operations, of which the most important is the United States of America.

I wish to draw attention to one sentence I have just read from the statement of the Secretary of State for External Affairs. It is as follows:

As a result of these discussions, I think I can state that the political significance of any new move across the parallel deep into North Korean territory is fully appreciated.

In other words, the military consequences of crossing the parallel last October are in the minds of the members of the United Nations, and particularly those who have representatives in the armed forces of the United Nations in Korea. So far as recrossing the parallel is concerned, the situation today is one that should not be left in doubt, and indeed in my opinion cannot be left in doubt very long, because if the United Nations organization itself does not take action in this matter, action may be taken by others. I maintain that the decision to recross the 38th parallel is a political decision and should be taken by the United Nations; the matter should not be left to any military general no matter how eminent he may be.

At this time the press is full of conjecture about what may happen. The question is discussed in newscasts. I believe that the government of this country, which has a military force with the United Nations forces, should not leave the country in the dark concerning what its attitude is with respect to the recrossing of the 38th parallel. For my part I have always felt that it was a wrong policy to cross the parallel. I do not know whether any hon. members can recall the contribution I made to the debate last September, when we were discussing the sending of armed forces to Korea. I asked at that time what our attitude would be if we drove the North Koreans across the 38th parallel. I pointed out then that I did not believe we could unify North and South Korea under one government. I said in support of my argument that I had attended the United Nations assembly in 1947 when the commission on Korea was set up. I said that I had noted Soviet Russia's attitude at that

time to the commission, an attitude which has not changed since then, because the commission was never allowed to cross into North Korea. I said that if Soviet Russia had not recognized the United Nations commission in 1947 she was not likely to recognize it in 1950.

Perhaps I had better read to the house what I said at that time. As recorded at page 229 of *Hansard* for September 4, 1950, I said:

> In my opinion we should without delay answer some of the questions people are asking. What are our intentions in Korea? If we succeed in driving the North Koreans back to the 38th parallel, are we going to stop there or are we going to go on beyond that? As this is a United Nations force, I agree that it is not altogether within our right to say what a United Nations army is going to do when it reaches that point; but our government certainly should make it clear what is their opinion on the issue.

I did not foresee that it would not be Russia but China that would come into the picture. However, whether it is Russia or whether it is China, I am satisfied that there is not the slightest hope of unifying Korea at this time under one government. In an article which I wrote on the Korean situation for a weekly paper in Vancouver in the first week of October I said that, in my opinion, for the United Nations forces to cross the parallel would needlessly and tremendously increase the danger of war. As it happens, it has been demonstrated that I was correct on that point.

I contended at that time, and I contend now, that so far as the United Nations forces are concerned this is not a war of conquest. It is not a war to destroy communism. It is not even a war, if there can be such a war, to prevent war. In Korea the United Nations took police action only, and in my opinion we are only justified in going as far as the boundary that was in existence and was recognized on June 25 last year.

Mr. Ferguson: May I ask the hon. member a question?

Mr. MacInnis: Yes.

Mr. Ferguson: The hon. member says the boundary was recognized. The North Koreans, the Russians and the Chinese forgot to recognize it, and since then there has been practically no recognition of that boundary line. Nevertheless the hon. member must have reasons for saying that he thought it was a poor idea to pass that line. Will he give us the cold reasons why he came to that conclusion over and above the generals of the army?

Mr. MacInnis: I thought I had already given those reasons.

[Mr. MacInnis.]

Mr. Ferguson: You gave your reasons, but why did you have those reasons?

Mr. MacInnis: I suppose I had those reasons because my mind worked that way.

Mr. Ferguson: Why?

Mr. MacInnis: I cannot say why my mind works in a certain way; I only know it does. I cannot tell why the hon. gentleman's mind works in a certain way; I just know it does. I doubt if anyone can tell why he thinks as he does.

Mr. Ferguson: But why did you come to the conclusion?

Mr. MacInnis: Because when the Japanese were driven out of Korea and it was left to the United States and Russian military forces, they agreed on the 38th parallel as their line dividing their respective jurisdictions. Russia would have jurisdiction to the north of that parallel and the United States would have jurisdiction to the south. I was privileged to be at the United Nations assembly in 1947 as a parliamentary adviser to our delegation. A commission was set up by the United Nations assembly to supervise elections in Korea and try to get the whole country on a unified, democratic basis. Soviet Russia bitterly fought the setting up of that commission, and when it was set up despite her opposition, she refused to recognize it. From that day to this the commission has not been allowed to set foot north of the 38th parallel.

My reason for saying it would be useless for United Nations forces to cross the 38th parallel was that unless Russia changed her mind and agreed to participate in the efforts of the United Nations to find a solution, crossing the parallel could mean nothing but war; and so it has turned out. I was going to refer to an article of mine which appeared on October 4 in a weekly newspaper in Vancouver—and I am mentioning these things to indicate that I am not thinking of this situation only as of today. I have been thinking of them in this way from the very beginning. I suggested then that when we reached the 38th parallel the North Korean armies had been defeated, and the proper course to follow would be to maintain a force south of the 38th parallel to ensure that another invasion would not take place. I believe we—and when I say "we" I mean the United Nations—are in a better position to do that today than we were in October, 1950. At that time the United Nations forces had driven back the North Korean armies. In March of 1951 the United Nations forces have not only driven back the North Korean armies; they have also driven back quite a

large Chinese army as well, composed, we are told, of volunteers, of course, but well equipped and with good leadership.

Having accomplished that I believe we should continue to reiterate our desire to resolve this dispute through negotiation. I am convinced that not only in this instance, but in all cases, because of the nature and spirit of the United Nations, we should never use a gun when we can accomplish the same end through discussions across the conference table. So I suggest that for the peace of mind of many Canadian people, parents whose sons are now serving in the armed forces in Korea, our people should know definitely what attitude will be taken toward this question by our delegation to the United Nations.

Already our forces have suffered casualties. Several homes in Canada are sadder places today than they were a few months ago because of the part we have taken in this affair. Let me say at once that I agreed with what we did in September, 1950, and I agree now that we did the right thing. Let me say also that whether or not the United Nations forces cross the 38th parallel it is not within the control of Canada or the Canadian government alone. We shall have to be governed by the action taken by the United Nations.

I hope that today the Secretary of State for External Affairs or the Prime Minister (Mr. St. Laurent) will leave neither this house nor the country in doubt as to what the attitude of the government is on this question. Yesterday this house approved a contribution to the United Nations Korean rehabilitation fund; I believe that is the title. That is all to the good, and has my complete approval. I only wish it had been more. As I mentioned some time ago, either within or without the house we should not consider contributions of this kind, designed to improve the standards of living of such countries, or to rehabilitate a country because of having been devastated by war, as either loans or gifts. We should consider them as part of our defence expenditures. I am sure such expenditures would be as useful as any we have ever made for defence.

Let me point out that South Korea has been devastated because of the shifting fortunes of war as perhaps no other country has ever been devastated. I have in my hand a reprint of an article by one of the editors of *The Nation* of New York, Freda Kirchwey, which appeared in the *Citizen* of March 13, dealing with the destruction wrought by mechanised warfare in South Korea, from which I will read a brief paragraph:

> Only the other day J. Donald Kingsley, United Nations agent general for Korean reconstruction, reported that Korea was the most devastated land and its people the most destitute in the history of modern warfare. He described the 3,500,000 refugees, lacking clothing and food as well as shelter, for whom no adequate provision can now be made. But figures do little to awaken the minds of war-hardened newspaper readers. They respond only when the human anguish behind the generalities is made concrete.

There can be no doubt in the minds of any of us as to the devastation that has taken place in South Korea. I believe there can be no doubt in the mind of anyone who gives any thought to the matter, or who has any human feelings left—I know all the members of this house have—that we should do our utmost to show these people that we are not the kind of people they have been told we are. We have shown them what we can do in a military way. They have seen what our armies can do in—the word is hardly a good word to use in this sense—liberating them from their enemies. We should now show them what we can do by way of rebuilding their homes, and giving them some confidence in the future. That would not only be a good thing for South Korea, but it would be good publicity for the western nations throughout the whole of Asia.

With these few remarks, Mr. Speaker, which are not particularly well organized, I shall conclude by suggesting again to the Prime Minister or the Secretary of State for External Affairs that they do not leave this house or the country in doubt as to what Canada's attitude is concerning the recrossing of the 38th parallel.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, the previous speaker (Mr. MacInnis) emphasized the extent of the devastation that is resulting from war being waged in Korea. There are three million people suffering privation and want such as the world has never known before. I am quite sure that the representatives of the various nations in the United Nations have made up their mind that they are going to stop wherever they possibly can, be it the 38th parallel or any other line, so long as that decision is in keeping with the situation as their generals in the field see it. The opinions of these representatives will be formulated at that time. I am quite confident that the generals in the field, who are tried and proven men, realize that the feeling of the people represented at the United Nations is that they do not want war.

There is one thing of which I am sure, and I believe and I hope that the majority feel this way: that when the troops fighting in Korea reached the 38th parallel and called upon the North Koreans, who were responsible for the suffering and devastation mentioned by my hon. friend, to stop fighting and when the North Koreans refused to do so, the generals handling the tactics of our armies in

Korea reported to the proper people in the United Nations that in their opinion we had better go after these fellows on the other side of the 38th parallel. We should dig them out, once and for all, and, if they could be apprehended, punish them for the atrocities they had committed. The North Koreans ignored the request of the United Nations for a cease-fire to discuss peace terms. They were impudent and arrogant, backed by Red Russia and the Red Chinese. When we ultimately arrived at the conclusion that it was necessary—and certainly the United Nations did not do so without a great deal of thought and concern about the ultimate results—our armies drove beyond the 38th parallel to the Manchurian border. They believed it was the right thing to do.

In my opinion all too frequently the question of the attitude of the Canadian government regarding our troops crossing the 38th parallel is raised in this house. The answer must be, and continue to be, that we will not cross it unless we have to do so. We will not cross it unless we think it is the best thing to do. If we have to cross it, we will. If we have to cross the Manchurian border, we will. If we have to go to Moscow, we will.

Mr. Victor Quelch (Acadia): Mr. Speaker, I do not altogether agree with the member for Vancouver East (Mr. MacInnis) that we should stop at the 38th parallel. I believe it depends to a very large extent upon the action or intention of the North Koreans and Chinese. If they are willing to have a cease-fire when we reach the 38th parallel, so that there can be a general discussion in the hope that we may reach some agreement, then of course we can easily stop at the 38th parallel. On the other hand, if the North Koreans and Chinese are not willing to have a cease-fire, then we have to remember that the 38th parallel is not a natural defence line. In that case I believe we should proceed to advance until we have reached a line that can be easily defended, and in Korea that might well be where the land narrows.

When the resolution to unify Korea was before the general assembly, I recall that it seemed to be the general understanding that we would advance a certain distance and then establish a neutral zone. It was certainly understood that we would not go right to the Manchurian border. I gathered that it was the understanding also that Syngman Rhee would not go beyond the 38th parallel but would remain in South Korea. I do not know whether he stayed in the south, but apparently he played an important part in making political appointments in North Korea. I believe we made a great mistake in advancing to the Manchurian border, and also in allowing Syngman Rhee to make political appointments in North Korea.

During the special session last year I think I made it plain that I thought a mistake had been made in going into Korea at all. In the first instance I supported the Prime Minister (Mr. St. Laurent) when he refused to send troops there. Many members stated we had gone into Korea to liberate the South Koreans. At that time I ridiculed the idea, and pointed out that we were going there for one purpose only, and that was to establish the prestige of the United Nations organization so that it might be a warning to the communist armies that if they committed an act of aggression at any time they would be met by the armed forces of the United Nations. How can anyone talk about liberating people when you have to go there and smash the country and bring about the wholesale slaughter of the people? At that time I ridiculed the idea that you could have such a thing as collective security. There is no such thing. Collective action, yes, but collective action and collective security are two totally different things. We shall never have security until the member nations of the United Nations organization are willing to live up to the principles of the charter. Until that is accomplished, there will never be collective security.

We hear a lot of criticism of General MacArthur. No doubt he has made many unwise statements. On the other hand, he is in a position in which I do not believe any other general has ever been. He is in the position of having to fight an enemy with one arm tied behind his back. He is having to fight an army that is allowed to attack him from any point, while he is not allowed to attack the supply bases of the army attacking him. That is not fair to the fighting men of Canada, the fighting men of the United States, or the fighting men of our allies. Unless we can place our armies in such a position that they will be free to counter-attack the enemy at any point from which the enemy may come, then I believe we would be well advised to pull out of Korea entirely. We should draw a line, we will say through Formosa, and say: Now, if you cross that line it means war. In order to cross that line the enemy would have to have a navy. It would be an easy thing for us to stop the enemy at that point. I cannot see why we should allow the communist forces to choose the field of battle in every instance. I repeat that it is time that we chose the battleground and said: If you cross this line or that line, it means war. But let us choose a line that will be to our advantage instead of letting the enemy choose a line that is always to their advantage.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I disagree somewhat with the position taken by my colleague the hon. member for Vancouver East (Mr. MacInnis). I think it would be a mistake for the United Nations to state definitely that it was their policy to stop at the 38th parallel. It would be just as great a mistake or even greater to advance so far in North Korea that again we seem to the Chinese to threaten their territory. Nevertheless this debate points up one of the most important aspects of the whole situation, and that is the essential need for civilian control over the commanders in the field. I am not certain that that objective has yet been achieved; but at the moment, so far as the tactics of the day are concerned, I believe the commanders in the field must have a reasonably free hand to decide how far they will go to secure a position which will be militarily defensible. After all, they must think of the lives of the men who are operating under them.

The commanders in the field must also consider this fact: They cannot attack the source of supply without declaring war on China; and I do not think any of us want that. Therefore all they can do is to attack the supply lines of these alleged Chinese volunteers—who are, of course, members of the Chinese army; and that can only be done in a satisfactory way if the supply line is fairly long. I reiterate my opinion that it would be a mistake just now to say definitely that it is our intention to stop at the 38th parallel.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I have no intention of offering any opinion on the strategic or tactical situation. I want to make just one or two brief remarks.

I well remember my feeling on October 12 last, which I think was the date on which the 38th parallel was crossed previously. It was simple. I did not have any wisdom before the event. I did not have any extremely strong views. I just had this feeling: "I hope they know what they are doing." In retrospect, it seems to me that it is not clear that they did know what they were doing then. They disregarded the strong suggestion that had come from India as to what would be the effect of crossing the parallel. As a matter of fact, though it is a view that I personally abominate, I know that there is a strong view held by many in England—what we will call the leftist view in England—that we were grievously at fault.

Mr. Coldwell: And by some Conservatives.

Mr. Macdonnell (Greenwood): That may be so. We will say it is a view that is quite broadly held in England. I happen to have seen it in an article written by G. D. H. Cole. The hon. member for Rosetown-Biggar (Mr. Coldwell) may be quite right in saying that others had that view. I was astounded by that article and the want of sympathy it indicated with the course that had been taken. That is, however, merely a digression. What I want to come back to is to make this point quite simply.

It seems to me that we now have what one so seldom gets, namely a second chance—a chance to consider this situation. We have, as I see it, this unusual situation. Elements, at any rate, in the high command—men like Eisenhower and those who take what we may call the European view—certainly desire any chance with honour, or even with face-saving, which would enable us to disengage in Korea so as to be stronger elsewhere. My point is this. I believe that the ordinary man in the street in Canada also has that feeling strongly, I therefore merely wish to reiterate what the hon. member for Vancouver East has said, and say that I hope at this time it will be possible for the minister to take us more into his confidence than he has felt able to do up until now.

I do not wish to dissociate myself from what has been said about the military difficulties. Any man who knows the least thing about military operations knows that you cannot give a man a job to do and then prevent him from doing it. We all realize the difficulties in which they have been situated. I do not wish to see the commanders in the field with their hands tied so that they cannot carry out what they should do. I am only suggesting—and I understand it was the suggestion made by the hon. member for Vancouver East—that at this time, when we have a second chance, the matter should be again reviewed, as I am sure it is being reviewed in all its aspects, and that the people of Canada should know as much as they can know about the situation now; because I believe that in overwhelming majority what they would like is that in some way this thing be stopped here and now.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I do not think we should lose sight of the point of the speech made by the hon. member for Vancouver East (Mr. MacInnis). The speech which has just been made by the hon. member for Greenwood (Mr. Macdonnell) and the one made by the hon. member for Winnipeg North (Mr. Stewart) show clearly, I think, that these views about the situation in Korea cut right across party lines and thinking. When I suggested to the hon. member for Greenwood that there were Conservatives in Britain who took the same view as Mr. G. D. H. Cole, I had in mind particularly one or two leading articles I read

in the London *Times*. The London *Times* is by no stretch of the imagination a leftist paper, but it has been critical of the operations in Korea. I think what my hon. friend was really trying to impress on the minister and the house was that decisions that must be made to carry on this war must be political decisions; that is to say, they must be made by the political representatives of the countries that are associated in the United Nations, and particularly by the countries that are associated in the Korean affair. The fear that many people have is that this will not be done.

I was not at the United Nations assembly, as it happened, for some few days before the actual resolution was passed to cross the 38th parallel but I can remember distinctly last autumn the hesitation on the part of those of us who were there to accept the proposal when it was first made. I also remember that subsequently, in the month of November, we thought that a halt would be called and that negotiations would be opened long before the armies approached the Yalu river. But the political decision, if there was a political decision—or perhaps I should say this political understanding— was overriden by the general in the field. He may have been in consultation with his headquarters at Washington; even of that we were not particularly sure, but in any event he seemed to be paying little attention to what was, I believe, the opinion of a large group of nations in the United Nations.

Then there is what the hon. member for Greenwood has said about the constant warning that was given by India, an Asiatic nation knowing something of the feeling of these millions of people on the continent of Asia. I have no doubt that the minister of external affairs has expressed a view on this matter. But the important thing is this. I agree with the hon. member for Greenwood that not only the people of Canada but, if public opinion polls are to be relied upon, the people of the United States as well as the people of the United Kingdom, are anxious that there shall be a speedy end to this Korean campaign, with the greatest possible degree of honour to the United Nations. I believe they realize, as most of us do, that the real struggle and the real danger at the moment is not in Asia, but in western Europe, and that if we are persuaded to divert our attention and our energies to the Far East we are endangering the situation in the more vital centre elsewhere.

I agree with what was said by the hon. member for Vancouver East and the hon. member for Winnipeg North, that in order to meet the threat of communism we should be paying much more attention to economic aid for these people than we have been.

What I really rose to say was that I hope we shall not miss the point of the remarks of the hon. member for Vancouver East, as some obviously have done, that the decisions made should be political decisions, and that the military commanders in the field should follow those political decisions. As a matter of fact one of the things that has disturbed me in this Korean affair is that, as United Nations, we have failed to work out any effective method of controlling the military arm or the military forces assembled by the United Nations.

In our long history with these institutions that we call parliamentary, particularly in the Stuart period, and subsequently, the great struggle was as to who should control the standing army. In our parliamentary institutions we have achieved that control. It is rather different in the United States, however, where the president as commander in chief has great personal power. In our institutions nothing can be done without the actual and prior collective consent of the cabinet and of the parliamentary institution concerned.

I have been much disturbed about the lack of control of the military forces by civilian authority. At the moment we are setting up a western European force, and we are contributing to it. If I may just digress to this extent, I would say that one of the problems we should be thinking through carefully is how we are going to maintain effective civilian control of the armed forces that are being established in western Europe. I believe all the peoples of the democracies have confidence in General Eisenhower. I believe he is looked upon as being a wise man, a brilliant general, and a very human individual. But General Eisenhower may be removed; he is human. Anything may happen, and in such circumstances we do not know who would replace him. It could be someone in whom we would not have the confidence we have in General Eisenhower. And even with him, ways and means must be devised by the nations to retain control of the armed forces where that control should lie, and that is in the civilian arm of government.

The military have their tactical decisions to make after the civilian arm has laid down the objectives. I suggest that was the whole point in my hon. friend's remarks as to whether the 38th parallel is the actual place to stop. I believe it is. Whether there is a better defensive position just below or just beyond the parallel is a question, again, which should be referred to the United Nations which, in turn, would take the advice

of its military advisers and reach a decision —not by Washington, not by General MacArthur, but by the United Nations, acting under instructions from their governments in unison.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I think it is rather unfortunate that this particular discussion should have come up at this time. As I see it, the Korean situation at the moment is fluid. I do not think anyone in the house, including the Secretary of State for External Affairs (Mr. Pearson), is in a position at this time to make a decision as to what the future in Korea is going to be.

I say it is inconsistent, first of all to make the statement—with which I agree—that any action taken must be collective action taken by the United Nations and then, in the next breath, to say that the Secretary of State for External Affairs should rise in his place and make a decision in the House of Commons without first having consulted with the United Nations. That is just the reverse of the first suggestion.

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

Some hon. Members: Oh, oh.

Mr. MacInnis: I would not, in my wildest moment, either awake or asleep, make a statement such as has been attributed to me by the hon. member for Cape Breton South. I certainly did not say that; and if he says he heard me say it, then I say he was listening not to me but to someone else.

Mr. Gillis: Mr. Speaker, I did not say the hon. member for Vancouver East made that statement. I did not mention his name at all. I have listened to four hon. members speak, and I gathered my information from the positions taken by those four hon. members. MacInnis—

Some hon. Members: Oh, oh.

Mr. Gillis: —or the hon. member for Vancouver East, was quite explicit in wanting the Secretary of State for External Affairs to decide what Canada's position was with respect to stopping at the 38th parallel.

Mr. MacInnis: That, again, is wrong.

Mr. Gillis: The hon. member had better read his *Hansard*.

Mr. MacInnis: You had better read it, too.

Mr. Gillis: I am summing it up as I see it. One correct statement was made by all hon. members who spoke, and that was that there is considerable confusion in the minds of the general public, including many members of the House of Commons, and that confusion arises from the fact that practically everyone one talks with outside the house, and many members in the house, are of the opinion that General MacArthur's action in crossing the 38th parallel in the first instance was contrary to United Nations policy, and that he took that action on his own initiative.

That is not the case. General MacArthur did exactly what the United Nations told him to do—"Exercise your own judgment." That position has never been changed. That mandate as to his action in the field is still the policy of the United Nations.

The unrealistic part of the situation is that action taken by the United Nations is collective action. I do not think the Secretary of State for External Affairs would be in a very sound position if he were to rise in the House of Commons and decide where General MacArthur's army is going to stop, without first having consulted with the other members of the United Nations who will make the collective decision.

The situation in Korea is such that the forces have been moving back and forth, and it is hard to tell today what the condition really is. I agree with the hon. member for Winnipeg North in stating that I would not want to make a decision as to where General MacArthur's forces are to stop. The United Nations have been struggling for some time in an effort to have the Chinese government agree to cease fire. We know that our own minister was a member of that committee, and we also know that the attitude of the Chinese was arrogant, in that they were not going to decide where they were going to stop, except on their own terms.

We are still in that position. As the hon. member for Acadia (Mr. Quelch) said, we cannot place a general in the army, give him responsibilities in a place as far removed as Korea, and then fight the war from an armchair in Washington. That cannot be done. The man in the field must exercise his authority and his knowledge of military matters.

Mr. Fulton: General Pearson.

Mr. Pearson: Corporal.

Mr. Gillis: The position as I see it, if we want to be realistic, is that we should suggest that our Secretary of State for External Affairs go back to Washington to consult with the other member nations affected in Korea, with a view to examining the situation and finding out what the present position is. If the Chinese still take an adamant stand and will make no decision except on their own terms—their attitude when their forces were on the march was that they were going to

drive the united forces into the sea—there is not much use of talking about stopping anywhere. I think the hon. member for Acadia (Mr. Quelch) was completely right when he said that if and when MacArthur reaches the 38th parallel and he considers that is a line which cannot be held, he should act according to what he considers is the best strategy. I think the proper line at which to concentrate our forces to the greatest extent is about seventy miles beyond the 38th parallel. This would provide a very good no man's land between the 38th parallel and the Manchurian border.

An hon. Member: Another military expert.

Mr. Gillis: I am not a military expert but I did have the privilege of packing a rifle for four years and a half through France and Belgium in a war quite similar to the war they are waging in Korea today. I think I am just as qualified to express an opinion arising out of my personal experience as are some people who have expressed opinions.

At the same time I would not want to instruct the Secretary of State for External Affairs (Mr. Pearson) who has so ably demonstrated to the country and to the United Nations that he is quite realistic and courageous and will take a stand when he thinks it is right. I am ready to accept his judgment on a matter about which I know less than he does. Otherwise he would not be in his present position.

I do not want the house to think that I am trying to tell MacArthur what he should do in Korea nor am I trying to prejudge the case before it is discussed by the United Nations. Our minister of external affairs is representing this country and when the facts are assembled he will make his decision and inform the house with regard to the situation that exists today in Korea.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the house will be glad to know that I have no intention of fighting General MacArthur's war either in Ottawa or at Lake Success. Like the hon. gentleman who has just sat down I also had the honour once of serving in the ranks. At that time I felt that I could probably fight more effectively than some of the generals in the field of strategy, but I have since learned better.

The question that is in our minds, the question that has been brought up this afternoon, is not, as has been pointed out, entirely a military question. While it certainly has military significance, it is political as well. It is a question, if I may put it that way, of whether to cross or not to cross the 38th parallel. More accurately it is a question of whether to recross or not to recross the 38th parallel.

There is a real difficulty from my point of view in dealing with this matter because at this moment, even this afternoon, informal discussions are going on in Washington with the other countries participating in the Korean campaign on the subject of what would be a proper political directive, if a directive should be issued, for the United Nations commander in Korea on this matter.

Although I do not think the United Nations has any right to fight General MacArthur's war, nevertheless it is our duty as members of the United Nations to lay down the political directives which would govern his operations. He is the first one to accept that fact. This question has come up before. As hon. members know, it came up last October when we were at the United Nations assembly. We then took a decision which authorized General MacArthur to use his own judgment whether to cross this particular line or not to cross it. We certainly have no right to complain of the decision although I think it is true to say that one of the factors in a good many minds at that time leading up to the United Nations resolution was the hope, indeed the expectation, that the crossing of this line might not result in a rush for the Manchurian or Russian border. I am not disposed to criticize that decision by virtue of hindsight because it might have been a very tempting idea at that time to clean up the war completely. It did not work out that way.

The discussions we are having now in Washington with the participating powers are concerned with this question once again. They are informal discussions, as any formal decision, or indeed any formal discussion will have to take place at the United Nations. But I think it is helpful for these countries which are participating in Korea to exchange views on this matter at this time, and that is what is going on. I do not think it is desirable for me to express any particular policy in regard to this matter at this time so far as Canada is concerned, for the reasons which have been indicated by the hon. member for Cape Breton South (Mr. Gillis).

It certainly would be unwise and unfair to the commander and to the men in the field to tell the enemy exactly what we were going to do in a military way when we reached that particular line. I think that that certainly would be playing into the hands of those whom we do not wish to help. No doubt when the decision is taken it will be governed by both military and political considerations. From the military

point of view, the first responsibility of the United Nations to its commander and to its forces is not to prevent him from taking action which he may consider it necessary to take to safeguard his men. I am sure that none of us would wish to do that.

It may be possible, or it may not, for a certain type of military action to be taken which might involve the tactical crossing of a particular line or the withdrawal from that line. It is that kind of decision which has to be made and, with all respect, I do not think it can be made at this time as the result of anything I may say in this house.

Although military considerations are important, political considerations are equally important, possibly more important. When a decision was taken last October to authorize the United Nations commander to cross this line if he saw fit, there were political reasons behind that decision as well as military. The political reasons were that the United Nations felt that it should authorize necessary action to liberate and unify all of Korea. That is what we hoped would happen as a result of that decision, but unfortunately it did not happen.

I think most of us saw in our minds at that time certain dangers in that decision. Those dangers turned out to be much greater than we had realized. Possibly we were wrong in not realizing that. Well, we are up against the same kind of situation now and at least we have the advantage of experience. I hope that this time we will take all the factors into consideration so that the decision will be both militarily and politically wise.

It looks at the present time as if the situation in Korea may result in what General Ridgway, the United Nations commander in Korea, has called a military stalemate. He made that statement the other day and it was received with great interest in a number of countries. I myself would prefer to think of the situation, not so much as a military stalemate but as a stabilization of the military position. We might even reach a position where we have a sort of *de facto* cease-fire. What do we do then? All I would say on that point, Mr. Speaker, is that if we do reach the position of a sort of *de facto* cease-fire roughly along the line of the 38th parallel I think we should take advantage of that position, that military stabilization, to reopen negotiations with the people on the other side provided there is any possibility of that being brought about—and I have no illusions as to the difficulties on that score.

But if this position is to be stabilized in a way which now seems possible, it would surely be statesmanlike to take advantage of that position to see if we can work out the kind of settlement which will make it possible for us to extricate ourselves, as the hon. member for Greenwood (Mr. Macdonnell) has said, "with honour", from Korea, because Korea is not the main danger front. For that purpose it might be desirable to try to negotiate something along the lines of the six point proposal which was put forward by our own delegation at Lake Success after consultation with a good many other delegations. I know that that idea is in the minds of people now, and I hope that possibly we might be able to utilize a favourable military situation to bring about a favourable political situation. But there again we must never forget that it takes two to make peace although it sometimes takes only one to make war.

We have not very much ground for optimism that the Chinese communist government will meet us more than halfway in any effort of this kind. However, I hope that the opportunity may present itself, and that we may be able to work out some kind of solution which will make it possible to bring this horrible conflict in Korea to an end with honour to ourselves and with freedom and unity to the Korean people. As General Ridgway pointed out, it is not the obligation of the United Nations to unify Korea by force, but it is our obligation to do everything we can to bring about that unity. I should think that the best way in which it could be done would be by negotiation if that is possible.

The good offices committee of the United Nations has already taken action in this direction. It has made an approach to the government in Peking but it has received no reply whatever to that approach. I would think that it would be unwise for us to despair because of that fact. There may be other avenues of approach; there may be other ways in which this can be done. We should certainly, I feel, use every possible opportunity to exploit every military advantage to achieve a political result which will end this conflict. If we can do that the objective of the United Nations in Korea will have been achieved, and something may have been gained out of the horrible carnage that has gone on there because it will at least have shown that the United Nations can act effectively on the battlefield and in the council chamber.

The hon. member for Rosetown-Biggar (Mr. Coldwell) has said that we should use the experience we have gained in the Korean operation to work out a system of control under the North Atlantic organization by which the military is brought under appropriate international civilian control, the kind of control we take for granted in our own

country. There has been difficulty about this in Korea but I would point out to those who emphasize the difficulty—and at times it is a difficulty which leads to some exasperation—that its basis is the fact that in the United Nations Korean operation about 95 per cent of the actual fighting in the field has been done by the forces of one country. Naturally the government of that country is going to exercise a preponderating influence in that operation, and we should be the last to criticize that. I think that on the whole we have very little to complain about the consultation which we have managed to achieve at Lake Success and in Washington on this matter.

The translation of the results of that consultation to the commanders across the Pacific is not always as effective or as easy as we would like it to be, but I suggest that is largely because of the nature of the operation. We are working along different lines in the North Atlantic organization and we are building up not only a military organization which will be effective, we hope, in preventing war, but a political organization which will be able to control, as civilian governments should control, the military arm. I think that is all that I should say now, Mr. Speaker, but I should like to repeat once again that as we approach a decision on this matter in Korea—and we are approaching that—I hope that decision will be both politically and militarily wise.

Mr. Graydon: Mr. Speaker, I have no desire at this stage to enter the debate but the minister mentioned in his address the example of the United Nations in taking forthright action to stem aggression in Korea. I want to ask the minister this question, although he may not be able to answer it offhand because I realize that statistics are sometimes illusory things even in a mind as good as that of the Secretary of State for External Affairs (Mr. Pearson). I should like to know how many nations pledged help to the United Nations in the Korean war. Second, how many of those nations have a single man in the air force, navy or army in the Korean campaign? I think that is one of the situations which deserve some consideration because it is all very well, as the hon. member for Cape Breton South (Mr. Gillis) so well put it, for everybody to be armchair generals in this or any other parliament, with respect to the Korean campaign, but when it comes to effective action in Korea the forthright action taken by the United Nations was largely taken by one nation, as the minister pointed out. When we speak of collective action it seems to me that it has not been very collective so far as some nations are concerned even though they may have provided some token troops, or at least given some token indication of their desire to enter the campaign. I should like the minister to answer the two questions I have asked.

Mr. Pearson: Mr. Speaker, I think there were fifty, fifty-two or fifty-three members of the United Nations that supported the resolution declaring North Korea an aggressor, and agreed to take all action that was possible to meet the aggression. Of those fifty-three I think there are—and I speak again subject to correction—fourteen that have forces participating in military operations in Korea.

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—health services—

604. Food and drugs, further amount required, $10,000.

Mr. Knowles: I have a question to ask on this item, but before doing so, since the government seems to be jumping around in these estimates, I wonder if we could be told what is likely to be the order in which the departments will be called.

Mr. Fournier (Hull): Last night I announced that we would take non-contentious items. Yesterday I was not very lucky. Today it is going a little better, but after these two items I think we will revert to agriculture and take up the special item of $65 million.

Mr. Knowles: Under this item for food and drugs, I may say that the Minister of National Health and Welfare will recall that some days ago I drew to his attention a report appearing in the Montreal *Gazette* which indicated that a prominent nutritionist in Montreal has stated that a good deal of the brown bread offered for sale is not whole wheat bread but is simply bread made of white flour and dyed brown by the use of molasses or other ingredients. I asked the minister if he would look into the matter, and the next day he made a statement in the house. As I recall that statement, without turning it up in *Hansard*, the minister said that under the Food and Drugs Act there are regulations which stipulate that if a baker puts out bread which he chooses to call Canada approved vitamin B bread, it must contain a stipulated percentage of whole wheat flour. However, he said a baker not wishing to use that label, not wishing to say it was Canada approved or vitamin B bread, came under no such regulations. This means, for example, that when unwrapped brown bread is put on the market the public has no way of knowing for sure whether it is whole wheat bread or whether it is, as the Montreal nutritionist described it, white bread dyed brown.

My purpose in raising the matter again at this time is to inquire whether consideration has been given to amending the regulations under the Food and Drugs Act so as to take care of this situation. I can tell the minister from the correspondence I have had that there is a considerable amount of interest in the matter. I find that a good many people are amazed to find that any brown bread, by virtue of being brown, would not be made from whole wheat flour. It does seem to me that the whole purpose of the act and the regulations under it is to protect people in these matters, and that a regulation governing this matter would be quite in order. I want to make it perfectly clear that there is no suggestion that any of this dyed bread fails to meet the health requirements; no suggestion is made that the ingredients used to dye it brown are not proper ingredients for human consumption. The point is that people generally assume that if bread is brown, it is whole wheat and has a certain vitamin B content. It appears now there is no guarantee of this; so my question is whether consideration will be given to amending the regulations to take care of this matter.

Mr. Martin: My hon. friend reminded the house that I dealt with this question in part at page 713 of *Hansard* for this session, and there is no need to repeat now what I said then. He is quite correct in saying that in regard to brown bread, as distinct from vitamin B brown bread, there is no requirement as far as labelling is concerned. When we use the word "dye" I am sure my hon. friend would agree that we do not use it in the sense of a chemical dye. The colour of ordinary brown bread is generally brought about by the use of molasses or caramel, I understand, and the nutritional quality of the bread is in no way affected by the use of those substances.

My hon. friend is quite correct, I think, in saying that at least a large section of the public are under the apprehension that when they order brown bread they are buying whole wheat bread. I may say that in some of my efforts at reducing I have used brown bread from time to time thinking I was using whole wheat bread, largely for the purpose at arriving at a slimmer figure than I formerly possessed. I have not been very successful in using that formula, though I have used others and, as the committee may notice, with some success. I can only say to my hon. friend that we do not know of any brown bread of this type that is actually advertised as whole wheat bread. I am not saying there are no such cases, but my officers tell me that they do not know of any. At any rate, there is something in the point my hon. friend mentioned, and in my previous remarks I should have added that we are now having consultations to see if the regulations can be amended in some way to meet that point. I cannot say we will be successful, but I can say we are looking into the matter.

Mr. Knowles: I am very glad to hear that, and I hope the minister will be able to report progress when the main estimates are under consideration. I shall raise the matter again at that time.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Special—

576. To authorize and provide for a payment to the Canadian wheat board which shall be dealt with by the board in all respects as though it was money received from the sale of wheat produced in the designated area, sold and delivered to the board by producers during the pool period commencing on the first day of August, 1945, and ending on the thirty-first day of July, 1950, and to authorize the board, notwithstanding the provisions of subsections 2 and 3 of section 22 of the Canadian Wheat Board Act, to distribute such amount together with all other moneys received by the board from the sale of such wheat, after making the deductions provided for in the said section 22, among holders of certificates issued by the board pursuant to part III of the said act during the pool period aforesaid, by paying to the person named in such certificate the same sum for each bushel of wheat referred to therein, $65,000,000.

Mr. Gardiner: This is an item, Mr. Chairman, on which there has been considerable discussion. I am not going to assume that it is necessary to follow the line of the discussion that took place last week on an amendment to a motion for the second reading of a bill, but I am going to attempt to answer what I think were legitimate questions to be asked in connection with a vote of this kind. After these answers are given I hope that under the circumstances the committee will be satisfied to pass this estimate.

I rise to move that a sum of $65 million be voted to take care of the announcement made by the Prime Minister on March 2 that this house would be asked to provide that sum to be paid the wheat board for distribution to the farmers under the five-year pool. The question has been raised as to why the payment should be made. The government has agreed that the farmers had a right to expect a payment. That is the reason for the payment being proposed.

Mr. Browne (St. John's West): Had a right?

Mr. Gardiner: The government has agreed that the farmers had a right to expect a payment. The United Kingdom government took the position that they did not agree they were further obligated. They have been informed

from time to time that, although we must accept their decision, many of us in Canada would of necessity feel differently.

Mr. Drew: Mr. Chairman, may I ask how that was communicated, and in what form?

Mr. Gardiner: I shall give you this, and then you can ask your questions afterwards.

Mr. Drew: No, Mr. Chairman, just let the record be kept clear.

Mr. Gardiner: You will find out by the time I get through with this.

Mr. Drew: The documents were tabled, and they did not indicate anything of this nature.

Mr. Gardiner: If my hon. friend thinks he is going to tell me what speech I am going to deliver in this house, he had better think again.

Mr. Drew: I am telling you what the facts are.

Mr. Gardiner: You can tell me the facts when I sit down, if you know what they are.

The United Kingdom government took the position that they did not agree they were further obligated. They have been informed from time to time that, although we must accept their decision, many of us in Canada would of necessity feel differently. We delayed taking action until they had been given every opportunity to change their position. I do not believe we can improve matters by discussing further the question of differences, although I am quite prepared to discuss them if my hon. friends want to have a discussion along that line.

The fact is that it was suggested in December, 1948, that a reasonable settlement of the "have regard to" clause would be made if the United Kingdom government would pay $100 million into the five-year pool. We estimated that the agreement entered into in January of 1949, to be applied to the sale to Britain of 140 million bushels in the fourth year of the contract, could have adjusted the amount by $35 million leaving $65 million to be met.

The question has been asked from time to time how we arrived at the figure of $65 million as related to the loan. Shortly after Sir Stafford Cripps began his drive to improve the dollar reserves of the United Kingdom, it was made apparent that this policy was going to be driven to a successful conclusion by eliminating every claim which could not be legally established. This brought on rather constant discussion of the "have regard to" clause in the wheat agreement. The matter came up first in December of 1947 when the British delegation on finance was in Ottawa; again in September of 1948 when Sir Stafford Cripps was in Ottawa; and finally in London in December of 1948 when I was there. After each of these discussions I raised the question with my colleagues as to how our claims under the "have regard to" clause could be safeguarded, and suggested holding back $100 million of the loan so that the dollar position could not be made a reason for not meeting the claim. It was explained to me on each occasion that the lack of a legal claim could make it difficult to make part of the loan available unless by mutual agreement.

When the special agreement was entered into in January of 1949, providing for a possible settlement of $35 million, I reduced my suggested caveat on the loan to $65 million. In June, 1950, shortly after the May 22 discussions, other justifiable reasons existed for reaching mutual agreement that no further amounts would be utilized from the loan excepting with Canada's consent. Unfortunately the United Kingdom took the position that the dollar reserve account would be affected by a loan in much the same manner as by paying cash, and could not be persuaded to use the remainder of the loan for the purpose suggested.

I am sure it will be understood that it could not be agreed that any arrangement entered into with Canadian farmers in 1946 could be set aside indefinitely because of dollar difficulties in the United Kingdom. When it was decided by the United Kingdom on May 22, 1950, that they were not paying more we felt we had to accept that as the legal position, and after every possible means of inducing them to reconsider their decision had been exhausted, we decided that the wheat farmer should not bear the burden of the decision alone, but that the amount we had asked the United Kingdom to pay should be taken out of the consolidated revenue fund in the financial year 1950-51 and paid into the wheat pool to be distributed as soon as possible. I use the words "wheat pool" there not in the sense that it is to be paid to the wheat pools of the different provinces but to the five-year pool that was set up under the wheat board.

We have been asked how we arrived at the figure of $100 million as a reasonable settlement for the years 1946-47, rather than $350 million as suggested by advocates of the grain exchange marketing system. We checked the method by which the grain exchange and others arrived at this figure of $350 million. I suppose it is not necessary for me to put the plan on *Hansard* because it has been put there a number of times by the member for

Souris (Mr. Ross), and by others—I believe almost the exact figures that I am going to place on *Hansard* now. We took the agreement figures of the sales to Britain from the 1946 crop, which amounted to 160 million bushels, and found that on the basis of class II prices of $2.43 No. 1 northern Fort William being the world price, the difference between that and $1.55 is 88 cents or a total of $140 million. Then we took the agreement figures of sales to Britain from the 1947 crop, which amounted to 160 million bushels, and found that on the basis of class II prices of $2.88 No. 1 northern Fort William being the world price, the difference between that and $1.55 is $1.33 or a total of $212,800,000. This gives a grand total of $352,800,000, and that is the figure which has been used by all critics of this plan from the time it was first set up until the time the actual figures have become known.

But I maintain that the class II price is not a proper basis to take, first because only 89 million bushels were sold in small quantities to different countries, to many markets, and second because the entire profit of the speculative market of the United States is represented in the build-up of that price. The speculative profit would not go to the farmers and hence should not be charged to the British. This was when we were making our representations to the British at the different times I have indicated earlier in what I had to say.

In order to find a price which would only apply to farmers in a similar area, I went to the agricultural department of the United States and secured the average price received by farmers at their local points for wheat each year. I found that the difference between the average the United States farmer received and what the Canadian farmer received for his 1946 crop was not 88 cents but 33 cents. This on the contract sale of 160 million bushels to Great Britain in 1946 would be $52,800,000. The difference between the average the United States farmer would receive and what the Canadian farmer would receive for his 1947 crop was not $1.33 on the basis used by exchange critics, but 71 cents. This on the contract sale of 160 million bushels to Great Britain in 1947 would be $113,600,000. The grand total would be $166,400,000.

On March 8 when dealing with this matter I was criticized for going back into the drought years when I said that over the previous fifteen years the United States farmer received 15 cents a bushel on the average more than the Canadian farmer and on this basis a deduction of $48 million should be made on 320 million bushels of wheat covered by the contract in the first two years. If I were to meet the wishes of the critics and take the five years previous to the contract which is probably more fair the figure would be not 15 cents but 23 cents, and the deduction would be $73,600,000.

On the first basis this would leave $118,400,000 of a difference still to be dealt with; and on the second basis it would be $92,800,000.

When these calculations were made to the United Kingdom the actual figures were not available. They are now. I am sure that if they are used instead of the amounts in the agreement and if the further fact is acknowledged that the speculative profit is in the class II sales, the figure of $100 million will be acknowledged as reasonable. If we deduct $35 million already agreed to the figure is $65 million.

We think it was reasonable for the wheat farmers to have expected another $65 million under the terms of the United Kingdom agreement. We have decided that the ratepayers of Canada will not object to paying this $65 million and we trust that the fact that it is being paid, and the questions raised by the farmers thus settled, will result in a discontinuance of the kind of discussion to which we listened for six days last week.

The matter is in the hands of the committee, Mr. Chairman. I am quite prepared to answer all the suggestions that were made the other day with regard to lack of truthfulness, the suggestions that were made with regard to misrepresentation and the charges that have been made in other terms. But I am not going to invite the discussion by attempting to answer them in advance.

On the one matter that probably was in th minds of hon. members more than any other last week, may I say that I had not expected until a few moments ago to have any remarks that I might have found necessary to make so well illustrated on the other side of the house. It had been argued here for six days that there was some difference of opinion as between members of the government. If there could have been any better demonstration of the fact that there are differences of opinion on the other side of the house with respect to important questions, I should like to know what it is; it only required what took place in the last hour to demonstrate the truth that there are differences. All of the groups on the other side of the house were divided on an important question. I venture to say that if it were possible for any one of the leaders of the opposition in this house to muster sufficient

force to form a government, some of those who were differing in expressing their views would likely be members of that government.

I want to add this in closing my remarks with regard to the suggestions that have been made. I am quite satisfied that if the leader of the C.C.F. party or the leader of the Conservative party were able to form a government in Canada, neither the Minister of Trade and Commerce nor myself would be in it.

Mr. Drew: That is certain.

Mr. Gardiner: And, Mr. Chairman, there would be a number of reasons as to why we would not. We are both quite satisfied to be where we are. One of the reasons why we are satisfied to be where we are is that we both know that we can afford to make statements knowing that we might be incorrect because we have a leader who does not make many mistakes; and we are quite satisfied that when we present arguments upon which we do not fully agree, if we present them clearly enough and set forth all the facts, the judicial mind of the leader of the Liberal party and the leader of the government will so sift out the facts and so express the conclusions that, when he has expressed them, we can both agree with the decision that he has arrived at.

After all, when we chose a leader we selected one we have confidence in. I am afraid that some of my friends on the other side of the house had certain reasons for the positions they were taking. My friends in the west were starting out with the idea that they were going to wipe the ground with the Minister of Trade and Commerce because they were going to accuse him of having killed any possibility of payment to the western farmers. My friends a little nearer the Speaker were going to utilize some periodicals in eastern Canada and some others in order to demonstrate that the Minister of Agriculture had taken out of the treasury $65 million that never should have been taken out; and so by walloping the Minister of Trade and Commerce in the west and the Minister of Agriculture in the east, they were going to get a government under the leadership of men who cannot control the membership of their own parties, as was demonstrated within the experience of this house within the last hour. There were three of them on their feet over there at one time in the C.C.F. party, trying to demonstrate that remarks that they made some time ago, as reported in *Hansard*, were not as they were being quoted by other members of their party. If my hon. friend wants to carry on his discussion any further with regard to what has been taking place recently in the province of Saskatchewan and elsewhere, I am quite prepared to go on with the discussion; but for the time being, I would prefer to have the $65 million passed.

Mr. Drew: Mr. Chairman, this chamber has listened to one of the most specious arguments ever presented to it since I have been here. It has listened to a statement by one of the senior members of this government which has established clearly that he does not even begin to understand the basic principles of our parliamentary system of responsible government. When he spoke of the fact that members on the other side of the house in speaking on the subject were not in agreement, and that this justified the measure of disagreement between members of the government to which he belongs, he simply displayed his common disregard for the fundamental principles of cabinet solidarity, which is the very foundation of our system of responsible government.

Mr. Gardiner: The government has much greater solidarity than any Conservative government we have ever had in Canada.

An hon. Member: How about price controls?

Mr. Drew: Mr. Chairman, these tawdry political remarks of the Minister of Agriculture—

Mr. Gardiner: Don't get angry.

Mr. Drew: These tawdry political remarks of the Minister of Agriculture, who has just spoken, simply indicate the basis upon which this whole problem is being approached.

He has returned to the house today and, not satisfied with his reckless disregard for the good will between the governments of Canada and Great Britain, he goes still further and now tries to carry forward his plan by sowing discontent between east and west. Having followed a thoroughly contemptible course in his earlier speech—

Some hon. Members: Order.

Mr. Drew: —he carries the same very contemptible course forward in his present remarks.

Mr. Gardiner: Mr. Chairman, I do not think the hon. member has the right to refer to the remarks of any member as being contemptible.

Some hon. Members: Withdraw.

The Chairman: I think the leader of the opposition should modify the expression.

An hon. Member: Could the chairman keep order now?

Mr. Gardiner: Keep cool, and you will not use those words.

Mr. Drew: The Minister of Agriculture has placed upon the record—

Some hon. Members: Withdraw.

Mr. Drew: The Minister of Agriculture has placed upon the record statements to the effect that it was the continuing representation to the government of the United Kingdom in regard to these payments which leaves the impression that the government of the United Kingdom has not fulfilled its obligation.

Mr. St. Laurent: Mr. Chairman, a point of order was raised and I think you should rule upon it. If you decide that the expression "contemptible conduct"—

Mr. Drew: No, "contemptible remarks".

Mr. St. Laurent: —is parliamentary, we will respect your decision. But I do not think the leader of the opposition is entitled to go on until that matter has been disposed of.

The Chairman: I must rule that the remark of the leader of the opposition was unparliamentary.

Some hon. Members: Withdraw.

The Chairman: I would ask him to modify it.

Mr. Drew: Mr. Chairman, there had been no ruling made that my remarks were to be withdrawn, and until there is a ruling I do not intend to withdraw them.

Mr. Gardiner: He just made it.

Mr. Drew: No.

The Chairman: If the remark is unparliamentary, I have to rule that it should be withdrawn.

An hon. Member: "If".

The Chairman: Or modified.

Mr. Drew: If it is ruled unparliamentary, that is different; but you have not ruled that it is unparliamentary.

Mr. Fournier (Hull): Yes, he has.

The Chairman: I have; and I ask the leader of the opposition to modify or withdraw it.

Mr. Drew: Mr. Chairman, under your direction I will withdraw. I certainly shall not modify it.

The Minister of Agriculture has sought to re-emphasize in the house the impression that the government of the United Kingdom did not make the payments it should have made. That is the basic difference between the points of view put forward by two ministers, which is of the utmost importance in dealing with the payment now before the parliament of Canada, and for which the government is asking approval.

On Thursday last, as sessional paper 113-A, the records of the meeting of May 22 of last year in London were placed upon the table, and also a copy of the message sent to the government of the United Kingdom on May 30. These records do not leave any impression that the government of Canada was simply recognizing the declaration by the government of the United Kingdom that nothing further was owing. On the contrary these make it perfectly clear that, as of May 30 of last year, the government of Canada in a formal declaration, communicated through official channels, agreed with the government of the United Kingdom that nothing further was owing.

There is a very great difference between those two positions. What is more, the Minister of Trade and Commerce (Mr. Howe) went to some pains in the house a week ago Monday to make it perfectly clear that in his opinion the government of the United Kingdom had fulfilled its part of the contract in every way. What is more, he finished his remarks by deploring the fact that anyone should suggest that the government of the United Kingdom had not played fair with the government and people of Canada.

Those two positions cannot go hand in hand. Those two positions have a profound effect upon the subject we are now considering. If there was in fact a belief on the part of the government of Canada that there was some balance owing in respect of the contract, then it might be natural that the government would say, "We entered into a contract believing it would be setting up a certain basis, and we are going to make good the difference between what we think should have been done and what actually was done."

But that is not the position of the government. By their agreement on May 30 last year that the government of the United Kingdom had carried out its obligation in full, they denied the possibility that they can now assert as a government that there was any balance owing under that contract. Therefore the payment now proposed by the government must be on some other basis—and we are still waiting to be told what that basis is.

Since the government by its own decision of May 30 last year cannot possibly ask the House of Commons now to approve of a payment in respect of a contract which had been fully paid, then they must ask us to approve of this under some other principle, and upon some other basis.

In the earlier discussions on the subject it was pointed out that there might be

another basis. When the government takes over wheat, or any agricultural product —or in fact any product of any kind, or any personal service—by compulsion, then unquestionably there is a moral obligation on the part of the government to reimburse those whose products or services are being taken under compulsion, and to reimburse them on a just and proper basis. If that is the basis then we are still waiting to be told that that is the principle under which the payment is to be made. What we have pointed out is that if such principle is enunciated in this house then obviously that principle must apply with equal force to every other agricultural producer, to the hog raiser, to the fruit grower, to the potato grower, to the dairy producer, to everyone else whose products are taken over under the compulsion that goes with the emergency powers now possessed by the government. The same principle would apply with equal force to production of every kind and to personal services as well.

It has been made abundantly clear that in this house there is a desire to make sure that people in every part of this country are dealt with fairly and properly and justly wherever the government takes action that denies to the individual the right to assert his own position as to what he shall receive for his product or for his services. The explanation given today for the manner in which the $65 million was determined as the figure to be paid does not show any mathematical basis for the calculation of that amount. The obvious fact is that there was $65 million still unclaimed of the loan made available to the government of the United Kingdom. Whether we use the euphonious expression that it was pointed out to the government of the United Kingdom that there was $65 million available for this purpose, or whether we say that it was suggested to the government of the United Kingdom that they should pay $65 million as the balance under this contract by taking up the remainder of the loan and then paying it over to the government, the fact is that the figure of $65 million was arrived at in that way. No other basis of computation has been put forward as yet.

Mr. Gardiner: You were too angry to hear it.

Mr. Drew: Members of this house will read in *Hansard* a confused mass of figures which show no mathematical basis for arriving at the figure of $65 million.

Mr. Gardiner: They all understand it but you.

[Mr. Drew.]

Mr. Drew: The Minister of Agriculture has placed before this house still further reasons why it would have been highly desirable that the government should establish what the principle is under which the payment is to be made and then, having established that, set up a royal commission to inquire into what the balance really is under the principle set forth. That would give the members of this house some accurate estimate upon which they could base a conclusion, and it would give them the essential facts in relation to an understandable principle. We have not yet received any information of that kind.

What has been put before us today is a repetition of earlier statements which could only convey the impression gained from the earlier speech of the Minister of Agriculture, as demonstrated by statements made in this house by other Liberal members. It will be recalled by members who were here at the time that with the impression left by the Minister of Agriculture such terms as "repudiation" were used, and it will be recalled also that one Liberal member, obviously basing his views upon the statement made by the Minister of Agriculture, said that the government of the United Kingdom was not playing ball.

The Minister of Agriculture is prepared to sow the seeds of distrust between this government and the government of the United Kingdom to back up an argument which is not in accord either with the record or with the statement made in this house by the Minister of Trade and Commerce. It appears from the remarks he has made today that he is prepared to carry the same procedure still further and to seek to deal with every question that is raised in regard to this by trying to sow further distrust between different parts of this country.

This is a matter which affects all Canadians. On the one hand are those who were called upon to deliver their wheat to the government under the compulsion of the authority possessed by the government at that time, and on the other hand are the taxpayers of Canada who will pay whatever settlement is made. As has been said already, there could be no suggestion here that the taxpayers of Canada wherever they live will not be ready to support the payment of whatever obligation is clearly established by proper methods. I am sure that people in every part of this country will recognize that payment made upon any other basis would only leave a most unsatisfactory situation in which there would be no clear understanding as to how similar obligations would be dealt with in the future. Mr.

Chairman, for that reason I move, seconded by the hon. member for Royal (Mr. Brooks):

That consideration of this item be deferred until the committee has been informed as to the principle under which a payment of $65 million is to be made and the method by which the said amount has been arrived at.

Mr. Coldwell: Mr. Chairman, I rise to support the motion made by the Minister of Agriculture to approve the $65 million appropriation. I think it would be most unfortunate if any delay occurred in making the final payment to the farmers. Many of our western farmers were disappointed in their crops last year because of frost and low prices and the fact that some is still left unthreshed and they need the money that is coming to them. Although we think the amount suggested is inadequate to compensate the western farmers we shall support the motion, and I want to see it passed as rapidly as possible in order that the money may be paid to the farmers of western Canada without undue delay.

I know that the question of payment to the farmers of the west for the manner in which they subsidized the bread of the Canadian people during the war years forms no part of this appropriation. I could wish, and indeed if the rules of the house would allow it I would move, that an additional $48 million, the sum estimated, be put in the estimates to compensate the western farmers for the low price they received for grain milled in Canada to provide the Canadian people with a cheap loaf during the war. As I say, that cannot be done from this side of the house. The rules do not allow it.

I am not going to enter into any prolonged discussion. We had that last week and the record must speak for itself. The only comment I am going to make on what the Minister of Agriculture said this afternoon regarding the British agreement and the settlement that was made in May of last year is that on the 22nd of May the Minister of Trade and Commerce met the Chancellor of the Exchequer in London and, as is indicated by the papers that have been tabled in this house and which are a matter of record on *Hansard*, he came back with an agreed minute expressing the opinion of the British government that the obligations under the agreement had been fully met. On May 30 the cabinet of Canada authorized the Minister of Trade and Commerce to send a message to the British which in effect accepted that position.

The point I am making is that if the government felt at that time that the British had not fulfilled their obligations fully then, instead of sending that message of acceptance through the Minister of Trade and Commerce, the proper thing to have done would have been to have said: We are not satisfied with your proposal or, if the minister likes it better, we are not satisfied with your view. We are not accepting it. We are asking that the negotiations continue. Then the situation would have been entirely different. There could be no finality at the London conference. That was made very clear by both ministers, and indeed by the Prime Minister. The finality was reached in Ottawa.

Mr. Gardiner: May I ask my hon. friend a question? It probably would relieve both of us from the necessity of discussing it further. Did the Minister of Trade and Commerce not say in the discussions the other day that what he said in Great Britain was that it would be necessary for the minister who had negotiated the contract to come over?

Some hon. Members: No.

Mr. Gardiner: Yes, he did, and he put it into *Hansard* twice.

Some hon. Members: No.

Mr. Gardiner: Certainly. Go back and read your *Hansard*.

Mr. Coldwell: I have.

Mr. Gardiner: Well, I can read it too if you want it read.

Mr. Coldwell: The minister will have to show me that in *Hansard* because I have followed this debate very carefully.

Mr. Johnston: Is it revised or unrevised?

An hon. Member: The answer is yes.

Mr. Gardiner: I will not make the obvious remark in reply to that.

Mr. Noseworthy: Not punctuated properly.

Mr. Gardiner: Go on with your speech. I will look it up.

Mr. Coldwell: I am willing to give the minister time to look it up. Certainly I have no recollection of that statement having been made.

Mr. Gardiner: You should have because you made him read it all the way through.

Mr. Drew: May I suggest that we take time for the minister to read this. It will be useful.

The Chairman: The hon. member for Rosetown-Biggar has the floor.

Mr. Knowles: Just hold on to the floor. But how will *Hansard* record the lapse of time?

Mr. Gardiner: Don't get excited. It is here.

Mr. Johnston: Should there not be a time limit on this? Page the Minister of Trade and Commerce.

Mr. Gardiner: I had it buried amongst other papers. It is to be found on page 1072 of *Hansard* for March 8 about two-thirds of the way down the page. It reads:

I told those present that we looked to the minister who negotiated the agreement in the first place to negotiate the settlement, and that all I could do was to carry back a report of the discussions.

Now do you admit it?

Mr. Coldwell: Mr. Chairman—

An hon. Member: Read it.

Mr. Coldwell: I do not have to read it. The minister has read it and he has read it correctly.

An hon. Member: Are you satisfied?

Mr. Coldwell: What I want to say is that I do not think the minister can interpret those words in the manner in which he is interpreting them.

Some hon. Members: Oh, oh!

Mr. Coldwell: Oh, no, no. You can laugh. Let me read the whole paragraph and I think we will get the context and then the meaning.

Mr. Gardiner: If you read it all it will be much better than what I read.

Mr. Coldwell: It may be. I have not read it yet.

Some hon. Members: Oh, oh!

An hon. Member: I thought you said you had. I thought you said you followed it very closely.

The Chairman: Order.

Mr. Coldwell: Just a minute. There was no occasion for the rather silly haw-hawing from the other side when I said I had not read it. I have not read it now. I remember hearing it when it was spoken in the house. I have not seen it since, but let me read it. The minister says it will put the matter in a better light from his point of view. If it does, I am simply being fair to him by giving the context, and that is what I try to do. The Minister of Trade and Commerce said:

Mr. Speaker, on a question of privilege, I am entitled to keep the record straight so far as I am concerned. I may say that the discussions about the disposal of the 1950 crop took place before there was any mention of the five year pool. That matter was discussed and settled and then discussions were opened on the five year pool, against our wishes really. I made it clear at the outset I had no authority to discuss or settle. I told those present that we looked to the minister who negotiated the agreement in the first place to negotiate the settlement, and that all I could do was carry back a report of the discussions. Nevertheless when the discussions continued I got a very positive statement from the chancellor of the exchequer, and there were other ministers present. I had to take their views back to my colleagues as the position of the United Kingdom government. I reported that position to them. The decision, if there was any decision, was made after I returned.

What is the interpretation? Obviously the interpretation is that the Minister of Trade and Commerce said that he had not negotiated the original agreement and that the minister who had negotiated it should be in on the settlement.

Mr. Gardiner: May I just point out one other thing in relation to it. In the discussions the other evening, when we were talking back and forth across the floor, I made it very plain that that was the question at issue in the discussion overseas. The Minister of Trade and Commerce took the position that the minister who negotiated the arrangement should come back over to complete the negotiations.

Some hon. Members: No.

Mr. Fair: That is not stated here.

Mr. Gardiner: Yes it is; and I am repeating it whether or not it is there. That is the position the Minister of Trade and Commerce took. He came back and made that representation and said there was no use my going over because they had already made up their minds what they were going to do.

Mr. Coldwell: Very well. I was just going to say the Minister of Trade and Commerce came back. Apparently he made the statement the minister has just mentioned, and the cabinet decided that the minister who negotiated the agreement, the Minister of Agriculture, should not go to Britain to negotiate the final agreement. The final agreement outlined in the memorandum was then approved by the cabinet, and the Minister of Trade and Commerce so notified the government of Britain on May 30, 1950. Those are the facts.

Mr. Gardiner: My hon. friend will have to read more of *Hansard* in order to get all the answers. He has not read it all yet.

Mr. Coldwell: I did not interrupt the minister, so let us not have these interruptions. When the position is so clear let us not becloud it. Let me put it on record again. On May 22 the Minister of Trade and Commerce met the chancellor of the exchequer and a committee in London. On that date, whether willingly or unwillingly, the minister discussed this matter with the chancellor of the exchequer. A minute was agreed upon, and that minute states very clearly that it might be considered that all obligations under this agreement had been fulfilled. The minister returned to Canada. A week elapsed. During that week no representatives of the farm organizations were called in to discuss

the matter; no members of the wheat advisory board were called in to discuss it. On May 30 the Minister of Trade and Commerce was authorized to send a message to the chancellor of the exchequer saying the Canadian government accepted the view expressed by the government of Britain in the minute sent to this country. That is the point I am making; and while the Minister of Trade and Commerce may have said something else in London, it was not fulfilled in Ottawa during that week from May 22 to May 30. So I express the hope that we shall hear no more of these suggestions that the British more or less welshed on the agreement. If I may say so, I think I agree with the Minister of Trade and Commerce, and I believe the Minister of Agriculture said it also, that it would have been better if a further payment had been made at that time. But in the final analysis the government of Canada is responsible for that payment not having been made. They did not endeavour to negotiate further when this document was brought back from London.

Mr. Gardiner: Well, Mr. Chairman, is my hon. friend saying that the remark I made a few moments ago was false?

Mr. Coldwell: No, I did not say that.

Mr. Gardiner: The chancellor of the exchequer definitely said, according to the report of the Minister of Trade and Commerce, that they were not prepared to discuss that question further. Can the hon. member imagine the Minister of Agriculture travelling all the way across the ocean to discuss something they had already said they would not discuss?

Mr. Coldwell: Of course that is what the minister did ultimately.

Mr. Gardiner: The minister did that after the gentleman who made that suggestion was not in the government.

Mr. Coldwell: This business of making statements regarding ministers of other countries, when we have to negotiate with the governments of those countries, is pretty serious, I think. I am not suggesting that the Minister of Agriculture could go over when his own government decided they would accept the British position. What I am saying is that we have two governments, the government of the United Kingdom and the government of Canada. We like to think that in this commonwealth of nations all our countries are equal, none being subservient to any other. If we are equal to one another, then the Canadian government should have assumed that equality and said, "That may be your view. It is not our view, and we want to negotiate this matter further." No individual in any government has the right to prevent further negotiations, and I am certain that if further negotiations had been demanded they would have taken place. So let us stop making insinuations.

I am going to follow the example set by the Minister of Agriculture and not go into other matters in connection with this agreement. I want to reiterate what I said when I first rose, that we want to see this appropriation passed expeditiously, though we do not think it is enough. The minister will remember that in August, 1946, when this agreement was under discussion I made the statement, which I repeat now, that if through government policy the costs of production rose during the lifetime of this agreement, it was the duty of the government of Canada, not the government of another country, to make a compensatory adjustment out of the revenue of Canada. This is an inadequate instalment, insufficient but nonetheless something I think the house should support under the circumstances.

Mr. Fournier (Hull): Before the debate continues, Mr. Chairman, I want to submit that the amendment of the leader of the opposition is out of order. It reads:

> That consideration of this item be deferred until the committee has been informed as to the principle under which a payment of $65 million is to be made and the method by which the said amount has been arrived at.

If you will look at Beauchesne, third edition, citation 480 on page 178, you will see that it reads:

> The only motion allowed, when a resolution is under consideration in committee of supply, is that the amount be reduced or that the chairman leave the chair . . .
>
> Each resolution can only be dealt with by being agreed to, reduced, negatived, superseded, or, by leave, withdrawn, and the withdrawal can be made although the decision of the committee has been taken upon amendments proposed to the resolution. Here, the power of the committee ceases. It is not allowable to attach a condition or an expression of opinion to a vote or to change the destination of a grant.

And the following citation, 481:

> A proposed resolution may be allowed to stand over with general consent until another occasion, but if it has been regularly proposed from the chair and discussed, no motion for its postponement is regular because there is no period to which it can be postponed.

If you carefully read the amendment you will see that it does not fall under this citation, in that it does not reduce or supersede the resolution, or ask leave that it be withdrawn. I submit, therefore, that the amendment should be declared out of order.

The Deputy Chairman: Do other hon. members wish to speak on the point of order?

Mr. Fulton: Do you not think the wording of the amendment would bring it clearly—

Mr. Pouliot: Would you please read it again?

The Deputy Chairman: I shall read the amendment again.

That consideration of this item be deferred until the committee has been informed as to the principle under which a payment of $65 million is to be made and the method by which the said amount has been arrived at.

Mr. Fulton: I was going to ask, Mr. Chairman, whether it is not your opinion that the effect of the wording of this amendment is such as to bring it within the citation referred to by the Minister of Public Works which states that a resolution can only be dealt with by being agreed to, reduced, negatived, superseded or, by leave, withdrawn. It is the word "superseded" to which I should like to direct your attention.

This amendment does not seek to postpone the resolution to a certain period or to defer it absolutely, nor does it express an opinion contrary to the subject matter of the resolution. The resolution is for the granting of $65 million for a certain purpose. The motion made by my leader merely asks that it be superseded for the time being until a discussion has taken place, and the principle has been established upon which this is to be granted. Then a discussion could be undertaken as to whether the granting of the actual sum asked for, namely $65 million, is justified; so I submit the motion is not out of order.

Mr. Pouliot: I submit that the amendment is completely out of order, and for this reason. A distinction should be made between an increase and a decrease in the amount which is to be voted by parliament. If the leader of the opposition and the member for Rosetown-Biggar had moved and seconded—

Mr. Coldwell: Pardon me, I did not move anything.

Mr. Pouliot: No; I said if they had.

Mr. Coldwell: But I did not.

Mr. Pouliot: No, and I want the hon. gentleman to be as gentle as he normally is. I assume that the leader of the opposition might have sponsored an amendment, and that the member for Rosetown-Biggar might have seconded it.

Mr. Coldwell: But he did not.

Mr. Pouliot: I know. This is mere supposition. Let us suppose that the said amendment had been to decrease the amount of $65 million. The said amendment of the leader of the opposition and the leader of the C.C.F.

[The Deputy Chairman.]

would have been to decrease the amount of $65 million to $1. Then, I would have said "This is the best political achievement of both of them." I will add this—that I would have supported that amendment.

Mr. Fulton: Why not move it yourself?

Mr. Pouliot: For $1, yes, but not $65 million. Let us divide $1 between 260,000 great westerners, and we shall see the result.

Now that the house is in a good mood, and seems disposed to accept a few words of truth and consideration in accordance with the rules of the house, I shall remind the leader of the opposition and the leader of the C.C.F. group, jointly and severally, that according to the purest and safest British doctrine, no member can propose, by amendment or otherwise, a larger expenditure than the one that is submitted to the house by the government after the approval of His Excellency the Governor General. If the leader of the opposition has moved an amendment which has won the support of his closest opponent, the leader of the C.C.F.—

Mr. Coldwell: No, I am opposed to it.

Mr. Pouliot: Well, I am too.

Mr. Coldwell: Then, we agree.

Mr. Pouliot: If we all agree on the amendment, let us express our opinion that we are against it. But I come to this point, and the leader of the opposition understands my point before I have expressed it. I want to torture him a little by not coming to my conclusion at once, and I say that in the friendliest manner. It is that he is too subtle a politician to make a move to reduce the amount of the appropriation. I challenge him to say that he wants to send it back to a committee or something like that, to have it reduced. He will never say that. He wants it increased.

Mr. Brooks: He wants it justified.

Mr. Pouliot: That is hair-splitting. Let us be sincere and honest about this big amount. I am not a mind reader, but there is no one in this house, with perhaps the exception of the member for Rosetown-Biggar, who has not read in the mind of the leader of the opposition that he wants a larger amount of money offered to the westerner than the appropriation.

The Deputy Chairman: Order. I believe I have heard sufficient to make a ruling at this point.

Mr. Drew: Mr. Chairman, I should like to say a few words before you do so.

Mr. Pouliot: Thank you, I was just concluding. I would say that, otherwise, the

move by the hon. gentleman who leads His Majesty's loyal opposition in this house would be meaningless, and he is much above that.

Mr. Drew: Mr. Chairman, I would point out that what we are discussing is one of the annotations, comments, and precedents and not one of the standing orders. It does refer to a practice that has been established, and I recognize that. These annotations result from discussions which take place, and decisions that are made. They change from time to time in view of the opinion of the house as to the manner in which debate can best be considered.

I would point out that the motion which is now before the committee is a motion that is consistent with what is frequently done while the house is in committee. Over and over again, the proposal is made that an item stand until further information is available. Frequently, that proposal is accepted and items do stand in that way. I suggest, Mr. Chairman, that the motion now before you is simply a motion which makes it possible for the members to express an opinion entirely consistent with the practice which has grown up here, and which has been regularized by acceptance over a long time.

There is one thing about the arguments of the hon. member for Temiscouata. Undoubtedly he contributes greatly to the good feeling within the chamber. As he himself has said, the committee seemed to be in good humour. I will say quite frankly that no one contributes more to the good humour than he does.

Mr. Pouliot: Thank you.

Mr. Drew: Sometimes, of course, it is difficult to follow the exact train of the argument, but the result is excellent. In this particular case the hon. member for Temiscouata undoubtedly has produced an atmosphere in which a subject of this kind can be discussed in a friendly and congenial way. In spite of our growing friendship, I must admit I was slightly startled by his suggestion that at this distance he could read my mind. I have no intention of moving to reduce this item to $1, for a reason which is clear. The motion to reduce this item to $1 would imply that we had information which made it possible to suggest that $1 was the proper figure. No such information is before us. That is the reason I have presented this motion.

I will satisfy the curiosity of the hon. member for Temiscouata by informing him that if this motion is not accepted, I certainly do not intend to support the main motion. In view of the fact that information is not available, I do not propose to move that it be reduced to $1 because that would imply that I was recognizing that we had sufficient information to make that decision and thought that only $1 should be paid.

I have made it clear that I believe that the people in every part of Canada wish to deal fairly with this problem. I am satisfied that the members of the committee require information before voting. My motion is simply for the purpose of carrying out a practice long established, that of seeking the deferment of the consideration of the item until we have the information upon which that consideration can be made.

Mr. Fournier (Hull): If the hon. gentleman wishes to have information, it is not to be obtained by deferring consideration of the item and taking it away from the committee. We are to defer what? Consideration of that item which provides for an amount of $65 million to be paid into the pool. If you stop the committee from discussing that item by your motion, I do not know how you will get the information. The Minister of Agriculture is here and he is ready to answer any question. He gave you notice of his willingness to discuss the matter. He said: If you want to discuss this matter at length, I am ready to do so; and I will answer any question that is asked. Perhaps the hon. member for Kamloops and the leader of the opposition might agree on their stand as to the legality of their motion. One says that the motion is in order if we consider the word supersede in the citation. I cannot agree. By what does he want to supersede the $65 million? Does he just want to defer discussion on the item and replace it by something else? If so, what? He has not made any concrete suggestion as to what he wished to have. The leader of the opposition says that every day in committee of supply we have items stand. Certainly we do, Mr. Chairman, by agreement. But you never had an item stand unless it was by unanimous consent. And it is not done by formal motion. But this is a formal motion by which he says that he will have this item deferred, because he has not enough information. While it is deferred we will have to take up other items. I am just wondering how the hon. gentleman would get the information he desires. When we are so ready to give that information, I would suggest that we proceed with the giving of the information, and that the motion be declared out of order.

Mr. Pouliot: May I ask a question of the leader of the opposition?

Some hon. Members: Question.

Some hon. Members: No.

The Deputy Chairman: If the hon. member wishes to ask a question of the leader of the opposition, the latter must give his consent.

Mr. Pouliot: I know that. I do not want to force any question upon him.

Mr. Drew: I have no objection to any question being asked.

Mr. Pouliot: I thank the hon. gentleman. Having noted that he said he did not want the item to be reduced, may I ask if he is ready to say that he does not want it to be increased and therefore it should be voted as it is?

The Deputy Chairman: I think that the point of order raised by the acting leader of the house is well taken. As a matter of fact, citations 480, 481 and 482 of Beauchesne, third edition, to be found at page 178, are quite clear on the point. The object of the amendment is clearly to defer, not to supersede. In any event, I will read the citations to which I have just referred. They are as follows:

480. The only motion allowed, when a resolution is under consideration in committee of supply, is that the amount be reduced or that the chairman leave the chair . . .

Each resolution can only be dealt with by being agreed to, reduced, negatived, superseded, or, by leave, withdrawn, and the withdrawal can be made although the decision of the committee has been taken upon amendments proposed to the resolution. Here, the power of the committee ceases.

It is not allowable to attach a condition or an expression of opinion to a vote or to change the destination of a grant.

481. A proposed resolution may be allowed to stand over with general consent—

I should like to draw the attention of the committee to those three words "with general consent." It is true that it is the practice of this house to have resolutions stand over, but it is only done with general consent. The citation continues:

—until another occasion, but if it has been regularly proposed from the chair—

And this is the case in this instance.

—and discussed, no motion for its postponement is regular because there is no period to which it can be postponed.

482. When a resolution is proposed in a committee of the whole (not of supply),—

I wish to draw the attention of the committee to those three words as well, "not of supply".

—every amendment may be moved which might be moved to such a resolution, if proposed in the house itself.

In view of these citations that I have just read, I have no alternative but to declare this amendment out of order.

[Mr. Pouliot.]

At six o'clock the Acting Speaker (Mr. Beaudoin) resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

TRANS MOUNTAIN OIL PIPE LINE COMPANY

The house in committee on Bill No. 115, to incorporate Trans Mountain Oil Pipe Line Company—Mr. Laing—Mr. Dion in the chair.

On section 1—*Incorporation.*

Mr. Cruickshank: Mr. Chairman, I should like to say a few words in connection with this bill. I would call attention to a heading which appeared in a newspaper and which I feel is perhaps applicable to some who, as yet, have not seen the advantage in our endeavour not only to build up British Columbia but to build Canada as a whole. This article bears a Massachusetts dateline, but I believe it would apply elsewhere. The heading is, "774 Vote for Man Dead Two Weeks". It struck me that this might apply to those who as yet have not realized that there is such a thing as the province of British Columbia, and who do not know just how worth while it is to build up that province, thereby improving the entire economy of Canada, and particularly that of Alberta.

In the last couple of years some of us have been accused of conducting a filibuster. This is what the Vancouver *Sun* of March 15 has to say on the subject:

Filibuster Without Guns

British Columbia members of parliament are fighting in Commons to guarantee an oil industry in this province. And they rightly object to their struggle being dubbed a "filibuster."

They want parliament to make sure that any oil pipe line from Alberta to the coast is routed through B.C. and Vancouver so Canada will get a crack at the oil flow before U.S. does. They're opposed to incorporating any company that would skip B.C. to enter the U.S. through southern Alberta.

If it takes a hundred speeches to pound home the legitimate economic interests of B.C. that still isn't a "filibuster."

And, mark you, this is the Vancouver *Sun;* this is not a section of the press that believes in the building up of British Columbia only.

The word nowadays means "organized obstruction tactics by dilatory motions or artifices."

Perhaps B.C. members should use the word against supporters of U.S. routes. They could remind parliament that originally a filibuster was an armed raid against a peaceful country to secure loot. They could argue that companies which propose to pipe Canadian oil first to Seattle and Portland just lack the guns.

Vancouver got an indication this week of what a pipe line from Edmonton oilfields through the Yellowhead pass to this city could mean. British American Oil Company announced it would build a $10 million refinery here.

And may I add that if hon. members were to check *Hansard* they would find that that is exactly what those of us who have been fighting this battle for two years have been saying. This $10 million is just a beginning in the development of our province. It is unfortunate that this heading had not appeared earlier.

It might be too expensive to supply such a plant by tanker from Seattle or Portland.

The Yellowhead route also opens tremendous prospects for the development of B.C.'s Peace river oilfields.

This is of particular significance to some, so I shall repeat it:

The Yellowhead route also opens tremendous prospects for the development of B.C.'s Peace river oilfields. A major discovery there could be drained off by a feeder line running due south to join the main line in central B.C. That couldn't be done if the main line ran through Alberta.

Nor have parliamentary supporters of the U.S. route backed up their claim that a line running 400 miles south through Alberta then swinging west to the coast would be cheaper than an all-B.C. line. The B.C. route follows the C.N.R.'s easy grade over the Rockies for a direct 750 miles to Vancouver.

Though parliament hasn't the power to fix actual routes, it needn't encourage any route that skips B.C. It needn't incorporate any company proposing a U.S. route when already incorporated companies are pledged to B.C. pipe lines.

And all M.P.'s should remember that Vancouver is the west coast port of Canada as well as of B.C.

I am very pleased to have taken part in the development set out in this editorial, and to have had associated with me other members from British Columbia. I know hon. members from other provinces who in the last two years came to our aid will pardon me if I do not make reference to them. Time does not permit me to cover the ground in full—because this is one of the bills I want to see passed tonight.

However I should like first to refer to the hon. member for Kootenay West (Mr. Herridge), a most courteous, courageous and cultured member. Representing the constituency of West Kootenay, he represents probably the second most beautiful riding in British Columbia. May I suggest to hon. members, particularly those from Ontario, who have not had the privilege of seeing the beauties of the Pacific coast, that if they have the opportunity to visit West Kootenay they should pay special attention to the delightful little town of Nakusp.

Then I would make special reference to the hon. member for Kamloops (Mr. Fulton), whose constituency we regard as a climatic paradise, and the hub of interior British Columbia. May I add that, in a small way, they also raise fruit. Then, from the famous Okanagan, the hon. member for Yale (Mr. Jones) came to our help. Some hon. members who may have credited the Fraser valley with producing the magnificent apples not only displayed to the house but sold throughout eastern Canada may not realize that the credit belongs to the constituency of Yale.

Then I move on to Comox-Alberni. The hon. member for Comox-Alberni (Mr. Gibson), whose only fault may be his over-generosity, helped us ably. I now come to the hon. member for Vancouver-Quadra (Mr. Green), that persistent and methodical member who displayed his persistency and his methodical effort last year and the year before in endeavouring to build up his city, the third largest in Canada and, in the opinion of those of us from British Columbia, the most beautiful on the North American continent.

I must not forget my hon. friend from Coast-Capilano (Mr. Sinclair) with his keen and—I cannot very well pronounce this word; I shall have to look at my notes to make sure of it—analytical mind.

Those are a few. I might make reference to the hon. member for Cape Breton South (Mr. Gillis), who acquitted himself so well in the 29th battalion, and who supported the west, particularly British Columbia, both last year and the year before. Perhaps he will forgive my not saying any more about him. I am sure however that I may be forgiven for making mention of one other gentleman, one who had the keenest mind of any in the House of Commons, whose mind was unsurpassed by that of any since my time in parliament. I refer to the former member from Calgary West, Mr. Art. Smith.

I could go on for hours in this connection. However those of us in British Columbia are particularly interested at this time in transportation. Years ago we were told that east is east and west is west, and never the twain shall meet. However by persistent efforts of people in British Columbia and Alberta, with a certain amount of assistance from Saskatchewan, we have at last attained at least a partial adjustment on our freight structure, through the board of transport commissioners. These pipe lines will be part of our transportation system and matters concerning them will have to come before the board in due course.

Many hon. members may not know that many years ago British Columbia pioneered in a new form of transportation. The only camel transportation in the dominion operated out of Cariboo. Many newcomers or those who have not studied our history probably do not know that in the early days of the gold rush in the Cariboo there was a camel train operating.

Trans Mountain Oil Pipe Line

Many of us realize how fortunate we are in living in a province like British Columbia with its many possibilities. Incidentally, I might mention that I have been called to task in connection with another matter when I described certain people within my riding in a certain way. I was naturally interested in them because after all they are part of British Columbia. They were not only endeavouring to build, they were endeavouring to help us bring in cheaper gas and cheaper oil to the province and the Pacific coast at a time when it is most needed.

I do not know whether these papers have reported me correctly or not, but I would like to refer to the Vancouver *Daily Province*. This is a fine family journal and I wish I was wealthy enough to see that each and every member of this house received complimentary copies for life. This particular issue is the March 17 issue, a most appropriate date for the hon. member for Fort William and the hon. member for Battle River. I am sure that they will appreciate the details of this article because they have a far keener knowledge of these things than I. The heading of this article reads:

That's what George says. Valley phone girls prettiest.

The largest city in my riding has a population of 6,000, although the mayor would probably like me to say it has a population of 6,500. Two girls on the Vancouver exchange disputed my statement. Then along comes another paper published in Winnipeg, the Winnipeg *Tribune* with this heading:

Manitoba "Hello Girls" ready for M.P.'s beauty challenge.

I am leaving for the west coast tonight but I shall not have time to stop in to visit the Winnipeg exchange. But I do hope they have a delegation down at the station to meet me, especially after the pictures I see on the front page of this newspaper.

I do not want to take up any more time in discussing this particular bill. I am proud of the part that I was able to play in connection with this bill which I hope will go through tonight. I believe in my own province and I believe in Canada.

Mr. Fulton: Mr. Chairman, I want to say just a word or two on the general sections while we are in committee and I want to echo what has been said by the hon. member for Fraser Valley. On behalf of all those members whom he has mentioned, including myself, I want to express our appreciation of his generous remarks.

I should like to refer to some of the information which was given in connection with this bill in the special committee on railways, canals and telegraph lines and which I think vindicated one hundred per cent the arguments which have been put forward and the battle which has been put up for the adoption of a "Canada first" principle in connection with these lines, whether they be oil or gas pipe lines. We have simply asked that they be built through Canada first before entering another foreign country on their way to their market.

Witnesses on behalf of the company and engineers appeared before the committee and stated that the Yellowhead route is feasible and economical. This company proposes to build a line from Edmonton to Vancouver through the provinces of Alberta and British Columbia exclusively. It will follow the Yellowhead route along the main line of the Canadian National Railways to Kamloops, from there to Merritt, thence to Brookmere, then down the Kettle valley railway line to the Fraser valley at Hope, and from there to Vancouver.

They told us that it was expected that some 2,000 men would be employed in the construction of the line. That is a fact that should be noted. It was estimated that approximately 150 men would be employed in the maintenance of the line. That means that 150 Canadians from Alberta and British Columbia will find what will be close to permanent employment. It was stated that approximately $50,000 per annum would be spent for materials, paint, hardware and so on required in connection with the maintenance of the line.

Mr. Lennard: How long will it take to build?

Mr. Fulton: They told us that if they obtained the approval of the board of transport commissioners this year they would expect to have it completed—I am speaking from memory—by June, 1952. Finally, they told us there would be at least three pumping stations initially to maintain a flow of 70,000 barrels, but as the capacity was stepped up, as it could be, to approaching 200,000 barrels the required additional pumping stations would be constructed.

These facts should be kept in mind in considering these requests for charters for pipe lines. I repeat that on this comparatively short line of 700 miles, that is comparatively short when compared with the length of a pipe line from Alberta to Montreal, approximately 150 Canadians will receive permanent employment, 2,000 will be employed in building the line, and in addition there will be those employed in manufacturing the materials necessary for maintenance.

I ask hon. members to bear these facts in mind when considering future applications

to incorporate companies of this kind. With these facts before us I think the insistence upon the principle of "Canada first" becomes much more important.

Mr. Murray (Cariboo): Mr. Chairman, I suppose if not too many speeches are made this bill will pass quite rapidly. My interest in this bill lies in the fact that the line will pass through the Cariboo district. The government of British Columbia, through the attorney general, the Hon. Gordon S. Wismer, has stated that the proposed line will pass through the Yellowhead pass and on down through the populous centres of British Columbia to Vancouver by way of Prince George, McBride, Quesnel and Williams Lake.

May I say to hon. members from Ontario that they have an interest in the route which this pipe line will take. In 1862 a party of fortune seekers set out from Ontario over land and proceeded to the gold fields of Cariboo. They crossed the prairie in Red river carts and travelled in canoes. They got to Fort Edmonton and from Fort Edmonton they walked to the Rocky mountains where they discovered the Yellowhead pass. They walked through the Yellowhead pass, over the route this pipe line will take, and took boats on the Fraser river to the Cariboo of those days.

The hon. member for Fraser Valley said that camel trains were used out of Cranbrook in the early days. He is making a great mistake. Camels were used on the historic Cariboo road. They proceeded from Lillooet some hundreds of miles to the gold fields at Barkerville. As I understand it, the building of this pipe line means that it will be a common carrier. It is supported by seven of the leading oil companies, and it will be a great public utility that will add vastly to the industrial development of British Columbia and of Canada.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*Powers of company.*

Mr. Cruickshank: What is the amendment to this section?

The Chairman: It reads:

Provided that the main pipe line or lines for transmission or transportation of oil shall be located entirely within Canada;

Section as amended agreed to.

Sections 7 to 11 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Private Bills

PATENT APPLICATION OF GEORGE R. HANKS

Mr. J. T. Richard (Ottawa East) moved the second reading of Bill No. 131, respecting a certain patent application of George R. Hanks.

Some hon. Members: Explain.

Mr. Richard (Ottawa East): Mr. Speaker, this is a bill that was passed by the Senate after going through their committee on private bills. It also has had the approval of the Secretary of State and the commissioner of patents. However, I want to explain the purpose of the bill. It is simply to validate a patent application filed in the Canadian patent office by one George Hanks, on July 16, 1947. In 1947, as hon. members will recall, parliament passed certain amendments to the Patent Act. One of them had as its purpose to permit the filing of patent applications in Canada by nationals of countries which accord reciprocal privileges where the normal time within which such applications should have been filed had expired during the war years.

Section 28A stipulated two conditions, however, attached to the receiving of such patent applications by the commissioner of patents. First, such applications had to be filed not later than the 15th day of November, 1947. Second, the application for a patent had to request the commissioner of patents to extend the time by special request. In the case of George Hanks the facts are these. He applied for and obtained a patent on his invention in the United States patent office under date of April 23, 1946. Since he had filed more than a year before that date in the United States, and since he had not filed his application in Canada before the issue of the United States patent, under our law he was forbidden to file an application in this country and obtain a patent.

After the legislation was passed in 1947 George Hanks through his attorneys requested that he be allowed to file an application in Canada. The attorneys filed before November of 1947 but through some mistake they did not accompany the application with a so-called formal request to come under section 28A. The bill would now allow George Hanks to have the right to validate his application in Canada in spite of the fact that there was not this so-called formal letter requesting that he be given the advantages of section 28A. As I said before, the commissioner of patents and the Secretary of State have approved. My purpose is to ask that the bill be allowed to pass so that it may be sent to the standing committee on private bills.

Mr. Cruickshank: What was the patent for?

Mr. Richard (Ottawa East): My hon. friend probably has not read the bill. It refers to a chain dredge bucket and method of forming.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved that the following bills be read the second time:

Bill No. 132, for the relief of Abraham Tarontchick, otherwise known as Abraham Turner.—Mr. Winkler.

Bill No. 133, for the relief of Mabel Caroline Lay Redburn McCormick.—Mr. Winkler.

Bill No. 134, for the relief of Jack Harold Frederick Grater.—Mr. Winkler.

Bill No. 135, for the relief of Kathleen Merle McCullough McCallum.—Mr. Winkler.

Bill No. 136, for the relief of Mary Margaret Urquhart Cuthbert Gilman.—Mr. Winkler.

Bill No. 137, for the relief of Margaret Isabel Ward Green.—Mr. Winkler.

Bill No. 138, for the relief of Rejeanne Laliberte Tinker.—Mr. Winkler.

Bill No. 139, for the relief of Frederick John Pratt.—Mr. Winkler.

Bill No. 140, for the relief of Arthur Frederick Albin Turner.—Mr. Winkler.

Bill No. 141, for the relief of Maria Silvaggio Mazzalongo.—Mr. Winkler.

Bill No. 142, for the relief of Jacqueline Yvonne Suzanne Stucker Grant.—Mr. Winkler.

Bill No. 143, for the relief of Ethelbert Deniston Joseph Bartholomew.—Mr. Winkler.

Bill No. 144, for the relief of Ivy Elizabeth Whitehead Simpson.—Mr. Winkler.

Bill No. 145, for the relief of Evelyn Elizabeth Hulbig Wilks.—Mr. Winkler.

Bill No. 146, for the relief of Margaret Cameron Williams.—Mr. Winkler.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Gauthier (Portneuf): On division.

Motion agreed to on division, bills read the second time and referred to the standing committee on miscellaneous private bills.

BORDER PIPELINE CORPORATION

The house resumed, from Tuesday, March 13, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I had not intended to say very much in connection with this measure. Probably to justify my own stand and that of some of the other members in previous discussions in our endeavour to build up Canada, I should quote one or two authorities who I believe agree with what I have said.

Mr. Blue: Who is "our"?

Mr. Cruickshank: As I said the other night, Mr. Speaker, one of the things that have made western Canada so great, particularly my own province, is the fact all the leading citizens of Bruce county in the great province of Ontario left there and came west.

Mr. Blue: Hear, hear.

Mr. Cruickshank: My hon. friend probably has not realized that I said "all the leading citizens of Bruce county."

Mr. Blue: I am going west next year.

Mr. Cruickshank: I want to quote one or two authorities who I think are in accord with our stand on maintaining for Canada for all time the resources that were given to us such as oil and gas that require very little to develop. I quoted authorities the other night and I shall quote them again. I am quoting from *Hansard* of May 5, 1950, at pages 2229 to 2230. I said the other night that I did not know of any better authority that I could use in speaking of Canada as a whole. And mind you, Mr. Speaker, we maintain that the stand we are taking is taken not only to build up our own province but to build up Canada as a whole. As I said the other night, no matter which company builds the pipe line, either gas or oil, it goes through the centre of my riding and the riding of the hon. member for Kamloops (Mr. Fulton), and it will be satisfactory to us. It does not matter to us which company builds the line. I do not think anybody has a better right to speak on behalf of Canada than the authority whom I shall quote. He speaks as we do, not for the building up of just British Columbia, not merely the Fraser valley, Quadra, Kamloops or Kootenay West but Canada as a whole. I shall quote the Prime Minister who spoke on the date I mentioned, at pages 2229 to 2230 of *Hansard:*

> I am not going to suggest that the protracted debate in this parliament about the desirability of an all-Canadian pipe line for the gas and oil of Alberta has been a waste of time.

I want to emphasize how closely that was borne out by the editorial I read from the Vancouver *Sun*, published in the third largest city in the Dominion of Canada, the Pacific outlet to all our markets in the Far East and the Pacific supply point for our navy. I continue with the quotation:

> It has aroused public opinion as to the desirability of doing that if it is possible. I would expect that that would not be lost from the point of view of the

members of the board of transport commissioners and that they would not lightly disregard the unanimous desires of Canadians that their own territory be used to the greatest possible advantage.

I am very proud to be a follower of a great Canadian, in spite of the majestic silence of so many of his supporters, who makes a statement like that. I continue with the quotation:

I would expect that when they got an application and before they approved anything they would want to be shown that there is or there is not a practicable way of doing it without going out of Canada. I would expect that they will require the applicants to satisfy them that surveys of the various routes mentioned in this discussion have been made.

Again may I point out, as was emphasized by the hon. member for Kamloops previously this evening, in speaking of the witnesses who appeared before the committee the other day, I do not happen to be a member of that committee. That was very well taken care of last year for reasons best known to some who thought it was not desirable that the member for Fraser Valley should be a member of that committee. I must admit, however, that British Columbia was well represented on that committee. For the first time in our history we had at least five members on that committee. I continue with the quotation:

I do not claim to know enough about the topographical conditions, about the mountain passes, to be able to formulate an opinion as to whether or not they present insuperable difficulties. But if I were a member of a body charged by parliament with the responsibility of making that kind of decision and were called upon to exercise my judgment, I would want pretty full evidence that it could not be done in Canada before I would put my signature to a plan or project that was not going to be carried out in Canada.

That is the Prime Minister speaking on May 5, 1950. I shall quote some other authorities now, Mr. Speaker. I could take time to tell you about Iran, but I do not think it is necessary. Many of you read the papers, I know. You are all equally proud, as I am, of the traditions of the British navy, so ably followed by our own Royal Canadian Navy. We had a gentleman here who two weeks ago I understand was in Iran, and we read in the newspapers that about one-sixth of the oil used by the British navy comes from that country. I do not think many of us would be sitting here tonight if we had not had a little assistance from the British navy in the past. As I say, we read in the press that one-sixth of the oil required by the British navy comes from Iran. I do not think we need to worry so much about acts of a few saboteurs of any province in the dominion plunging us into a third world war. I am no authority on external affairs, but it would seem to me that what is happening in Iran today is of extreme importance to every Canadian.

Any day some little extra combustion over there may plunge us into a third world war. So in asking for the building of an all-Canadian route we are at least trying to bring oil from one of the greatest oil fields on the North American continent, and we hope some day one of the greatest of the world, to the Pacific coast, where the navy can at least have fuel on British soil without any treaties or obligations that may be broken merely by the assassination of a certain leader.

I do not think that some of my eastern friends realize just how important this oil and gas line is to the Dominion of Canada as a whole. In that connection I might quote another authority, a man who I think knows a great deal about the oil situation, and certainly about production needed for national defence in Canada. I am quoting from *Hansard* of March 16, 1950, at pages 791 and 792. I apologize to no Canadian for quoting this hon. gentleman who has the confidence of the people of Canada for his great organizing ability, which he has demonstrated to the people of Canada and to the whole world. In a time of national stress he saw that the guns and the tanks, and all the munitions of war were made available. As I said, I want to quote from pages 791 and 792, which contain the answer given to the hon. member for Yorkton (Mr. Stewart). The answer is as follows:

Right Hon. C. D. Howe (Minister of Trade and Commerce): The answer to the first question is that I have no knowledge of any representations from the province of Saskatchewan in that connection. In answer to the second question I would say that I spoke on this subject at the last session of parliament, and pointed out that the Electricity and Fluid Exportation Act is designed to protect Canadian consumers. It is necessary under the act for the Minister of Trade and Commerce to give a certificate to the effect that the present and foreseeable future needs of Canada are protected before any exports of electricity or gas are permitted.

I continue:

It has been suggested frequently in the current debate that gas will be sent to the United States from the pipe line before the pipe line reaches Vancouver. I stated last session that that would not be permitted. I know from discussions with the sponsors of the pipe line that it is not proposed to undertake any such export.

Now, Mr. Speaker, I do not know of any higher authorities in the Dominion of Canada whom I could quote than the two right hon. members I have just quoted. I believe that if nothing else justifies the stand taken by a few of us, not only to see that it was piped within Canada but we are hoping by our efforts to bring home to the people of Canada as a whole what this means, then those quotations justify our stand.

As I mentioned a moment before, and as I am sure the member for Royal (Mr. Brooks), who is an old military man, and any other former military man, will appreciate what is happening in Iran today is significant. I am sure they will endeavour with us to see that the main supply is maintained in Canada.

Possibly I should justify our extreme interest in our own province. I should like to quote briefly from a book by Bruce Hutchison. At one time he was a member of the parliamentary press gallery. He has the good fortune to come from the province of British Columbia. In common with another famous newspaperman who used to adorn the gallery, Torchy Anderson, he spends most of his time fishing on Vancouver island. It is an excellent place to fish. When Bruce is not writing books he writes delightful stories for the *Saturday Evening Post*. I am giving him a little plug because he is a great Canadian. This is part of the reason, Mr. Speaker, why we want to see that pipe line maintained within Canada. I am only going to quote a paragraph or two of the book "The Fraser", page 205:

> This outshoot, which forms the south bank of the Fraser, extends less than a hundred miles from the sea. It is so small in Canada, and so fertile, that every yard of it will soon be cultivated. This land from the sea to the north-south barrier of the coast range we call the Fraser valley. The Fraser has cut a valley over 800 miles long and much of it, in the interior, will produce crops when it is irrigated, but in the vocabulary of British Columbia, the Fraser valley means only the stretch from the river delta to the mountains.
>
> This arable space of some 550,000 acres, including the north bank, is one of British Columbia's major possessions. It supports about 100,000 people. It provides the milk for Vancouver. It produces vegetables, some meat (especially feeders from the interior ranches), the hops for British Columbia's beer, small fruits, tree fruits, honey, and pelts from the fur farms. About $15 million worth of agricultural products a year come out of the soil the river laid down here in the leisure of æons.

I do not want to quote all of it, Mr. Speaker, but I should like to cover the Fraser valley because it is not only an important part of Canada, Mr. Speaker, it is also the district through which this pipe line will go.

Mr. Murray (Cariboo): On a point of order, Mr. Speaker, the gentleman is quoting literature dealing with the Yellowhead pass route and the Fraser river route. It has nothing to do with the bill under consideration.

Mr. Cruickshank: Mr. Speaker, I am not speaking about the Yellowhead route at all. If my hon. friend was awake he would know that I am speaking about a different route. That bill was passed long ago. I am speaking about a company whose pipe line would take the oil of Canada through the United States at Kingsgate. That shows the hon. member is not listening.

Mr. Murray (Cariboo): On a point of order—

Mr. Cruickshank: Just a minute; you have had three years to make a speech and you have not done it yet.

Mr. Murray (Cariboo): I insist that the reading of a book dealing with—

Mr. Cruickshank: What is the point of order?

Mr. Murray (Cariboo): —the Yellowhead pass route is not in order.

Mr. Speaker: When an hon. member rises to a point of order, I think he should be allowed to state it.

Mr. Cruickshank: By all means, Mr. Speaker.

Mr. Murray (Cariboo): The book in question, written by a very distinguished Canadian writer, sets out to tell the story of the Fraser river. The Fraser river rises in my constituency at the foot of mount Robson. It flows northerly for some distance, and then comes around by the beautiful city of Prince George, sweeps on majestically by Quesnel, Williams Lake, and on to the open sea. The whole book is one of the outstanding works of the year. Just to keep the record straight, and give Mr. Hutchison due credit for having written a fine book, he deals with the Yellowhead pass. He tells how the young adventurers from Ontario, the overlanders of 1862 travelled from Ontario clear through the Rocky mountains out to the Cariboo gold fields; that is the whole heart of the book, and it should be quoted in full or not at all.

Mr. Speaker: Order. The bill before the house concerns an act to incorporate the Border Pipeline Corporation. It does not refer in any way to this well known book. It seems to me that the two members who have just spoken are debating the merits of this book. I believe it would be better if the member for Fraser Valley (Mr. Cruickshank) were to direct his remarks to the bill and not to the book.

Mr. Cruickshank: Mr. Speaker, I have not found out what the point of order is. I want to assure the member for Cariboo (Mr. Murray) that I appreciate his kindness. By taking at least six minutes of my time, he has assisted Canada's future as never before. Are there any more points of order? I would welcome them. Naturally, Mr. Speaker, I bow to your ruling. I would have liked to described a little of the territory. In

order that there be no injustice done the member for Cariboo (Mr. Murray), I am glad to know that the mighty Fraser rises in his constituency. Now, Mr. Speaker, I can appreciate why it is so muddy.

I would have liked to describe the Fraser river and the territory it covers, through which this pipe line will go. Since I cannot, Mr. Speaker, I am going to stay strictly with oil. I shall quote from the Canada page in *Time* magazine. I am sure that my friend knows *Time* magazine, and that he will not confuse it with Bruce Hutchison's book. It is a magazine published in the United States, in which many of us would like to have our names appear. I am sure, Mr. Speaker, that my colleagues from the northern part of British Columbia will appreciate the fact that I have had the pleasure of seeing my name in *Time* magazine four times. This article is headed "Alberta" and then "Share the Wealth".

When Alberta's oil boom began three years ago, Premier Ernest Manning promised that all citizens, not just oil well owners, would share in the new-found wealth.

That is a fine statement for a premier to make.

Last week Manning began paying off on his pledge. His Social Credit government's—

I wish I could say Liberal government.

—1951 budget, enriched with an estimated income of $25 million from oil royalties, dispensed bounties for practically all groups of Alberta taxpayers.

I am sure that I am sticking to oil. Possibly I could quote my own premier here and the attorney general of British Columbia, if we had had the co-operation that we sought. If we had had the co-operation that we sought two years ago, I believe these figures would have been written about northern British Columbia and not Alberta. That is rather a deep one and will be read with a great deal of interest in British Columbia.

Grants totalling $25 million to all municipalities to cut up to 6½ mills a year off local property tax rates.

We in British Columbia would have been delighted—that is, we in lower British Columbia or central British Columbia—if northern British Columbia were doing that for us. Again I say that if we had had the proper co-operation, I believe that would have happened in the great northern part of British Columbia; and I believe that it yet will happen.

Mr. Blackmore: If you had a Social Credit government, you would have got it.

Mr. Cruickshank: We want many things in British Columbia, but I have not the authority to say whether we are prepared to go that far.

Mr. Blackmore: You will have to go without your oil companies then.

Mr. Cruickshank: I will build up your province if you give me a chance.

Reductions of $5 to $15 a year in auto licence fees.

Elimination of the one-cent-a-gallon tax on agricultural and industrial fuel, a saving of $1·6 million for farmers and businessmen.

A $10 million fund for grants and interest-free loans to school boards and municipalities.

A new system of government annuities, paying 3½ per cent interest, which any Albertan can start buying with a $10 down payment.

Mr. Wylie: Read the last part, and tell us what the Liberal leader said. You might as well finish it.

Mr. Cruickshank: There is one advantage we have on this side of the house. I remember this well from last year. When we wanted a little bit of assistance, it started out and we got excellent assistance from that far corner, from the hon. member for Kamloops (Mr. Fulton) and the hon. member for Kootenay West (Mr. Herridge). I can well remember that. But apparently the clamp came on and we never heard another peep out of that corner over there; we could not get them to speak at all.

What I have read just emphasizes the possibilities there are with respect to oil, aside from fueling our great navy, which will be done in the Pacific through a bill that went through tonight. It emphasizes the other possibilities that there are in Canada, and particularly the possibilities we have on the Pacific coast for, may I say, in spite of ourselves, developing our greater northern British Columbia. Within the last few weeks the one company with which I am familiar brought in two excellent gas wells there. One of them is so great that, according to the last report I had, it had not yet been able to plug it. That is a good well. Bring us in about four or five more like it and we shall not actually need a pipe line to bring gas from northern British Columbia or northern Alberta. It will just pump off itself like that, it is coming out so strong.

I have to be careful here. I do not want to be called to order too often. I am not accustomed to being out of order. If you will just pardon me a minute, I should like to locate the document from which I want to quote. I want to bring in another province if I have time. I do not want to delay matters. This is a quotation from Hon. J. S. McDiarmid, Minister of Lands and Natural Resources for the province of Manitoba, page 99 of the

Dinning commission inquiry into reserves and consumption of natural gas in the province of Alberta:

It is the hope of the government of the province of Manitoba that the Alberta natural gas commission will find that there is sufficient natural gas to meet all the present and projected needs of the province of Alberta, and also sufficient surplus reserve to justify its exportation. If, on the other hand, the commission decides, as a result of its findings, that it is necessary to place certain restrictions on the exportation of natural gas, it is sincerely hoped that the commission will see fit to recommend to the government of Alberta that the transmission and distribution of natural gas to the other prairie provinces be given priority over other possible export markets.

That is from the government of Manitoba, Mr. Speaker. I think it is rather significant. I could go on quoting, Mr. Speaker, only I am afraid that I might get back to Bruce Hutchison. This one is with respect to the government of the province of Saskatchewan, an exceedingly fine province. Before I left the real west out on the Pacific coast I had hoped to have given a little talk on wheat. I do not know whether I shall have time tonight to speak on that subject, but I hope to be able to get this quotation in from the province of Saskatchewan. It is from pages 99-100, report of the Dinning commission:

The government of the province of Saskatchewan in a submission before the committee on transport and communication to the Senate of Canada, in May, 1948, gave unqualified support to the principle of utilization of Alberta natural gas in the prairie provinces where the benefits in reduced living costs and increased household amenities, as well as the stimulation of industrial development, would be incalculable.

The government of the province of Saskatchewan desires to reaffirm its support of this principle and to urge that every consideration be given the welfare of Canadians in the prairie provinces in deliberations regarding the use of this important Canadian natural resource.

I have read quotations showing the policy of two provinces. I am sorry that time does not permit me to say what I believe the people of Ontario and Quebec and the eastern provinces would say.

On motion of Mr. Croll the debate was adjourned.

Mr. Speaker: The hour for private and public bills having expired, the house will resume consideration of the matter under discussion at six o'clock.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF AGRICULTURE

Special—

576. To authorize and provide for a payment to the Canadian wheat board which shall be dealt with by the board in all respects as though it was money received from the sale of wheat produced in the designated area, sold and delivered to the board by producers during the pool period commencing on the first day of August, 1945, and ending on the thirty-first day of July, 1950, and to authorize the board, notwithstanding the provisions of subsections 2 and 3 of section 22 of the Canadian Wheat Board Act, to distribute such amount together with all other moneys received by the board from the sale of such wheat, after making the deductions provided for in the said section 22, among holders of certificates issued by the board pursuant to part III of the said act during the pool period aforesaid, by paying to the person named in such certificate the same sum for each bushel of wheat referred to therein, $65,000,000.

[Mr. Cruickshank.]

Mr. Brooks: The subject under consideration is item 576. The subject matter of this item has been discussed in the house for the past two or three weeks and I do not intend to take much time. As a matter of fact, this is the first time I have discussed the subject. I have been a good listener, and I have tried to find some grains of wheat among all the chaff that has been blown about the house in the past ten days or two weeks.

This item has to do with the payment of $65 million to the western wheat growers. It is based on the wheat contract between Great Britain and Canada over a period of years. We all know that a contract is something which people more or less consider to be inviolate; and we expect all parties under a contract to live up to its conditions and its terms. If that contract has not been carried out by one party, we expect that that party should be made to carry out its terms. I might say at the outset that I have every respect for the grain growers of the west. I feel as do all people from my part of the country. If there is anything coming to the farmers of western Canada, we would be anxious to see them have it. As a matter of fact, to a great extent western Canada is made up of people from the maritimes. We have always, at all times, wished them well; and we still wish them well. If at times, such as at the time of the Red river flood, they need assistance, the people in eastern Canada will be most anxious to send what help they can. The same was true some years ago when they suffered from burnt-out areas. People from all parts of Canada were pleased indeed to send what aid they could to help the people in the west.

As I said a moment ago, if the grain growers are entitled to something under the contract, we would be in favour of passing the item. We know that wheat is our greatest exportable commodity; its export is the lifeblood of the country. It is responsible for the prosperity of the people in the west. If they are not prosperous the people in other parts of Canada are not prosperous either.

There is another point which I say that we as representatives of the people must take into consideration. We must ask ourselves what responsibility we have to our constituents. If this $65 million is to be paid—and it is a very large amount—people in my province and in other sections of Canada will have certain questions to ask their members. I know I will be asked: Why was it paid? Why did we pay $65 million to western Canada? Was it because the contract with the British people had not been lived up to? We can only quote what has been quoted so often in the house, namely the words of the Minister of Trade and Commerce, when he said that he deplored the suggestion that the British government had not played fair with the Canadian people. We have had tabled in the house a document which shows that the British government did play fair with Canada.

Well, if that is so, they must have played fair with the Canadian government and with the grain growers of western Canada—because these are all Canadian people. So when we are asked if there is any legal right to the payment of this $65 million, I do not think that, in the face of the facts and in the face of statements made and documents tabled in the house, we can say anything other than there is no legal obligation under the contract to pay any money to western Canada.

Another question our people would be justified in asking would be this: Are we morally bound? Is there any moral reason for our paying out this large sum of money to the grain growers of western Canada? As I said a moment ago, a contract is a contract. If it has been legally carried out, then it has been morally carried out. People are making contracts continuously, and when minds meet and a contract has been legally carried out, then to my mind there is no argument which would support any suggestion that it has not been morally carried out.

The third question which I believe our people would ask is this: Did the farmers of western Canada suffer because of this British wheat agreement? Did they have to sell their wheat below the cost of production, as the people in New Brunswick have had to sell their potatoes? We have been told by the Minister of Agriculture himself that he considers it a good contract. We have been told the same thing by the Minister of Trade and Commerce. No one in the house has suggested that the western farmers sold below cost of production. It is agreed that they got a price which was much higher than their cost of production, and I am told that during the term of the contract there was prosperity in the west.

Having disposed of the questions which might be asked by our constituents—whether it was legal, whether there was any moral obligation and whether the farmers have suffered—we will then be asked: Why are we paying $65 million to the grain growers of western Canada? If we reply by using the argument used in the house we would have to say that the western farmer was led to expect certain things, that expectations were raised in his mind, and that it is those expectations which form the basis upon which we are paying this large sum of money to the western grain growers.

I remember having read some years ago the book "Great Expectations". I am sure most hon. members have read that book by Charles Dickens and have seen the motion picture of the same name. As I recall, one of the characters in the book, a small boy, had assisted a felon who had escaped from justice, and the assistance had been given under compulsion. In later years the boy began to receive money from some source, although he did not know just where it was coming from. He was sent to a good boarding school, given money to spend and trained to be a gentleman. The money kept coming in constantly, and the young gentleman thought it was being sent to him by people having great influence and wealth.

One day however he found out who his benefactor was, it was disclosed to him that his benefactor all those years had been the felon who had escaped from justice, who had gone to Australia and made a fortune and who, as he thought, was repaying the boy for the help he had received in the past.

That is the story of "Great Expectations". I wonder if the expectations of the farmers in western Canada were raised on a somewhat similar basis; I wonder whether it was for past favours the government had received, or for future benefits it hoped to get. In any event we can have our own ideas in that connection.

Mr. Murray (Cariboo): Mr. Chairman, I think the hon. member should be called to order.

Some hon. Members: Oh, oh.

Mr. Brooks: This is the second time tonight the hon. member for Cariboo has been on his feet calling someone to order. It will be recalled that he made a speech a short time ago while the hon. member for Fraser Valley was speaking. There is just about as much reason for his calling me to order as there was for calling the hon. member for Fraser Valley to order at that time.

Mr. Murray (Cariboo): I respectfully suggest there is a very serious point of order here.

An hon. Member: Sit down.

The Deputy Chairman: Order. Perhaps the hon. member for Cariboo would state his point of order.

Mr. Murray (Cariboo): In drawing his picture of "Great Expectations" the hon. member has brought before us a character out of Dickens who was admittedly a felon, a criminal, a man who went to Australia and while there made his fortune. Then the hon. member uses this character as an illustration of what he suggests has happened in connection with the farmers of western Canada. He makes reference to funds being supplied, and the inference he draws is that the Minister of Agriculture is playing the part of a criminal from Australia, who is placing $65,000,000 as a gift to western wheat growers—money which he came by dishonestly. I say that suggestion should not be made.

Mr. Gardiner: I saw the play, but he did not look like me.

The Deputy Chairman: I have listened with care to the comparison made by the hon. member for Royal between the story in the book entitled "Great Expectations" and its application to the situation now before the committee. I must say I would not entertain the same fears as the hon. member does. I do not believe the comparison applies as between the minister and the good uncle, as he might be described, in respect of their having been guilty of a criminal offence or having been sent to jail. I think the comparison was rather in relation to benefits past and future to which the hon. member for Royal was referring.

Mr. Brooks: The hon. member is at perfect liberty to draw whatever inferences he wishes. I might say that I am quite content with the way Dickens wrote this story and prefer it to my hon. friend's version.

In connection with these expectations we have heard that they were raised more or less by the Hon. Mr. Strachey, the British minister of food, when he made a speech in Winnipeg. I have heard of the $64 question but I never heard before of a $65 million speech. That is what they are accusing Mr. Strachey of having made in Winnipeg. In fact, some people would have us believe that it was a $300 million or $400 million speech.

Mr. Strachey did make a speech in Winnipeg which the Minister of Agriculture quoted when he was speaking a few days ago, but he left out what I considered was the most important part of that speech. Mr. Strachey said:

> I repeat that the essence of the agreement—

This is the part which I contend the Minister of Agriculture left out.

> —is that in return for selling wheat at $1.55 during the first two years of the agreement, Canadian farmers get the protection of minimum floor prices of $1.25 and $1 in the third and fourth years. And I reiterate that it is an inescapable obligation of the British government to pay at least these prices however low the world price of wheat may go.

That was the essence of the agreement which was made, according to Mr. Strachey. The Minister of Agriculture will remember that in 1947 it was mentioned in this house and in the country that there was a great possibility of deflation. Our own government, and probably the government of Great Britain, thought that the price of wheat might go below $1.25 and $1. The British government guaranteed that no matter how low the price went they would live up to their agreement and would put on a floor price of $1.25 and $1 per bushel.

A lot has been made of the "have regard to" clause but so far I have not heard a proper definition of that clause given in this house. I think it can be taken for granted that one thing that was meant was that if the world price of wheat went up instead of going down, as the Minister of Agriculture expected it would, having regard to that the British government were willing to pay and did pay $2 per bushel for wheat. They did not say that they were going to pay the world price and that evidently was not demanded from the British, but they were asked to pay $2 per bushel for wheat and that is the price they paid. I submit that that is what was meant by the "have regard to" clause. They were having regard to the price of wheat going up and upped their price as stated.

I am not here to defend the British government, but as was stated the other day, Great Britain has built up trade in this country over a hundred years by honouring her contracts and by the excellence of her products. Great Britain became the greatest trader in the world and it little behooves us to try to blame that country, which has had such a long history of honour and integrity. Some people say it is the socialist government. I am not a socialist and I would like to see the socialist government beaten when they go to the country.

I have read the life of Mr. Attlee and I believe he is an honest and honourable man. I think all hon. members will agree with me in that. Mr. Ernest Bevin is respected and honoured by his own people and by democratic people throughout the world. So

is Mr. Morrison. All these men are honourable men and I say it is unfair and unjust and untrue to say that such men would dishonour their contract.

The questions which I mentioned a few moments ago will be asked me by people in New Brunswick. I say to the Minister of Agriculture that if farmers in any part of Canada are suffering or have suffered during the last five years it is the farmers of the maritime provinces, particularly the potato growers. I am not using this as a *quid pro quo* argument, that because we are giving $65 million to the western farmers we must give it to the eastern farmers, but I do want to say that these people are getting hardly fifty per cent of the cost of production of the commodity they produce and yet they are being asked to help to pay this $65 million to the farmers of western Canada.

A few days ago the Turgeon committee after a most cursory investigation reported that the Chignecto canal was not feasible. We believe that it is. Sixty-five million dollars would have built the Chignecto canal which would have been of lasting benefit to the people in our part of the country. It will be pretty difficult for me or anyone else to go into my part of Canada and justify something for which there is no legal or moral ground as far as the records of this house are concerned and at the same time support this item for $65 million.

It is not my intention to take any more time of the committee. As my leader stated this afternoon, if instead of quoting a lot of confusing figures the Minister of Agriculture had given us some good and sound reason why this money should be paid, I and the people whom I represent would have been only too glad to agree to the fulfilling of obligations by the people of Canada and the paying of this $65 million. But when you analyse the minister's statements this afternoon and the statements which have been made in this house in the past two weeks I can see no just reason why the people of Canada should pay $65 million to the western wheat growers and I for one am opposed to this item.

Mr. Gibson: Mr. Chairman, I wish to move:

That item 576 of the further supplementary estimates be reduced from $65,000,000 to $1.

In moving this motion I regret very much that we are in committee because it will be impossible for certain hon. members to record for posterity their opposition to this measure which, as I said before, I regard as an agrarian commando raid upon the public treasury of Canada.

An hon. Member: If it were lumber it would be all right.

Mr. Gibson: About the only reason we have been given for the payment is that the farmers on the prairies had very great expectations. I for one am very glad that it did not prove to be twins although a great number of hon. members have tried to introduce into the debate the thought that we should probably bonus apples, potatoes, cheese and a number of other agricultural commodities in order to make the whole deal equal. I can understand the position of the Social Credit party. They represent only recipients of this bonus and naturally they would be in favour of the payment of this amount or, from my understanding of what they have said, something very much larger. Of course they hold different views as to how much money $65 million is. To me it is a tremendous sum. To them of course I know it only represents about fifteen minutes work on the printing press, and from their point of view it is probably not too important.

The C.C.F. party of course is in much the same position. They also represent a group of people who they think are crying for candy like small children. I wonder if they have considered their position in the light of the fact that they are also known as the broken arm of labour. I warned them in this house before the last general election that they were going to find great difficulty in serving two masters, and I think they will probably find themselves in that position now.

The Deputy Chairman: Order. I think the scope of this resolution is quite wide, but perhaps the hon. member should not go too far in discussing the attitudes of the various parties as to being the arm of labour or in any other capacity.

Mr. Gibson: I am sorry, Mr. Chairman. I was really trying to analyse the position that the various parties had taken in this debate. I shall try to confine my remarks to things that are not too contentious, and of course they are very good natured people. I certainly do not think they are going to take too much offence. I have been wondering what effect their support of this payment is going to have on their members who come from industrial ridings. I wonder how they are going to explain to their constituents their support of a measure which I know they must realize will substantially increase the income taxes that urban workers will have to pay next year. Indeed if they got their wish, if the government had been foolish enough to listen to them and had let them have $330 million, I presume the income taxes which their workers would have to pay would probably be up almost 50 per cent. I am watching the

Minister of Finance very carefully. He is not nodding to corroborate my statement but I think he will say it would represent quite a substantial increase in income tax.

I am quite sure of course that at the appropriate time the C.C.F. will find some way of oozing out from under any responsibility for the increase in income tax, and will probably load it on the Minister of Finance. I think they are probably overestimating the stupidity of even their own electors when they think they will be able to get away with it. I can perhaps forgive the members of the two minor parties in this house for the position they take because after all I often think they know not what they do. On the other hand the conduct of the official opposition to me, to put it very mildly, has been disappointing. I was going to use the word "reprehensible" but I think the word "disappointing" is probably more fair.

I was particularly glad to hear the hon. member for Royal stand up and say what he did tonight. It was the first forthright statement I have heard on behalf of the official opposition with respect to this payment of $65 million. I certainly congratulate him on having made a statement of that kind which even I can understand.

Mr. Sinnott: He wants to get together with his fellow member from Souris.

Mr. Gibson: It seems to me that the official opposition can be classified almost as accessories after the fact.

An hon. Member: Before the fact.

Mr. Gibson: I would not say before the fact, although some of them may have had great expectations. I would certainly say that at the present time they are condoning something concerning which I am not sure that they are all very heartily in agreement. It seems to me it would be a wonderful start towards saving the half a billion dollars, which the leader of the opposition stated last year was so easy to do, to begin with this $65 million. It would have been an exceptionally good place to commence.

Mr. Fraser: You should have heard him on the radio tonight.

Mr. Gibson: I am glad I missed that.

Mr. Abbott: Try again.

Mr. Fraser: You would have learned something.

Mr. Gibson: I now turn to the government, and I regret very much that I have felt it my duty to move this motion tonight. I have always had an almost childlike faith in the wisdom of the present government.

Mr. Macdonnell (Greenwood): Childlike is right.

Mr. Gibson: It probably was childlike. I have always realized that it is natural that all political parties should have a certain amount of clay in their feet. I think it is inherent in the business of politics. I am sorry to say, however, that this affliction seems temporarily at least to have moved up to their heads. I think the speech of the Minister of Trade and Commerce would convince any fair-minded man that the farmers of western Canada had received a very good deal. In my opinion the matter was competently handled by the Minister of Trade and Commerce, the Minister of Agriculture, and indeed by the whole government. I am extremely sorry that the government feels that they now have to follow this course of action. It seems to me they are following the principle that to him that hath shall be given. The prairie farmers have had a successful five-year period.

Mr. Sinnott: So have the lumbermen.

Mr. Gibson: It has indeed been successful for those who have been fortunate to have crops. They will receive the major portion of this money, money which I am quite sure that class of prairie farmer does not need. I would be very happy to support an expenditure of this size, or indeed one twice this size, if the government had suggested that this money be spent on some of the irrigation projects which I realize are so necessary for the prairies. They could have sold me on that. I would have thought it would have been a much wiser way to spend $65 million. I would hope that my friends in the cabinet would say so too if they were able to express their private opinions on this particular question.

I wish to protest on behalf of every taxpayer in Canada against what I believe to be an unwarranted and painful operation on the pocketbook of every taxpayer in Canada. I invite every member of the house to assist the country in saving $64,999,999 for the Canadian taxpayers. At the same time I think that anybody who votes for this motion will administer a rebuke to the government which in this case I believe they have coming to them. I hope that as a result of our actions we will deter the government from any step of a like nature in the future.

Mr. Charlton: I can assure you, Mr. Speaker, that the few remarks I have to make will take very little time but I do want to put on record tonight the position of the eastern wheat grower. It is quite apparent that the government intends to put through this $65

million, regardless of whether it is sufficient or insufficient. It is an amount which they grabbed out of the air and nothing has been said in the house yet to verify whether it is correct or not so far as the losses to the western farmers are concerned. As a matter of fact, the government, through the Prime Minister and the Minister of Trade and Commerce, have never admitted that loss to the farmers through the wheat contract. The Prime Minister admits, however, that the western farmer is disappointed that he did not get more from that wheat contract. The amount of $65 million is simply grabbed out of the air and it is said to be the amount to be paid to them.

Is it that this amount has been taken to satisfy election promises or to save the hide of the Minister of Agriculture in the western provinces?

This afternoon the Minister of Agriculture showed a small sign of arrogance and admitted his error when in effect he stated that the Minister of Trade and Commerce and he himself could make statements which may not be correct because they have a leader who can iron out their differences. That is a terrific admission for the Minister of Agriculture to make.

I just want to point out the grave injustice to the eastern wheat growers, as admitted by the Minister of Trade and Commerce in report No. 4 of the agriculture and colonization committee at page 108, of Wednesday, June 7, 1950. I shall quote from the report:

Mr. Charlton: The eastern farmer in the years 1945, 1946 and 1947 took $1.25 for his wheat, when the western farmer was getting $1.75, so the eastern farmer took a beating.

Right Hon. Mr. Howe: He was free to sell it where he liked.

Mr. Charlton: Yes, that is true, but at a stated price.

Right Hon. Mr. Howe: Yes. Almost everybody was put under a ceiling at that time but the eastern farmer was not. So far as pegged prices go, everything which the farmer bought was at a pegged price, under November, 1941, prices yet his wheat was allowed to go up.

There was an interjection by Mr. Wright which I do not think is necessary or relevant, and then my question goes on:

By Mr. Charlton:

Q. Yes, but not nearly up to $1.75.—A. No.

Right Hon. Mr. Howe: I always thought that the eastern producer got trimmed in that period.

That is an admission made by the Minister of Trade and Commerce himself. He said that he thought the eastern farmer took a trimming during that period in which the wheat board was in effect handling eastern wheat.

Then on March 6 of this year I asked the Prime Minister a question on the orders of the day which is to be found on page 947 of *Hansard*, and reads as follows:

Mr. J. A. Charlton (Brant-Wentworth): Mr. Speaker, in view of the announced policy of the government by the Prime Minister to subsidize wheat producers for losses incurred under the wheat agreement, has the government given consideration to the position of the eastern wheat growers, cheese producers, hog producers and apple growers whose products were sold below world prices under government contract to the United Kingdom?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the answer is no.

To be fair I think I should go on and quote the supplementary question and the answer to it, which are found on the next page:

Mr. Charlton: In view of the short answer given by the Prime Minister to my question, may I ask, if the government has not already considered the matter, whether it is prepared to do so now?

Mr. St. Laurent: We are always prepared to consider anything, but that does not mean that the results of the consideration would be something that would comply with the apparent hopes behind the hon. member's question.

It took 33 words to say the same thing as the answer to the first question.

In report No. 5 of the committee on agriculture and colonization, dated June 8, 1950, we find a fairly concise report of what the eastern situation really is. The discussion started on page 125 of that report. A question was asked regarding the handling of eastern wheat by the wheat board, and the witness said that he could get the information. I will quote what he said:

The Witness: This is contained in our report for the year 1946-47.

Ontario Winter Wheat.

From August 1, 1939, to July 31, 1944, board operations in Canada eastern winter wheat were governed by the terms of the Canadian Wheat Board Act, 1935.

In the crop year 1941-42 the board was relieved of the responsibility of purchasing Canada eastern winter wheat unless the market price fell to support levels. This policy continued through the crop years 1942-43 and 1943-44.

Changed circumstances brought about a new government policy with respect to Ontario winter wheat in the crop year 1944-45, the main features of which were:

(1) The board was exempted from its obligations under section 14 of the Canadian Wheat Board Act;

(2) The board was charged with maintaining a floor price of $1.25 per bushel for top grades of Canada eastern winter wheat, basis delivered Montreal;

(3) The Ontario wheat equalization fund was established and it became the responsibility of the board to assess equalization fees against Ontario wheat and wheat products sold for export.

The board did not have to purchase wheat in support of floor prices on Ontario wheat, but fees collected in connection with the equalization fund resulted in a surplus of $188,226.09 which was distributed to producers.

The 1944-45 Ontario wheat policy was continued in the crop year 1945-46. Again no action was necessary by the board in support of floor prices. The equalization fund amounted to $262,114.91 and was distributed to producers.

Government policy with respect to Ontario winter wheat during the crop year 1946-47 included several major changes and was as follows:

(1) The board was charged with the responsibility of maintaining a floor price of $1.25 per bushel for No. 1 Canada eastern winter wheat basis delivered Montreal;

(2) The maximum price of $1.26 per bushel for Canada eastern winter wheat basis delivered Montreal, established in 1941 was continued;

(3) Equalization fees on exports of Ontario winter wheat and wheat flour were continued;

(4) The board was directed to administer a treasury payment of 9 cents per bushel over and above the maximum price for deliveries of Ontario winter wheat;

(5) The board was directed to administer the payment to producers, at time of delivery, of a fixed and final equalization payment of 5 cents per bushel.

In administering this program the board received the full co-operation of the private trade in Ontario. Grain dealers and millers became the agents of the board in distributing the 5 cents equalization payment and the 9 cent treasury payment. They made both payments to producers at the time of delivery and were later reimbursed by the board. Wheat equalization payments amounted to $207,336.23 and treasury payments amounted to $373,207.11 on total reported marketings of 4,146,738 bushels.

Equalization fees collected on Ontario wheat and flour exported during the crop year amounted to $290,134.82, and exceeded equalization payments to producers by $82,798.59, which amount was credited to the dominion government. The net cost of the 1946-47 Ontario wheat operation to the dominion government including the treasury payment and administrative and other expenses, was $309,025.52. Financial details concerning the board's Canada eastern winter wheat operation are set forth in exhibits VIII and IX of this report.

Now, a further question by myself:

Q. Just in that connection, the last paragraph in part reads "—and exceeded equalization payments to producers by $82,798.59, which amount was credited to the dominion government." That was money collected through flour sold and in excess of the amount paid to us?

A. In excess of the estimated payment which was made at the start of the year. The fund actually realized a profit of $82,798.59.

Q. Which was not distributed to the producers?
A. No.

Now, Mr. Chairman, that might seem like a very small figure, $82,798.59, but on top of this price which we were forced to accept the government still has $82,798.59 which they are holding in the dominion treasury. On the basis of these five years, eastern wheat producers in 1943-44 took $1.25 per bushel; in 1944-45, they took $1.25 plus approximately 3 cents; in 1945-46 they took $1.25 plus 5 cents; in 1946-47 they took $1.25 plus approximately 5 cents and 9 cents. In 1948 the price was allowed to go free and we received at least $2.20 per bushel. Averaging those five years, the price worked out at $1.48 per bushel, which is 35·3 cents less than the price now guaranteed to western producers. Now, Mr. Chairman, on an ordinary basis the difference between eastern and western wheat is approximately 10 cents.

If the $65 million is paid to western producers of wheat, when there has been no loss actually proven, and I say that a loss is proven to the eastern producers, then I think this government should do something about it. On top of the loss per bushel there is still $82,798.59 in the dominion treasury which is owing to the eastern growers.

Mr. Fulford: In rising to speak briefly on the motion made by the member for Comox-Alberni, I wish at the outset to say there is no one in this house who realizes more than I do how vast a country this Canada of ours is or who realizes how diversified are its interests. I further realize what a difficult country it is to govern. At the same time, I have always believed in the old adage that what is sauce for the goose is sauce for the gander. Certainly, if the wheat producers are entitled to a bonus, then so are the cheese producers of Ontario and Quebec. The producers of those two provinces have been required to furnish cheese to fill the contracts with Great Britain. For the first ten months of 1950 this cheese was sold at 11 cents less than the domestic price, and since the war it has sold for less than world market prices.

If one follows this argument to its logical conclusion, then the hog producers are also entitled to a bonus, as are the fishermen and the gold mines that are selling their gold at less than market value. I believe the ramifications of this thing are infinite. I am sure that in a few weeks he will hear arguments being used to the effect that high taxation is a method of taking wealth out of circulation, and will therefore act as a detriment to the inflationary spiral. When I was in New Zealand last November, I learned that the New Zealand government felt obliged to withhold one-third of the wool payments owing to farmers in order to curb the danger of serious inflation in that country. We, however, are deliberately placing in the hands of the farmers of the three western provinces a sum of $65 million.

Mr. Smith (Moose Mountain): It all comes back to Ontario anyway.

Mr. Fulford: I do not know about that. If the western farmer were really hard up we would all have the greatest sympathy for him. I am told, however, that bank savings accounts were never higher than they are today in the western provinces. Certainly, I feel that the farmers of Ontario and Quebec have just as good a case as, or even a better case than, the farmers of the west for the $65 million. If the $65 million must be spent in the prairie provinces, why not use it to construct irrigation schemes? We have heard from all sides

of the desperate need for more moisture in the ground in some of the western provinces. If we had an irrigation system in the western provinces—I do not believe anyone would contradict this point—it would definitely make for more diversified agriculture. It would mean that the western provinces would not be so dependent on wheat prices, whether they be domestic, contract or world prices.

Few if any are satisfied with the grant, and if other agricultural interests are not to receive any benefit, I have no alternative but to agree with the member for Comox-Alberni.

Mr. Wright: I am rather surprised to hear the member for Leeds make the statement he has just made. He complains about certain people who produce cheese not receiving a subsidy, and includes certain other Ontario producers. I have in my hand a statement which appeared in yesterday's *Hansard*, and it shows that since the beginning of the war there has been a subsidy paid on cheese amounting to $13,567,000, of which $2,732,000 went to the province of Quebec and $10,531,000 to the province of Ontario. For factory improvement there has been paid $1,330,000, $770,000 of which went to the province of Quebec and $542,000 to the province of Ontario. The subsidy on milk for cheddar cheese totalled $14,740,000, of which $5,494,000 went to the province of Quebec and $9,350,000 to the province of Ontario. Then, for freight assistance on feed grain the total was $138,937,000, of which $51,870,000 has been paid to the province of Quebec and $50,119,000 to the province of Ontario. There are also the hog premiums, showing the subsidies which have been paid to the hog producers of Ontario. There are also the subsidies paid for maple products. Nearly all of that has been paid to the province of Ontario and the province of Quebec. I may say that this information may be found at page 1375 of *Hansard* of March 19, 1951. I agree with the hon. member for Brant-Wentworth when he complains of not receiving a sufficient price for the wheat which went into domestic consumption in eastern Canada here. We in western Canada are in exactly the same position. I have in my hand the 26th annual report of the Saskatchewan Co-operative Producers Limited. This report states:

> The government was advised that in the final settlement of the five-year pool, which terminated on the 31st July, 1950, provision should be made for:
>
> (1) An adjusting payment on all wheat sold for domestic consumption during the period 1st March, 1945 to 17th February, 1947.

That is pretty much the period which the hon. member for Brant-Wentworth was speaking about. It further states:

> As pool delegates will recall, wheat used for domestic consumption was supplied by the Canadian wheat board at $1.25 per bushel, plus carrying charges, for the period 1st March, 1945, to 17th March, 1947. During this whole period all wheat for export was sold at a price substantially above this figure. In the opinion of your board the export price during this time would average probably $1.55 a bushel.

On the basis of that subsidy to the consumers of bread in Canada, we believe that there is another $48 million due to the five-year pool over and above the $65 million which the government have placed in it. I want to say that the Liberal members of the legislature in the province of Saskatchewan have made a statement in which they are urging this government to place this additional $48 million in the five-year pool, and I have not heard the Liberal members of parliament from Saskatchewan or from western Canada getting up in this House of Commons and backing that request. I have not heard the Minister of Agriculture nor the Minister of Trade and Commerce getting up and explaining why the farmers of western Canada should not be compensated to the amount of this $48 million. Before this debate closes I hope the Minister of Agriculture will give the reasons why this government is not meeting the request not only of the wheat pools but of the Saskatchewan farmers' union, the Alberta farmers' union, Liberal members of the legislature of the province of Alberta, Liberal members of the legislature of the province of Saskatchewan and in representations that have been made to them from the province of Manitoba. We think that this is a compensation which this government owes to the wheat producers in western Canada.

There is just one other point that I want to cover and it is this. Why were not the representatives of the advisory council of the wheat board called in between May 22 and May 30 when the government finally accepted the memorandum or minutes of meetings that were submitted to them from Great Britain? When the Minister of Agriculture went to Great Britain recently he took a representative over with him. But that was after they had finally accepted on May 30 the minutes or the settlement offered by the British government. The time for the government to have called in for consultation the representatives of western Canada was before those minutes were accepted. I should just like an explanation from the minister as to why we are not entitled to another $48 million payment as requested by all representatives from western Canada, and why the

representatives from the west were not consulted before the final agreement was made on May 30.

Mr. Gibson: It was $300 million to start with. Why do you not make up your mind?

Mr. Wright: Before I sit down, Mr. Chairman, may I add this word or two? I have not said anything with regard to the hon. member who has just spoken; I refer to the hon. member for Comox-Alberni. But if he would remember that back in 1949, when he could not sell his lumber, the wheat producers of western Canada allowed 12,500,000 bushels of wheat to be taken out of their 1949 contract in order to make $25 million available for the purchase of lumber by Great Britain, perhaps he would not have moved the motion which he has just moved. I must say that I heartily disagree with it.

Mr. Gibson: No subsidy.

Mr. Gardiner: The hon. member for Leeds has raised a question which I had expected was going to be raised much earlier in the discussion. As a matter of fact, I have been carrying the answer in my pocket until I have almost worn it out. The statement which was made a few minutes ago, from the *Hansard* of March 19, is only a part of the statistics which are available in connection with the payments which have been made by the Department of Agriculture over the years from 1939 down to the present. I have in my hand a sheet which covers all of the net costs of subventions, bonuses and subsidies paid by the federal Department of Agriculture for the fiscal years 1939-40 to 1949-50. From those dates it will be noticed that there is still one year that we have been paying after that. The total amount of the payments, before there was any vote proposed for wheat, was $727 million. Of that, over $169 million went to the dairy farmers in one form of subsidy or another; $248 million of it went to the livestock producers and the greater part of that $248 million will be paid to the same persons as are producing dairy products. Then one could go on to quote the figures with regard to all the products that have been talked about. But the only other figure that I am going to use at the moment is the one having to do with apples and vegetables, including potatoes—and I must say that the potato one is the small one among these—of $30,124,000. When one recalls that there are only about 4,000 fruit growers in Nova Scotia, where they got about $21 million or rather $18 million of that amount—the $21 million would not apply until another year's payments are made—and that the province of British Columbia, with a similar number, received up to that time some $2 million, and since then has had $2 million, one will realize that when 250,000 farmers have a subsidy of $65 million, per family the payment in every one of the other classifications, with the possible exception again of potatoes, has been higher than the payment per family in connection with any grants that have been paid to the wheat growers in connection with wheat. I give those figures in order to ease the minds of those who think that they have got to vote against this item because the people they represent did not get anything. They have all had something. In my opinion, if you take into consideration the farmers in this country from one end to the other with regard to the payments that they have received, it will be found that they have been dealt with with extreme equality, no matter what part of Canada they live in or no matter what part of agriculture they have been conducting.

May I say that I am not altogether sure that the potato growers have been dealt with as favourably as others. There has been a reason offered, one which has been explained to the house on a number of occasions. It is more difficult to find a way of subsidizing potato growers from Ottawa, to pay federal subsidies to potato growers which I presume we would have to make apply all the way across Canada, if such subsidies were produced from here, without injuring the industry itself where it is necessary for it to continue so as to provide a reasonable living to the people concerned, than it is in connection with any of the others.

However that matter is being considered; and what we have in mind in connection with it is that when we have fully dealt with it we at least have the hope that we will have established, or assisted in establishing, some method under which these potatoes can be marketed to better advantage in the years ahead, without depending upon subsidies which may cause people to produce potatoes in great quantities in some other sections of Canada, and thus destroy the market available now for those who must produce potatoes and sell them at some distance away from the farms on which they are produced, without doing injury to those people.

I thought I should say that much. There was no wish on my part to raise a discussion in the matter, because it can be discussed at any time. But facts have been asked for by members in the house. They were placed on *Hansard* on the 19th, and I think a study of that partial list of facts would be useful.

Mr. Coldwell: The minister seems to be using a more comprehensive list than

appeared in *Hansard* yesterday. Could we have the one he is using placed on *Hansard*?

Mr. Gardiner: I think it could be placed on *Hansard*. I do not believe I could, between now and the time *Hansard* appears in the morning, get a copy which would take in the last year. I had thought at first that I had the last year with me, but I find now that I have not.

Mr. Coldwell: Perhaps it could be brought tomorrow.

Mr. Gardiner: We could probably put it on some time tomorrow.

Mr. Hatfield: The minister is talking about future plans for the potato growers. What about the present year, when they are selling potatoes for a quarter of the cost of production?

Mr. Gardiner: I am talking about the present year and the future. As I said yesterday, the matter is under discussion for this year. I am talking about whatever may be done this year in terms of what might be done in the future. My hope has always been that we could set up some form of organization, perhaps on a co-operative basis, in the two provinces where they must be able to sell potatoes if they are going to be able to stay on their farms, which would take control, and I think would pretty well relieve us here of the responsibility of considering this matter every year. I wanted to say that with regard to the general position.

Then, I have been asked questions as to why we have not consulted this one and why we have not consulted that one with regard to our activities in connection with certain matters.

Mr. Ferguson: Is it your opinion that, owing to the excellent quality of Simcoe county apples, you have never found it necessary to subsidize the farmers of Simcoe county?

Mr. Gardiner: That is not the major reason; but the fact is that during certain years we were subsidizing others we eliminated their apples from Ontario and Quebec, and left that market entirely to the Ontario and Quebec growers. Later on we did quota the number of apples which could be shipped from British Columbia or from the maritime provinces to Ontario and Quebec. And thus there has been left the best market in the world, right under their noses in Ontario and Quebec—Toronto, Montreal and elsewhere—to the people who produced the apples in Ontario. And I have sometimes wondered, in view of the fact that the apples up in Simcoe are so good, why they buy so many British Columbia apples. But apparently that is a fact.

Mr. Ferguson: Just the spice of life; I suppose that is why. It is not the superior quality.

Mr. Gardiner: The question asked as to our consulting different people who are interested in the marketing of wheat as to the decisions made brings to my mind the fact that when we started to consider this question first we were confronted with a resolution which had been introduced into the legislature of Saskatchewan.

During our discussions reference has been made time and again to the possibility of this being somewhat of a political issue—that somebody's hide has got to be saved. Well, I think most of the members in the house, and particularly those from the west, will agree that I have never needed anybody to save my hide, politically. I have been running elections now for thirty-eight years, and I have won them all. So that there is not any hide-saving required. Last time I had the largest majority I ever had; so I am not worrying about that part of it.

Now, I do not know whether the legislature of Saskatchewan was playing politics with wheat or not. There was a suggestion made that there might be an election this summer. I have never agreed or never thought that there would be. As a matter of fact I have my own idea of when that election will be—and I do not think I will be more than a week out. But I am not going to announce it for the benefit of my hon. friends tonight.

The resolution which was introduced on February 21 into that legislature read like this:

Mr. Coldwell: What year?

Mr. Gardiner: 1951.

Mr. Coldwell: We were talking about 1950.

Mr. Gardiner: And I am talking about 1951, which is more up to date. It said:

> Mr. Thair, on Friday next, to move the following resolution:
>
> That this assembly, recognizing that there exists a national responsibility to compensate the wheat producers for the heavy losses sustained under the Anglo-Canadian wheat agreement and in view of the fact that the farmers of Saskatchewan have carried an undue burden of consumer subsidization, recommend to the dominion government that a final payment of not less than 25 cents per bushel be made as a final payment under the five-year pool.

I would call attention to the fact that in this resolution they mention the heavy losses sustained under the Anglo-Canadian wheat agreement. That is the chief fact mentioned in the resolution. Then they go on to refer

to the question raised a few moments ago by the hon. member for Melfort (Mr. Wright), namely the subsidizing of the consumers in this country. Then they recommend a final payment of not less than 25 cents a bushel—which works out to about $350 million.

Well, it is true that that is not all suggested as a subsidy. There is 3·81 cents of it already in the pool as a result of having sold wheat. So that, as was suggested the other night by the hon. member for Melfort, the subsidy is something over $300 million. That resolution was on the order paper of February 21. The Prime Minister stood up in this house on March 2 and made the announcement that we were paying $65 million into the pool which would result in a payment of about 8·3 cents per bushel on the wheat. On March 5, just three days later, this appears on the votes and proceedings of the legislature of Saskatchewan:

The motion, to be moved by Mr. Thair, respecting a final payment by the government of Canada, under the five-year wheat pool, of not less than 25 cents per bushel was, by leave of the assembly, withdrawn.

It remained on the order paper from February 21 until March 5, and then by leave of the house it was withdrawn. Then on March 6, the next day, Mr. Thair moved another resolution as follows:

Mr. Thair, on Thursday next, to move the following resolution:

That this assembly regrets that the government of Canada has failed to give the wheat growers a sufficient return for the wheat delivered to the five-year pool during the period 1945-49, and urges the said government to give immediate consideration to the revision upward of the 8·3 cents per bushel final payment recently announced, in order that the wheat growers may be more adequately compensated.

It will be seen that they have dropped all mention of the "have regard to" clause or of the British agreement. They did not want to talk about that. They even dropped all mention of the 25 cents per bushel and left our friends who sit in this house and who support the same party sitting holding the bag. There is no 25 cents mentioned in the resolution at all. Those men back in Regina who are close to the farming population of western Canada, who are close to the organizations that handle grain in great quantities, came to the conclusion that the 25 cents should not be there and they withdrew it from their resolution.

Apparently they did not know that I was going to make a speech in the house on Thursday, March 8, when they suggested putting this resolution on the order paper on Thursday, March 8. I made a speech on Thursday, March 8, which was published in Regina, and instead of having the resolution proceeded with on Thursday, on March 9 this appears in the votes and proceedings:

By leave of the assembly, the resolution to be moved by Mr. Thair respecting the final settlement for wheat delivered to the five-year pool during the period 1945-49, was withdrawn.

It was withdrawn.

Mr. Coldwell: Was that a private member's motion?

Mr. Gardiner: You know Mr. Thair.

Mr. Coldwell: Was it a private member's motion?

Mr. Gardiner: It was a private member's motion, yes.

Mr. Coldwell: Private members withdraw their motions here.

Mr. Gardiner: But they do not do it that often and with the same relationship to what other people are saying. The speech which I delivered in the house that evening did lay some responsibility upon the British government for the decision reached. The resolution which was on the order paper or which my friend thought was on the order paper, but which from his attitude now and at the time he made his speech, he did not seem to know about—

Mr. Coldwell: As a matter of fact I did not know that those motions were on the paper.

Mr. Gardiner: I am beginning to think you did not, although I thought you had other ideas.

Mr. Coldwell: If the minister wants to start a debate on this I am sure we will be glad to accommodate him.

Mr. Gardiner: I am not starting anything, I am just trying to give information. I am giving it.

Mr. Coldwell: You have not given any explanation yet as to why the producers were not called in for consultation between May 22 and May 30, 1950.

Mr. Gardiner: I did not interrupt the hon. member when he was speaking.

Mr. Coldwell: This afternoon?

Mr. Gardiner: Not when you are giving so strong a speech as you were the other night and when you are far off the track as you were.

Mr. Knowles: The minister was not here.

Mr. Gardiner: Some of our friends in the press gallery ought to realize you are not always on the track.

Mr. Coldwell: May I suggest that the minister address the chair.

An hon. Member: Can't you take it?

Mr. Gardiner: I can quite understand why you do not like my looks. I will turn the other way.

Mr. Coldwell: Again I suggest that the minister should not address me personally but rather should speak to the chair. That is a rule of the house.

Mr. Gardiner: I looked right straight in your eyes the other night when you were saying that I was making statements that could not be believed.

Mr. Coldwell: That is right.

Mr. Gardiner: So that resolution was withdrawn on the day following the speech which I delivered in this house and in which I said that there was some responsibility on the British government. I refer now to votes and proceedings of the Regina house of Tuesday March 13, 1951. My friend made his speech in the house on the night of March 12 and it was reported in the Regina *Leader-Post* the next morning. There is no question about whether or not the members of the legislature of Saskatchewan, private or otherwise, knew of that speech and what was said. Let us read the third resolution they put on the order paper, after having withdrawn two. I am not too sure that this one is going to stick for reasons I happen to know about, but we will put it on the record anyway. The votes and proceedings of March 13 contains this:

> Moved by Mr. Thair, seconded by Mr. Brown:
>
> That this assembly endorses the resolution passed at a joint meeting of the Saskatchewan Federation of Agriculture and the executive of the western agricultural conference held in Regina on Wednesday, March 7, 1951, as follows:
>
> "That the government of Canada be asked to pay on the five-year pool settlement at least $48,000,000 as a return of the subsidy paid by producers on domestic wheat, plus a further substantial payment in addition to the $65,000,000 token payment already announced in consideration of the 'have regard to' clause of the Canada-United Kingdom agreement".

If anybody can run an election on those resolutions I would like to see them try it. There is not going to be an election run on the wheat payment. There is not going to be any election run as a result of any vote that is passed here, whether it is $65 million or any other number of millions. The people who have been trying to build up that theory in the minds of the people are doing it without any knowledge of the facts, without having given any thought whatsoever to what is going on in the section of the country from which we come.

If in spite of what I am saying there happens to be an election in western Canada or in Saskatchewan two years before the time the government needs to have it, it certainly will not be run on this issue. As someone said the other night, the issue upon which they are threatening to run is the Korean issue. When we see the Korean issue discussed in this house in order to obstruct the discussion of this particular resolution—

Mr. Coldwell: I rise to a question of privilege. The hon. member for Vancouver East certainly had no thought in mind of obstructing this discussion. As a matter of fact he did that on his own initiative. When the minister says that there is disagreement, look at the disagreement there is in the Liberal party tonight on this wheat issue.

Mr. Gardiner: Mr. Chairman, I probably have no right to suggest that the hon. member had any motive in mind when he discussed Korea this afternoon and I probably should withdraw the suggestion because it is not in accordance with the rules of the house. Nevertheless I would point out that the premier of Saskatchewan did suggest having an election on that issue.

Mr. Coldwell: No, that is not what he said.

Mr. Gardiner: From the floor of the house.

Mr. Coldwell: No, no.

Mr. Gardiner: On the issue of the activities in Korea.

Mr. Coldwell: That is not what he said.

Mr. Gardiner: This is sufficient for the purpose we have at the moment. The party that my hon. friend leads is not very well decided as to just what they think about wheat. I have been asked why we did not consult the farmers. Three members of this government did consult the farmers last week.

Mr. Coldwell: Ah, but—

Mr. Gardiner: We will get around to your "ah, but" after a while, but right now I am telling you that we did discuss it with the farmers. It may surprise my hon. friends when they go home at Easter to find out that what I stated here very early in the debate is true, namely, that I have not yet met a single farmer who was asking for 25 cents a bushel, and that I was much nearer right than some of the others are. That is the position in relation to this matter but I did not rise so much to deal with that. Many things have been said in this house with respect to myself personally and with regard to my general attitude toward this question. In that regard I want to say that a great deal has been said about the relationships of this country with Great Britain, and about the attitude that one should take towards discussions between this country and Great Britain.

I do not think I need to make any apologies to anyone—and more particularly to the leader of the C.C.F. party—for any attitude that I have ever taken towards Great Britain either in this house or outside of it. As a matter of fact I have perhaps a peculiar opinion in the minds of some people but I still believe in the good old theory that was enunciated many years ago by the leader of the Conservative party at that time when he said: "A British subject I was born and a British subject I hope to die."

An hon. Member: I will die.

Mr. Gardiner: No, I read it myself today and he said "I hope to die."

Mr. Knowles: Speak for yourself.

An hon. Member: Revised version.

Mr. Gardiner: There are more than modern members of parliament who get their *Hansard* corrected at times.

Mr. Macdonnell (Greenwood): You go and look at the monument at Kingston. You will see which is right.

Mr. Gardiner: That was after it was revised, I suppose, but the way it is in *Hansard* is just as I have stated. What I wanted to say was that as a Canadian citizen I am also a British subject, and I think I am so recognized and acknowledged when I am in Great Britain. The British do not expect that we are going to take exactly the same attitude or feel ourselves under some obligation to withhold discussions in certain directions when we are in London as we might feel if we were in Moscow. There is a little different attitude taken by people in the capitals of the countries of the British commonwealth compared with people who are in other capitals. International complications are not the same.

That brings to my mind that when I turned on the radio on Sunday night to listen to the review of the news I heard the most scurrilous description of myself that I have ever heard, and I have heard a lot of them. This one was made by the son of one of the most gentlemanly individuals whom I have ever had the opportunity to meet in my political life, the former leader of the C.C.F. party. I do not know that I would have listened to it if I had known what he was going to say but once I started to listen I had to listen to the end to see how far he would go.

An hon. Member: The editor of a Liberal paper.

Mr. Gardiner: That paper is not Liberal.

An hon. Member: Since when?

[Mr. Gardiner.]

Mr. Gardiner: The story was to the effect that there was something wrong with my morals. Well, probably there is but they will compare favourably with those of some other people. Then he went on to say that I was doing something which would injure international relationships. I want to tell the hon. gentleman—I don't know that I should give him that title because he does not sit in this house, and for that reason and no other probably—that after this speech which I have in my hand was delivered—

Mr. Fulton: Which one is that?

Mr. Gardiner: I am going to read it to you and you will know all about it—I had to sit at a dinner in this city to which I was invited and listen to this man and his speech being criticized by the representatives of another nation. I had to apologize for him by saying that his opinion does not count for much anyway. Maybe on that basis I should not say anything about it in this house but nevertheless I have spoken to so many people who have stated in the last few days that I should say something about it that I want to read what this American gentleman was objecting to. This speech was delivered on December 17, 1950.

An hon. Member: By whom?

Mr. Gardiner: By the editor of the Evening *Citizen*. Here is what he said, as reported in the Ottawa *Citizen* of December 19, 1950:

> I do not think Canadians are more afraid than other people are of getting involved in another big war. What they are afraid of, I think, is that they may be dragged into a war that might be avoided if it were not for America's hysterical fear of communism and blunders in American foreign policy this fear has caused.

If I ever say anything in this house that is as strong as that, or anything that is more likely than that to cause trouble between two countries, then I will expect someone to make on the radio and elsewhere the kind of attack which was made by the editor of this paper in the city of Ottawa.

Mr. Macdonnell (Greenwood): What has that got to do with item 576?

Mr. Gardiner: My friend says: What has this got to do with this item? It was this very matter that he was discussing when he made this statement with regard to myself.

Mr. Drew: On December 19?

Mr. Gardiner: He said because I had suggested that $65 million was to be paid that it was immoral because it was being done to bribe people for this election that was going to be held. There were other reasons why it was immoral. It was a terrible thing to be doing at this time of difficulty throughout the world because of the effect it might have

internationally. I am just suggesting that if I had ever gone as far as this gentleman has gone in that direction I would not be surprised at anything that might be said.

Mr. Warren: Excommunicate him.

Mr. Gardiner: I have in my hand another publication which has been dealing with this question for some time. I think I should deal with it because it has been quoted twice tonight in the debate so far. There are some rather complimentary remarks made at the beginning of it by Mr. Michael Barkway in commenting upon the discussion in this house last week.

What I should like to say at the beginning is that in the 38 years that I have sat either in the legislature or in the House of Commons, on two occasions I have seen men brought before the bar of the house for disrespect to members who have been speaking in different legislative bodies. I doubt very much if they had gone any farther than, or as far as, either of these gentlemen did go with regard to discussions in this house recently. I am not going so far as to make statements in this house with regard to either of them that I would not make outside the house because I do not think it is fair for any member who is under the protection of the house to attack men who have not the protection of the house; but I do think it is most unfair for men, who are given the privilege of sitting in the press gallery of this house, to abuse that privilege by uttering statements which are not borne out by the facts in connection with any discussion which took place in this house. Therefore I think I must make the corrections that are necessary in order to make sure that these matters are not reported again in the discussion as being matters of fact. They are not matters of fact. This gentleman says:

> There is nothing of finesse about Mr. Gardiner's technique.

Mr. Fulton: He is not the only one who has said that.

Mr. Gardiner: I never pretend to be an after-dinner speaker or anything of that kind. I continue:

> There is nothing of finesse about Mr. Gardiner's technique. "The British were confident," he said, "that the price of wheat would fall below $1.55 in the last two years of the agreement, and we were just as confident, that with United States aid and a Canadian loan, the price would go and remain above $1.55."

Then there is a part put in which I am not sure that he could have said. It is in brackets to show something that is supposed to be in the agreement and I think it is. Then he goes on to say:

> Probably no other member of parliament would have dared to bank on the shortness of public memory to this extent. In all parts of the house, members remembered perfectly well that in the years Mr. Gardiner was speaking of, 1945 and 1946, the one great fear of the farmers' organizations, and the one compelling motive for signing the four-year contract was the expectation that the bottom would drop out of the wheat market. Mr. Gardiner, who has an exceptionally good memory, must remember that in the summer of 1946 an international wheat agreement was already being discussed, and the price then being contemplated as a maximum was $1.55. He will also remember that the preamble to the United Kingdom agreement—

Said so and so. Let us take a look for a moment at the prices during the period of which he speaks and when he says the price was $1.55. The world price as we have been discussing it, the Chicago price, in September of 1945 was $1.72 when we started to discuss $1.55 as a ceiling. The price in June of 1946 was $1.95; at Chicago in July, 1946, it was $2.01. It was in July, 1946, that the contract was signed at $1.55. How anyone can suggest that there was any reason for considering $1.55 as the actual price of wheat, or anything associated with it, is most difficult to understand.

The next paragraph says that a world agreement was being discussed at that time, an international wheat agreement. An international wheat agreement was first discussed in 1932, and in case somebody looks up the record I had better recite it now. I was opposed to it and, as a matter of fact, led the attack upon it in the legislature of Saskatchewan when I was leading the opposition. That opposition to the agreement continued for some years, as members of the C.C.F. party know. But in recent years I have been a convert to the idea and you know converts always believe in anything much more firmly than those who had always believed in it.

Mr. Macdonnell (Greenwood): And how!

Mr. Gardiner: And so I am somewhat of a convert. But what was the ceiling price that was being discussed? It was not $1.55 a bushel. It never was. The ceiling price being discussed at the beginning at that time was $1.50 a bushel, and the floor was $1 a bushel. And we in Canada agreed to accept that ceiling of $1.50 and the floor of $1. But when the matter went before the conference which was held, as he stated here, it was not agreed to. The reason that it was not agreed to was that the American parity price was $1.80; and they insisted upon the ceiling price in the agreement being $1.80; and not $1.55. I should like my friend to explain why, under these facts, he tries to tell me that we were absolutely convinced that at

that time wheat was only going to be worth $1.55. Then we come down to the next statement where he says:

> As late as April, 1947, Mr. Gardiner said to the House of Commons: "If the world market remains as high as it is now, which very few people expect . . ."

He just cuts the sentence off there. I do not know what I said after that; I have not looked it up; but he says that in April 1947 I said: "If the world market remains as high as it is now, which very few people expect"—he says that in order to prove to the Canadian public that I had not thought wheat was going to stay up as compared with what it was at the beginning of this contract. Well, what was the price of wheat on the Chicago market in April of 1947? It was $2.58, and it continued to go up until it was $3.09 later in that year. Wheat never has been as high as that since. In other words, I said that wheat could not remain at the very high peak that it was in 1947. It was bound to come down from there, and it was because it was bound to come down from there that there was no reason in the world for being absolutely convinced when we accepted $2 a bushel later on that that would not result in any payment being made under the "have regard to" clause. All I repeat this for is to indicate that that was the position.

In his next statement he goes on to say:

> No wonder members found the rest of the argument topsy-turvy. But if Mr. Gardiner is anything, he is ingenious. By carefully chosen references he built up his precarious structure.

Someone quoted the remainder of this this evening indicating that I had left out something. The only thing I left out was what everybody agrees with regard to, namely, that a legal floor was established under the agreement and that the "have regard to" clause had relation to the ceiling and not to the floor, and therefore there was no reason whatsoever for my using this quotation in connection with what I had to say on the matter. But I would point this out, that the Canadian government put a floor under wheat before the British government put in any floor. We put a floor of $1 per bushel for five years in 1945, to be continued until the end of the five-year pool. That floor which was there in the last year was an obligation to this government which the British government only accepted when they were drawing up this agreement, and the fact that they put $1.25 in the other was not going to be of any particular help to the farmers because we had already guaranteed them $1.25 for the whole five years of the contract.

Every member of this house recalls that we here passed an amendment to the act a year later than this contract was drawn raising the advance payment from $1.25, where it had been and which was as high as the British ever put it, to $1.35. They had that guarantee right through the whole contract no matter what the British had undertaken to put in it. I believe that is sufficient to cover that particular matter, but there is one other thing which is his final crack. He says this:

> The other essential basis of Mr. Gardiner's argument was that the British government, in his own words, "owed us something or owed the farmers of western Canada something." But here he was up against the fact that last June 5, Mr. Howe, the minister responsible for marketing wheat, had told parliament that the British said they had fulfilled all their obligations; and Mr. Howe added: "We agreed on behalf of Canada that considering all the circumstances that was the case."

Now, here is the important thing.

> Mr. Gardiner simply ignored this.

I have in my hand the *Hansard*, Mr. Chairman. What are the facts? I was being interrupted while I was attempting to put the whole matter on the record. I read the first two sentences, and then someone said something and I went on to read the other, "We agreed on behalf of Canada that considering all the circumstances that was the case." This man says I passed that up altogether. He says I passed it up as part of my technique. I am not going to say anything more with regard to the remainder of the article, because it deals with Mr. Howe's position, other than to say this to the members of this committee, that the Minister of Trade and Commerce on two occasions corrected that statement. The statement was repeated here a few minutes ago by the member for Melfort. On two occasions the Minister of Trade and Commerce corrected that statement before someone said to him, "Well, do you want to correct it?" Mr. Howe said no. He had already corrected it. He corrected it again later on.

All I want to say about it is, that under those circumstances I think an article of this kind is so far away from the facts that the gentleman who wrote it ought to get the information and read it himself. This afternoon someone said that the information is all on the record. There is information on the record with regard to one incident, and after that information was placed in the hands of the committee the mover of the resolution requesting the information withdrew the resolution and the other information is not in the hands of the committee. But that information only bears out what has been said; and, Mr. Chairman, I am not going to go any further into the discussion than to say that there are no two members of this government—I want to say this—there are no two members of this government who

have worked more closely over the last fifteen years than the Minister of Trade and Commerce and myself. I do want to say this, too, that I have never made a move in connection with this wheat matter without first discussing it with the Minister of Trade and Commerce, since he became the Minister of Trade and Commerce. We discussed all these matters as I indicated in the story I told more than a week ago, and which has been the subject of criticism in this house. As was demonstrated this afternoon, the members who got up and made criticisms had not read *Hansard* themselves. I would suggest that if criticisms are going to be made, that really ought to be done. I make no apology whatever for taking up a little time tonight in order to straighten out one or two things. I have never asked for anyone's sympathy—

An hon. Member: Indulgence.

Mr. Gardiner: —indulgence, yes, that is probably the better word—at any time since I have been in this house or at any time since I have been in politics. I have always attempted to keep myself informed before I tried to inform others. I should like to suggest to those who are going to write articles like this that they ought to have themselves informed before they write them.

For the benefit of my hon. friend, I am going to tell a little story. There is another periodical that is printed not very far away from where this one is printed. On two occasions that periodical undertook to write articles like this one. One occasion was when I was fighting a battle in Saskatchewan in 1929, and I am not going over the details of it now, but the most scurrilous attack prior to this one and prior to the one on Sunday night that has ever been made upon me—I think they have been just as scurrilous upon me as anyone else—was made on that occasion. We lost the election. Then, we had another election five years later, and we won that. The same gentleman wrote the same kind of article again. He could not understand why the Saskatchewan people would put me back again.

Do you know what happened? That periodical was thrown off most of the newsstands in Saskatchewan; they said they would not sell it.

Mr. Coldwell: What was the name of that periodical?

Mr. Gardiner: It was *Maclean's* magazine.

Mr. Macdonnell (Greenwood): It still survived, you know.

Mr. Gardiner: But the man did not survive who wrote the article; that is the point of the story. They sent the gentleman out to Saskatchewan to find out from me what was wrong with the article. I told him there was not anything wrong with it; I was delighted with it. He said, "What delights you with it? Everybody seems to take the opposite view." I said "You have shown me how many friends I have all the way from Halifax to Vancouver". I was kept busy answering my correspondence. You can write to *Maclean's* publishers and they will agree with this. They wrote me and asked me the first time I was in Toronto to submit to having my picture drawn by an artist. They said it would be a little difficult to put it in *Maclean's* magazine, but they would put it in the *Financial Post*. If anyone doubts the story he can get the *Financial Post* and find one of the finest pen pictures of me that anyone has ever drawn, and a very fine story about my whole political life, leaving out all these criticisms that had been made.

I should like to remind my hon. friend who sits in the gallery sometimes, and who writes this kind of thing, and the Ottawa editor of the publication, that there are precedents for what has happened to fellows who write things like this. I would suggest that they become informed before writing them. The other part of the story that I have just been telling is that I understand why people attack me. I understand why they are always saying that I am a machine politician. I smashed two of the worst political machines that were ever set up in Canada. I did not set them up. They were both headed by newspapers. I would not like to stand on the floor of this house and give you the story as to how they managed to set them up, although I know it.

Mr. Fulton: Which newspapers?

Mr. Gardiner: One of them was a Liberal paper and the other was a Conservative paper.

Mr. Nowlan: What are the names?

Mr. Gardiner: The first was the *Leader-Post* of its day and the second was the Regina *Star* of its day. There is not anyone in the newspaper business who will question the fact that both of the machines that were set up around them were smashed. My difficulty is that some of those associated with these ventures are still alive and scattered over Canada, and some of them are still in the newspaper business.

Mr. Fulton: You would rather that they were dead, I suppose.

Mr. Gardiner: I do not worry about them. They elect me every election. I just wanted to state these facts in order to indicate to the members of this chamber that I am not

at all concerned about what these men write, but I am concerned about the welfare of the House of Commons which carries on discussions regarding public affairs and then has reports put out from these galleries by persons who pay no attention whatever to the facts when they have some reason for trying to propagandize someone out of this house or someone out of this government. But again I say that we in this country are in the fortunate position that we have a Liberal party and it believes in Liberal principles. This afternoon I said something which I probably did not make complete, and I want to complete it now. The Prime Minister, the Minister of Trade and Commerce, I and every other member of this government believe in the principles of Liberalism.

An hon. Member: Why do you not live up to them?

Mr. Gardiner: We are out and out Liberals; and the essence of Liberalism is that you are out for reform. When you are out for reform, you are always pulling into the future. You are not always in agreement on what is being done today, although you hope to be all in agreement when what is advocated is accomplished and on what is being done after it is accomplished. We have all been working together in the government toward a certain end. If I were looking for compliments, and wanting to acknowledge them, I would say that the finest compliment that I have ever had since I have been in public life—and as I said a moment ago, I have been in public life now for 38 years—was the speech of the Minister of Trade and Commerce the other night in this chamber when he got to his feet and said what he did. He said what? He said that, even although he did not advocate it when we started, there had been a five-year pool set up, a year later there was a British contract drawn, and that this contract and this pool had been the best things that had ever been done in the interest of the wheat growers of western Canada. It just so happens that I was entrusted with the task of establishing the wheat pool; that is the five-year pool. It just so happens also that I was entrusted with the task of establishing the four-year contract; and that is the reason why I am entrusted with the task tonight of trying to put through the $65 million vote which is the final act in connection with that contract.

An hon. Member: You did a good job.

Mr. Gardiner: The Minister of Trade and Commerce says I did a good job.

Mr. Macdonnell (Greenwood): Would you read us the last sentence of his speech?

[Mr. Gardiner.]

Mr. Gardiner: The last sentence of his speech will stand a lot of investigation on the part of a man like the hon. member; and if he fully understands it—

Mr. Macdonnell (Greenwood): Will the minister read it?

Mr. Gardiner: I will read some other parts of the speech in which the Minister of Trade and Commerce said that, in spite of the fact that he felt this and he felt that, he was in agreement with the fact that the government had decided to pay $65 million into this pool.

Mr. Macdonnell (Greenwood): Yes; he said that.

Mr. Gardiner: And that is all that is involved now.

Mr. Macdonnell (Greenwood): Will the minister read the last sentence?

Mr. Gardiner: If you read the whole speech you will be better informed than you will be by just reading the last sentence.

Mr. Macdonnell (Greenwood): Read the last sentence.

Mr. Gardiner: As I say, that is the present position; and so far as the party itself is concerned I think that the party, led as it is, is one of the strongest parties we have ever had in Canada under any name. I also think that it would be weakened if any one of the three men who are being discussed so much in connection with this debate were to drop out of the party. I want to assure my hon. friends, however, that if I were out of the government tomorrow I would not drop out of the party. I would be hammering the Tories and the C.C.F.'ers just as strongly as when I was in the government. As long as the three of us remain where we are, I think it will be fairly generally agreed across the country that we have an exceedingly good government.

Mr. Coldwell: Really, Mr. Chairman, I never know just how to describe the minister, whether as irrepressible or incorrigible. I think one of those two words suits him tonight. What I really rose to say was this. I am wondering if the minister is trying to talk out his own resolution.

Mr. Gardiner: We can still put it through if you sit down.

Mr. Coldwell: The hon. member for Melfort asked the minister two questions, and I have repeated them. I would ask him to answer those two questions when we meet tomorrow afternoon. One is why no advice was sought from representatives of the producers between May 22 and May 30 before the government's acceptance of the final settlement; and second, why the amount which is owing to western

farmers for their contribution to Canadian bread during the years that were mentioned of approximately $48 million has not been included in that estimate. May I tell the minister that I read *Hansard* and that when I heard the sentence he extracted from Mr. Howe's statement this afternoon, I did not recognize it because it was taken out of its context; when read in the context, it means something different from what the minister said it meant and supports my view and not his.

Item stands.

Resolutions adopted in committee of supply this day reported, read the second time and concurred in.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Mr. Speaker, I generally announce a great many measures for the next day; but tonight I think I should limit myself to mentioning continuation of consideration of these supplementary estimates.

Some time ago the motion was passed that the house would adjourn tomorrow at six o'clock. I would suggest that if we got through with the estimates about six o'clock, we might get unanimous consent to sit a little longer so that these bills may be sent to the Senate.

Mr. Coldwell: Mr. Speaker—

Mr. Fournier (Hull): Does the hon. member say he would not wish to have the supplementaries passed?

Mr. Coldwell: Tonight. This afternoon most of us were co-operating to get these estimates through. Tonight we have heard an hour-long speech from the Minister of Agriculture.

Mr. Drew: An hour and a quarter.

Mr. Coldwell: And I do not propose to sit tomorrow night under those circumstances.

Mr. Abbott: May I add a word. In connection with these supplementary estimates, I think we will have to sit Thursday or whatever time is necessary, until the supplementary estimates are passed. I am going to be here all the time, through Easter. I am not leaving. I hope the house will work to pass the balance of the estimates as soon as possible.

Mr. Coldwell: We listened to an hour-and-a-quarter long political speech.

Mr. Abbott: Hon. members can talk as long as they like, but I point out that the supplementary estimates must be passed before we adjourn for Easter.

Mr. Drew: May I point out that if there is any problem arising, then it is the entire responsibility of the government. The Minister of Agriculture has talked for an hour and a quarter about everything except wheat.

Mr. Gardiner: I talked an hour about wheat.

Mr. Drew: He conducted a filibuster against his own estimates; and if there is any responsibility it must rest entirely upon the Minister of Agriculture.

Mr. Fournier (Hull): Mr. Speaker, may I suggest that I understand that after a speech like that of the Minister of Agriculture some people are a little nervous. Tomorrow—

Mr. Drew: No, not nervous at all; but it did not relate to wheat.

Mr. Fournier (Hull): I would not want to have a quick decision made, and I would not think this would be the proper time to make it. But I suggest that from now until tomorrow at three o'clock we think this over; because the passing of the supplementary estimates for this year is a quite important matter, and the consequences ought to be thought about. As to responsibility, we will not go into any long speeches. I have listened to a good many of them.

Mr. Fleming: One tonight.

Mr. Fournier (Hull): Yes, and from the hon. member for Eglinton nearly every day.

Mr. Deputy Speaker: The house is adjourned until tomorrow at three o'clock.

Mr. Drew: Before the house adjourns, it is all very well to make light of it. But the Minister of Agriculture to his own satisfaction has conducted a campaign this evening against the government of Saskatchewan, and against several responsible newspapers, and has discussed everything but wheat. If there is going to be any problem arising, then the Minister of Agriculture might well consider the course that he himself has perhaps made necessary, and that is letting this item stand by itself, in relation to the other items before us.

Mr. Fournier (Hull): If we could agree, we could continue sitting tonight.

Some hon. Members: No.

Mr. Fournier (Hull): We could sit for an hour tonight.

Mr. Coldwell: No.

Mr. Abbott: Easter does not begin until Friday.

Mr. Coldwell: We listened to an hour-and-a-quarter political speech tonight, and I am not going to agree to that sort of thing. If

we get that kind of treatment, we have some rights in this house and we are going to insist upon having them respected.

Mr. Gardiner: Mr. Speaker—

Some hon. Members: Eleven o'clock.

Mr. Gardiner: I think my hon. friend will agree—

An hon. Member: You made a good speech.

Mr. Gardiner: —that I took quite a bit last week; and I do not know why they should not be prepared to listen to my answer, especially when I took it from those outside the house who could not be answered any other place but here. I think I had the right to say what I had to say tonight; and I would just like to suggest that I think what the minister his just said is perhaps true. We may feel better tomorrow; and if I took up too much time tonight, then could we meet at eleven o'clock tomorrow, or some other time to discuss the matter.

Mr. Coldwell: But the minister's speech deliberately played Saskatchewan politics.

Some hon. Members: No.

An hon. Member: It did.

Mr. Coldwell: And I have nothing to do with the legislature of Saskatchewan.

An hon. Member: Eleven o'clock.

Mr. Coldwell: I have nothing whatever to do with it. I did not know those private members' motions were on the order paper, incidentally. And to drag such a matter extraneously into the house, and then expect us to accommodate the minister and the government by sitting tomorrow night is, I think, something that we should not tolerate.

Mr. Martin: To accommodate the people of Canada.

Mr. Gardiner: I would say to my hon. friend that I did not refer to the scurrilous attack he made upon me the other night. I think he will agree that probably I had sufficient reason to have done so; but I did not.

Mr. Coldwell: I am very anxious to see this $65 million item pass but my previous criticisms are justified by the record.

Mr. Fournier (Hull): Let us finish it then.

Mr. Coldwell: But I think there is a point beyond which we should not retreat in circumstances such as these.

An hon. Member: Retreat?

It being five minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

[The following items were passed in committee of supply]:

PRIVY COUNCIL OFFICE

Federal district commission—

608. Maintenance and improvement of grounds adjoining government buildings, Ottawa, and improvements to the parkway system under the control of the federal district commission—further amount required, $16,500.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—Health services—

604. Food and drugs—further amount required, $10,000.

605. Industrial health—further amount required, $10,000.

HOUSE OF COMMONS

Wednesday, March 21, 1951

The house met at three o'clock.

ATOMIC ENERGY

CONSTRUCTION OF NEW REACTOR AT CHALK RIVER—REFERENCE TO QUESTION PASSED AS ORDER FOR RETURN ON MARCH 12

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the fact that it is expected that this will be the last day before the house rises for the Easter holiday, I should like to refer to a matter on a question of privilege, in view of the fact that I was not in the house the day that this matter arose.

On March 12, as reported on page 1133 of *Hansard*, a question asked by the hon. member for Labelle (Mr Courtemanche) was passed as an order for return. Had I been here I would have objected to that procedure, because a question in precisely the same form was asked and answered by the hon. member for York East (Mr. McGregor), with regard to certain developments at Sept Iles. The wording was precisely the same, the other question was answered, and I am sure this is a question that should have been answered. The hon. member for Labelle has been seeking the information and has not been able to obtain it. We shall now be adjourning for the holiday, and I should like an explanation why this question was made an order for return when a question in the same form with respect to another project was answered a short time ago. I should like to know why the information has not been made available.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, I think perhaps I should say something in reply to the question of privilege that has been raised. I was not advised that a question of privilege was to be raised, or I might have looked up some of the authorities with respect to passing a question as an order for return.

The simple fact of the matter is, however, that the question involves a reactor in the atomic energy project at Chalk River. It was passed as an order for return and sent out to the atomic energy control board in the usual way. I presume the answer will come back in the ordinary manner and will be given in the house.

If there is any guilt at all it is the guilt of trying to be careful with respect to some of these things that involve some degree of security. I am not in a position to discuss the question in detail, because the information is not at hand.

I might also point out that I have had the duty of answering a great number of questions in the house during the last five years, and members who have had questions on the order paper, the preparation of the answers to which appeared to be taking an unusual length of time, have often come to me and asked when they could obtain the answers. In this case there has been no such move. There could easily have been an explanation as to the procedure and possibly a speeding up of the obtaining of the answer. I will certainly try to get the information and give it to the house in the ordinary way.

Mr. Drew: Mr. Speaker, I do not think the impression should be left which has been left —and I know quite unintentionally—by the hon. member who has just spoken. I am informed by the hon. member for Labelle that he addressed a letter to the Minister of Trade and Commerce (Mr. Howe) yesterday stating that he was seeking this information, and that unless the information had been made available to him by three o'clock today the matter would be raised. I am raising it because this question is one of procedure which I think carries with it important consequences.

I should also like to point out that the question is not with respect to the reactor, and is not one involving any matter of security. The question is: What firm of engineers have been employed with regard to the construction of that reactor?

Mr. McIlraith: I think I should point out that the question involves more than that. It is in five parts, and involves, among other things, the basis of the fees payable. I have not seen the information, and am not able to say whether it involves the question of security, but I have had enough to do with matters arising out of that project to know that answers must be looked at carefully and properly. There may be a question of security in what looks like an innocent question.

Mr. Drew: I do not wish to enlarge this into a debate, but I would point out that there can be no possible question of security in answering a question as to what percentage

is to be paid to this firm of engineers for the work they are doing with regard to the reactor.

Mr. McIlraith: I must object to that statement going on the record in that dogmatic way. How can the leader of the opposition (Mr. Drew) state that as a matter of fact, when I, who have been dealing with this sort of thing for some time in connection with this project, am not able to know whether or not a question of security arises.

Mr. Fraser: Then you ought to read the question properly and you could understand it.

Mr. Speaker: Order.

Mr. Fraser: Read the question. You can see it right there.

Mr. Speaker: Order.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, March 21, 1951

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, a judge of the Supreme Court of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber today, Wednesday, the 21st of March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute
Assistant Secretary to the Governor General

BUSINESS OF THE HOUSE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, in view of the communication from the deputy of His Excellency the Governor General that you have just read, I should like at this time to reserve the right, if it should be necessary to do so, to make some appropriate motion later in the day in order to dispose of the legislation for which royal assent would be required. I hope that it will not be necessary, and that by general consent we shall be able to dispense with making any motion; but I should not like to forgo at this time the right to submit a motion to Your Honour should it become apparent that it was necessary to do so.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, as I understand the Prime Minister he is simply placing the presentation of the motion in a reserved position, and any of the rights with respect to consent or otherwise are not waived by the house.

Mr. St. Laurent: All I am asking is that we may revert to motions without there being any other commitments on anybody's part.

HOUSE OF COMMONS

REPORTS OF CIVIL SERVICE COMMISSION RECOMMENDING CHANGES IN COMPENSATION OF STAFFS OF HOUSE OF COMMONS AND LIBRARY OF PARLIAMENT

Mr. Speaker: I have the honour to lay before the house a report from the civil service commission recommending changes in the compensation of the staff of the House of Commons; also a report from the civil service commission recommending changes in the compensation of the staff of the library of parliament.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, by leave of the house I move:

That the report of the civil service commission recommending changes in the compensation of the staff of the House of Commons, tabled today, be concurred in.

Mr. Fulton: Have you a summary of the effect of the motion?

Mr. Fournier (Hull): Some months ago increases were granted to all civil servants on a scale that the Minister of Finance (Mr. Abbott) announced in the house. The same scale was applied to the staff of the House of Commons, but cannot be paid to them without the concurrence of the house because they come under our jurisdiction.

Mr. Casselman: Does that apply to all members of the staff of the House of Commons, or only to certain chosen members?

Mr. Fournier (Hull): I am relying upon the report of the civil service commission. I do not know whether they would make any discrimination as between members of the staff.

Mr. Casselman: Then you cannot answer the question; is that it?

Mr. Fournier (Hull): I can always answer, but I do not know whether I can satisfy the hon. gentleman.

Mr. Speaker: Probably the house would like to know that a number of employees of the house are not under the civil service commission. I think that may be the point of the question raised by the hon. member for Grenville-Dundas (Mr. Casselman). The temporary and sessional employees who are

not under the commission are not covered by the report which has been tabled, but according to the practice these employees are receiving comparable increases under another schedule the Clerk has drawn up, which it is not necessary to present to the house.

Mr. Knowles: May we take it, then, that between these two schedules all the employees of the House of Commons are covered?

Mr. Speaker: I think I am safe in saying that is correct. I do not say the increase is exactly the same, but I believe I am right in saying that all employees are covered by those two reports, according to the statement made by the Prime Minister (Mr. St. Laurent).

Motion agreed to.

Mr. Fournier (Hull): By leave of the house I move:

That the report of the civil service commission recommending changes in the compensation of the staff of the library of parliament, laid on the table of this house today, be referred to the joint committee on the library of parliament.

Motion agreed to.

AIR TRAINING PLAN

STATEMENT AS TO OPERATION OF FLYING SCHOOLS, PRODUCTION OF AIRCRAFT, ETC.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, hon. members will recall that, in the statement I made on February 5, I said that the government had offered to the North Atlantic treaty organization to train additional aircrew. The number proposed was 1,100 per annum, which would bring the total to be trained for NATO and the United Kingdom something over 1,300 per annum.

We have now received the recommendation of the standing group that all the places available in respect of this additional number up to December 31 of this year should be allocated to the United Kingdom. After that the allocation will be reconsidered.

At present our plans provide for a build-up to an annual output of aircrew of over 3,000. That represents an increase of six times the figure for 1950 and fifteen times the figure for the previous year.

This will be accompanied by a fivefold increase in groundcrew training facilities.

Administrative establishments will also be increased though not to the same extent.

This will require the reopening of a number of airfields. During the war we had a total of 56 airfields used for training either under the British commonwealth air training plan or other plans.

Air Training Plan

We already have air training schools and operational stations or other units in operation or under construction at Goose Bay, and, to a very limited extent, Torbay in Newfoundland; at Summerside in Prince Edward Island; at Dartmouth and Greenwood in Nova Scotia; at Moncton, to a limited extent, and Chatham in New Brunswick; at Bagotville, St. Hubert, St. Johns and Dorval in Quebec; at Rockcliffe, Uplands, Arnprior, Trenton, Downsview, North Bay, Centralia, Clinton and Aylmer in Ontario; at Winnipeg, Gimli and Rivers in Manitoba; at Edmonton, Calgary and Suffield in Alberta; and at Patricia Bay, again to a limited extent, and Vancouver in British Columbia. There are, of course, other headquarters and depots in addition.

Experience during the second world war, when Canada trained 131,000 aircrew, showed that the best places for flying training was in the prairie provinces. Located in these provinces are a number of flying fields with runways, hangars and buildings in a relatively good state of repair, enabling re-establishment to be done as speedily and economically as possible.

Accordingly, all the new flying schools will be located in Manitoba, Saskatchewan and Alberta.

Also, to facilitate maintenance and administration and to take advantage of more suitable weather, basic flying training schools will be grouped in the western part of this area, while advanced flying schools will be grouped in the eastern part of this area.

The new schools to be re-established are flying training schools at Claresholm and Penhold in Alberta and Moose Jaw in Saskatchewan. Advanced flying training schools are to be at Saskatoon in Saskatchewan and Portage la Prairie in Manitoba, with a gunnery school at Macdonald. The flying training school at Gimli will later be converted to an advanced training school. A large air navigation school will be established at Winnipeg in addition to the present school at Summerside, P.E.I.

Of the existing establishments, Aylmer, Camp Borden and Clinton in Ontario will concentrate on trades training. Selection and manning will be carried on at St. Johns, Quebec, where there will be a very large establishment.

With hardly an exception, all the other establishments will be increased in accordance with the expansion of the program. Abbotsford will be used this summer for training some of the auxiliary squadrons, others going to other schools. In all probability Abbotsford will later be used as an operational station.

Air Training Plan

In this connection I should like to say that a large number of representations have been received from members of parliament, mayors, boards of trade and other representatives of most of the localities mentioned and many others. They have all offered the closest possible co-operation and reception to the R.C.A.F., with which they had such excellent relations during the war. That co-operative spirit is very greatly appreciated.

The places chosen have been selected having sole regard to two factors: first, suitability for the purpose intended; second, the condition of the existing facilities so as to provide for the most economic and speedy rehabilitation.

The facilities of all the stations will be used to the fullest extent possible. For example, by improved training methods we expect to have pupil populations of 300 at the flying training schools, as compared with 240 during the second world war. The limiting factor at each school will be the number of hours of flying that physically can be fitted in, having regard to the weather and capacity of the airfield.

To operate the plan will require a large number of additional aircraft for training. My colleague, the Minister of Trade and Commerce (Mr. Howe), announced in the house on March 5 that we would be manufacturing Harvards of the most modern type, as well as engines. In addition to meeting our own requirements, we expect to make a number of these aircraft for sale to the United States. In the meantime, our own needs can be met out of our own stocks, supplemented, if necessary, by aircraft borrowed from the United States, to be replaced out of our own production later.

We shall also be acquiring from the United States some two-seater jet training aircraft to be used until our own production enables us to meet all our own needs for this type of aircraft.

The record made during the second world war in the British commonwealth air training plan has shown that Canada is particularly qualified to make this important contribution to our collective security.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, since the Minister of National Defence (Mr. Claxton) has very properly availed himself of the privilege which is accorded by unanimous consent to make a statement of this kind, I think it is proper that I should refer to the subject which he has mentioned.

It will be recalled that on earlier occasions I have urged that time should be set aside for a debate in an orderly way on the subject of national defence. There can be no more important subject for this house to consider at a known time, and in a way which will make it possible for views to be clearly expressed on all sides of the house, than that of national defence.

What has now been placed before the house by way of information as to the general plans for training pilots and aircrew indicates the increasing importance of this subject. It is important not to overlook the fact that every night, and in fact at times during the day, the Department of National Defence is making an appeal in which the words are used, "The need is urgent; the time is now." Mr. Speaker, with this greatly expanded program announced by the minister, I urge that the Prime Minister indicate that there will be a settled date for a debate on national defence immediately or shortly after this house resumes following the Easter recess.

Right Hon. L. S. St. Laurent (Prime Minister): I believe it will be very easy to arrange that under the existing standing orders of the house. The general estimates have now been tabled, and I shall be glad immediately after the Easter recess to discuss with my hon friend and with the leaders of the other groups the selection of a day to call the estimates of the Department of National Defence, and to arrange as to what time should be devoted to that subject before passing anything else.

Mr. Dechene: Mr. Speaker, in view of the announcement made by the Minister of National Defence may I be allowed to direct a question to him? Some time ago a rumour was circulated in Edmonton, pursuant to an announcement made in the legislature of Alberta by a local member, concerning the establishment of an air training school near a place called Lac la Biche in the constituency of Athabaska. Is there any truth in that report?

Mr. Claxton: Consideration has been given to that, and discussions are now under way with the government of Alberta as to whether the very large area that would be necessary might be made available by the province.

ESTIMATES, 1951-52

TABLING OF SUMMARY OF STANDARD OBJECTS OF EXPENDITURE AND SPECIAL CATEGORIES

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I desire to table, in connection with the estimates, a summary of standard objects of expenditures and special categories. I indicated when I tabled the estimates that at that time this summary had not then been printed. It is now available.

[Mr. Claxton.]

HOUSE OF COMMONS

QUESTION AS TO REARRANGEMENT OF HOURS OF SITTING

Mr. Gordon Graydon (Peel): I rise on a question of privilege, Mr. Speaker. In some sections of the press this morning there was an indication that yesterday I had made a plea in the house for shorter hours of sitting of the House of Commons. I am quite sure that the fault with the announcement in that form could not properly be laid at the doorstep of the press, but was rather attributable to the way in which I phrased it yesterday. Perhaps I did not make my point as clear as I should have. I want to say, Mr. Speaker, that what I had in mind, as I believe most members knew, was not a request for shorter sitting hours. I was only asking for a rearrangement of the present sitting hours so that they would be more convenient for members, particularly with respect to the late hours that we sit at night.

While I am on my feet, may I say how pleased I was to have had an offer of co-operation from the Prime Minister in connection with this matter. I hope that after the Easter recess we shall somehow be able to work out something which will be satisfactory to all members, and which at the same time will not interfere with the work of the house but will rather expedite it.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 170, for the relief of Viola Rupert Moran.—Mr. Winkler.

Bill No. 171, for the relief of Philip Rosen.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC EXPENDITURE—ECONOMY MEASURES

Mr. Fulton:

1. What was the amount of the savings in ordinary expenditure, as reflected in the estimates for 1951-52, effected by the government economy drive?
2. What are the details of these savings by departments?

Mr. McIlraith: The details of the estimates, both in individual votes and in the supporting material appearing on pages 73 to 531 of the main estimates volume, show where savings have been made in expenditures after suitable recognition is given to increases in costs arising from higher wages, salaries, and prices, and after further suitable allowance is made for changes in policies, circumstances, and indirect defence requirements. A more specific answer can only be obtained by discussion of individual votes.

CONTRACTS FOR NAVAL STORES, ESQUIMALT

Mr. MacInnis:

Who was the successful tenderer, and at what price, for each class of goods in the call for tenders by the Canadian Commercial Corporation, Nos. R-33-38-320/2, Nos. R-33-38-320/3 and Nos. R-33-38-320/4, supplies for naval stores, Esquimalt, British Columbia?

Mr. McIlraith:

R-33-38-320/2—awarded to Soapbone Products Limited, Edmonton, Alberta, at $0.14 per lb.

R-33-38-320/3—awarded to Dominion Linseed Oil Co., Limited, Outremont, Quebec, at $0.115 per lb.

R-33-38-320/4—awarded to Harrison & Crosfield (Canada) Limited, Winnipeg, Manitoba, at $0.2235 per lb.

CANADIAN COMMERCIAL CORPORATION—STOCKPILING OF WOOL

Mr. Thatcher:

1. Has the Canadian Commercial Corporation been stockpiling wool?
2. If so, was it requested to do so by the defence department?
3. How much wool has the corporation now on hand?
4. What proportion of this wool is for uniforms?
5. How many uniforms can be made from the wool now on hand?

Mr. McIlraith:

1. No, but orders have been placed for current needs.
2. No.
3. None.
4. Approximately 60 per cent of all wool purchases will be used for uniforms.
5. Answered by No. 3.

HOLMAN'S WHARF, SUMMERSIDE, P.E.I.

Mr. Kickham:

1. Does His Majesty the King in right of Canada own the site on which Holman's wharf, Summerside, Prince Edward Island, is situated?
2. If so, from whom was the site purchased, and what was the purchase price?
3. Does His Majesty the King in right of Canada own the roadway leading from Water street, Summerside, to said Holman's wharf?
4. If so, from whom was the right of way or road purchased, and what was the purchase price?
5. By years, how much money has been spent on this wharf by the Department of Public Works?

Mr. Fournier (Hull):

1. Yes.

2. Under P.C. 1045, dated March 8, 1949, the site was transferred to the Department of Public Works, free of charge, by the firm of R. T. Holman Limited.

3. Yes.

4. Under P.C. 1045 dated March 8, 1949, the right of way to wharf was transferred to

the Department of Public Works, free of charge, by the firm of R. T. Holman Limited.

5. 1947-1948, $1,196.47; 1949-1950, $15,056.54; 1950-1951, $4,402.86 (to Feb. 28, 1951).

BUTTER—PROVINCE OF QUEBEC—PRODUCTION AND RETAIL PRICES

Mr. Boisvert:

1. What was the production of butter in the province of Quebec for the following years, 1945, 1946, 1947, 1948, 1949 and 1950?

2. What was the average retail price of butter at Montreal for the following years 1945, 1946, 1947, 1948, 1949 and 1950?

Mr. McIlraith:

1.

	Butter (Total Production) lb.	Creamery Butter lb.
1945	96,294,000	88,061,000
1946	93,395,000	85,355,000
1947	105,654,000	97,371,000
1948	106,833,000	96,783,000
1949	102,039,000	93,623,000
1950	96,567,000	87,820,000

2. Average Retail Price * of Creamery Butter at Montreal

	Cents per Pound
1945	39·5
1946	43·8
1947	54·9
1948	72·2
1949	64·7
1950	59·9

* Average of quotations at independent stores on the first business day of each month.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CIVIL DEFENCE—GRANTS TO PROVINCES

Mr. Thatcher:

During the present fiscal year, what direct grants has the government made to each province for civil defence?

ICEBREAKERS

Mr. Balcom:

1. What is the weekly wage and salary payroll of the icebreakers (a) *N. B. McLean;* (b) *Ernest Lapointe;* (c) *Saurel?*

2. What is the estimated weekly upkeep, apart from payroll, of each of these vessels?

3. What is the estimated dollar value of weekly depreciation of each of these vessels?

4. What is the total amount represented by the above?

5. How many weeks has each of these vessels been engaged on icebreaking operations on the St. Lawrence since January 1, 1951?

[Mr. Fournier (Hull).]

FEDERAL GOVERNMENT CARS AND TRUCKS—NOVA SCOTIA

Mr. Kirk (Antigonish-Guysborough):

1. What federal government departments own and operate or have owned and operated cars and/or trucks in the province of Nova Scotia, during each year ended December 31, 1946 to 1950 inclusive?

2. What method or system is used in each department of government in purchasing either for cash or trade-in cars and/or trucks?

3. What are the particulars of all purchases, either for cash or trade-in, of all cars and/or trucks purchased in Nova Scotia, for each department of government, during each of the years ending December 31, 1946, to 1950 inclusive?

OLD AGE PENSIONS

CORRESPONDENCE WITH PROVINCES—INQUIRY AS TO PROGRESS IN REACHING AGREEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Before we rise for the Easter recess, will the Minister of Justice bring us up to date in the matter of negotiations with the provinces concerning old age pensions?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I want to thank the hon. member for having given me oral notice of his question. I have not yet received a reply to my letter of February 28 from Premier Campbell. I received a reply from Premier Douglas approximately one hour ago. I should like to add that these facts have not prevented us from carefully considering all the points which have been raised by the other eight provincial premiers in their replies to my said letters. This we have done in order to put ourselves in a position to deal with this matter promptly as soon as we hear from Premier Campbell and give consideration to Premier Douglas' letter.

While I am on my feet, I should like to deal with a point which was raised by the member for Winnipeg North Centre (Mr. Knowles) on Monday last when this same question was mentioned.

The hon. member at that time stated that both Premier Campbell and Premier Douglas had answered favourably long ago. That, Mr. Speaker, is not correct. It is true that in reply to previous letters they had both written that they favoured the proposed old age pensions amendment, in principle. The points with which we are dealing here are whether there shall be a constitutional amendment authorizing federal old age pensions, and also with the form of that amendment; and also, of course, with the substance and form of an amendment relating to a three per cent provincial indirect retail sales tax. In this connection we are dealing not with only two provinces, but with ten.

In my letter of February 28 I was chiefly concerned with observations which a number of the provincial premiers had made with respect to both the form and the substance of these two draft amendments which the federal government had previously submitted to them. Four provincial premiers had objected to the form of the old age pensions amendment. In my letter of February 28, concerning which these questions have been asked, I did submit two new alternative drafts to take care of the objections which these four provincial premiers had raised, and also of course dealt with other matters.

The replies which we have been awaiting are as to whether Premier Douglas and Premier Campbell concur in our attempts to meet the views of these other provinces. Since we wish, if at all possible, to get unanimous agreement in this matter, there is no purpose in my writing another letter to all the provincial premiers, in a further attempt to secure agreement both as to substance and as to form, until I hear from all the provincial premiers in reply to my letter of February 28. Or, to put it another way, there is no purpose in commencing another stage of the work until we complete the present stage, and we cannot complete the present stage until we hear from all the provinces concerning it.

NATIONAL FILM BOARD

REPORT AS TO REMOVAL OF HEADQUARTERS TO MONTREAL

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to ask a question of the Minister of Resources and Development. Having regard to the fact that provision has been made for a $300,000 building in Montreal, which rumour says is to be a national film board undertaking, will the minister comment on the report to the effect that the headquarters of the film board are being moved to Montreal?

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, the film board is at present occupying, in whole or in part, eight buildings in Ottawa and three at Pendleton. In the interests of efficiency and economy, it is considered that steps should be taken toward consolidating the board's operations under one roof.

In this connection some thought has been given to a suitable location. Montreal is among the centres under consideration. Being a centre of bilingual culture, it has much to commend it. No site has been chosen, and no plans have been prepared. The amount in question in the estimates is for the purpose of obtaining a site and starting plans for a suitable building. I might add that this is a long-term plan and that no move is imminent.

Mr. Sinnott: Winnipeg would be a good place.

COMBINES INVESTIGATION ACT

INQUIRY AS TO REPORT OF COMMITTEE APPOINTED TO STUDY ACT AND RELATED STATUTES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to ask a question of the Minister of Justice. Will he indicate when it is expected that the report of the committee engaged in the revision of the Combines Investigation Act will be completed?

Hon. Stuart S. Garson (Minister of Justice): I should like to thank the hon. member for Eglinton for having given me notice of his question.

On February 14 last the hon. member asked me whether I could indicate to the house when I expected to receive the report of the committee, and I replied then that I would think that the target date, about March 1, which was planned, would still remain the target date and that we should then shortly know whether it would be possible for us to achieve that goal in actual fact. I have since received from the Hon. Mr. Justice McQuarrie, the chairman of the committee, the reasons why this goal has not been achieved. I think that I should preface these reasons with a brief statement of the events down to the present in order that the house will understand that the committee is proceeding with the utmost haste that is compatible with the seriousness of its task.

On June 27, 1950, I announced in this house the appointment of the committee and its terms of reference.

The committee held its first meeting in Ottawa early in July, 1950. Following this meeting, the committee, in order to obtain as wide an expression of opinion as possible, notified the public, by letters to trade, labour and consumer organizations and to business firms and to the press, that for its assistance in this study the committee was anxious to receive at an early date from such organizations, firms and individuals, whatever views they might wish to express upon matters within its terms of reference.

In response to this request a considerable number of formal briefs and numerous informal letters and communications were received by the committee. There were many

requests for delay from persons and organizations who wished to make representations but were unable, by reason of its being the summer holiday season or for other reasons, to prepare their material within the time indicated by the committee. There were also many requests for interviews. In the result, few briefs were received before mid-autumn, and briefs have continued to come in to the committee until December, 1950, the last one being received from a large national organization in a covering letter dated December 7, 1950. Many interviews were held throughout this period, that is, from midsummer to February.

The committee, since its first meeting in Ottawa on July 4, has held a considerable number of further committee meetings in Ottawa and completed a session of two and a half weeks during February, 1951. Towards the end of this last session the chairman informed me that, because of the voluminous data to be examined and the complexity of the problems that required extended study and consideration, the original target date would have to be advanced, since the work of the committee would require considerable further time before completion.

He said that he and his colleagues would do their best to finish and present their report before the end of the present session of parliament, but he could not guarantee that this would be possible.

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

OLD AGE PENSIONS—PROGRESS IN REACHING AGREEMENT WITH PROVINCES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before you leave the chair I should like to take this opportunity to comment briefly upon the remarks made a moment ago by the Minister of Justice (Mr. Garson). I wish to thank him for the answer he gave indicating that an endeavour is being made to reach an agreement with the various provinces as to the wording of appropriate constitutional amendments so as to make possible implementation of the old age pensions program recommended to parliament last June.

[Mr. Garson.]

What I wish to say resolves itself into two items. In the first place I feel it would be only fair, since the Minister of Justice has referred to the fact that he received a communication from the premier of Saskatchewan today, to indicate that I have in my hand a copy of the *Votes and Proceedings* of the Saskatchewan legislature for Friday, March 16. From exchanges of telegrams I have had this week with the premier of Saskatchewan I believe I can say that a copy of this issue of Saskatchewan's *Votes and Proceedings* has been furnished to the Minister of Justice, with the letter he received this afternoon.

I note that on Friday, March 16, the Saskatchewan legislative assembly adopted two resolutions dealing with this matter, both of which were moved by Premier Douglas and seconded by Mr. Fines, the provincial treasurer. The first one deals with an amendment to the British North America Act with respect to old age pensions. The second one deals with an amendment to that same statute regarding indirect taxation within the province. May I read the first of these resolutions:

> That this assembly approves in principle the amendment to the British North America Act proposed by the government of Canada following the federal-provincial conference held in December, 1950, designed to provide that while the legislature may make laws in relation to old age pensions within the province, the parliament of Canada may make laws in relation to old age pensions in Canada, and authorizes the lieutenant governor in council to approve any amendment incorporating such principle or to approve any amended wording suggested by the government of Canada and deemed to embody such principle.

I will not take the time to read the other resolution. It is longer, but it concludes with the same language, namely, that the assembly has authorized the lieutenant governor in council to approve the amendment suggested in the resolution regarding indirect taxation, or any amended wording suggested by the government of Canada having the same effect. The point I wish to make clear is that in addition to the earlier stand taken by Premier Douglas in support of the general plan for the new old age pension set-up, which is what I was referring to on Monday, that province has now made clear that it is prepared to co-operate fully in the wording or the redrafting of any necessary amendments which are required so as to proceed with this matter. I hope the Minister of Justice will soon receive a similarly favourable communication from his successor in the premiership of Manitoba, Mr. Campbell,

and then he will have had communications from all ten provinces.

The other point I wish to make is that I hope the Minister of Justice and the government as a whole will proceed with this matter just as rapidly as they can. I realize the kind of difficulty that they are working under. They are dealing with constitutional amendments; they are dealing with ten provincial premiers and with the constitutional lawyers who sit at the elbows of these various premiers. Nevertheless the reason I am bringing it up is that in the speech from the throne on January 30 it was indicated that the new old age pension proposals had been laid before the provinces, and I quote:

> The provincial governments are at present giving consideration to these proposals and to proposals for constitutional amendments which may require to be submitted to you before the close of the present session.

On February 5 I directed a question to the Prime Minister as to what efforts would be made by the government to deal with this matter in sufficient time so as to bring before the house at this session both the necessary amendments to the constitution and legislation based on those amendments. My latter reference was to legislation implementing the plan recommended last year by the special committee. The answer of the Prime Minister, as recorded on page 72 of *Hansard*, was—and I think I am fair to him if I quote the second paragraph only, since it is the relevant one:

> As stated in the speech from the throne, the matter is before the provincial governments for their consideration, and it is and will be the policy of the government to avoid any possible delay when agreement has been reached to have that agreement implemented.

Those were the words of the Prime Minister. Let me point out that two or three times since then, when questions have been raised regarding early implementation of this plan, reference has been made back to that statement given by the Prime Minister on February 5. We are all agreed. We want to see action at this session. Whatever the date of the end of the session may prove to be, time is moving on; and my reason for rising at this time is to urge the government to give the best attention that they can to this matter, in the hope that their own desire, which we support very strongly, to take action at this session will be implemented before prorogation date overtakes us.

Hon. Stuart S. Garson (Minister of Justice): I think I can reply in two sentences to the points raised by my hon. friend. In the first place, I can say that there has been no act or omission of this government which is in any way inconsistent with the statement of the Prime Minister (Mr. St. Laurent) which my hon. friend has just quoted. In the second place, I think I should say that we in the government can only feel very much complimented that the legislature of Saskatchewan, by unanimous vote, has approved the principle of the amendment which we proposed, and has authorized the lieutenant governor in council of Saskatchewan to approve any amended wording suggested by the government of Canada and to embody such principle. That is as gracious a gesture of confidence as we have had from any source in quite a long while.

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

DEPARTMENT OF AGRICULTURE

Special—

576. To authorize and provide for a payment to the Canadian wheat board which shall be dealt with by the board in all respects as though it was money received from the sale of wheat produced in the designated area, sold and delivered to the board by producers during the pool period commencing on the first day of August, 1945, and ending on the thirty-first day of July, 1950, and to authorize the board, notwithstanding the provisions of subsections 2 and 3 of section 22 of the Canadian Wheat Board Act, to distribute such amount together with all other moneys received by the board from the sale of such wheat, after making the deductions provided for in the said section 22, among holders of certificates issued by the board pursuant to part III of the said act during the pool period aforesaid, by paying to the person named in such certificate the same sum for each bushel of wheat referred to therein, $65,000,000.

The Deputy Chairman: Perhaps I should read again the amendment which has been moved by the hon. member for Comox-Alberni (Mr. Gibson). It is as follows:

> That item 576 of the further supplementary estimates be reduced from $65 million to $1.

Mr. Coldwell: Is the minister able to supply the house with the comprehensive statement on subsidies and subventions that was asked for?

Mr. Gardiner: Yes; I have it. In order to bring it up to what was suggested last night there will have to be two tables put on. One is a table for the first eleven months of the fiscal year 1950-51, ending February 28, 1951.

Mr. Coldwell: Put in on *Hansard.*

Mr. Gardiner: I will put it on *Hansard.*

The Deputy Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Gardiner: The tables follow:

Net Cost of Subventions, Bonuses and Subsidies Paid by the Federal Department of Agriculture Fiscal Year 1950-51

(First Eleven Months, Ending February 28/51)

	Amount Paid in Canada (thousand dollars)
Cheese—quality premium	819
—factory improvement	229
Cheese for United Kingdom contract	1,786
Apples (grants)	2,500
Compensation for diseased animals slaughtered	1,648
Livestock purchase and distribution policies	67
Livestock breeding programs	33
Hog premiums	4,435
Bacon for United Kingdom contract	[a]1,094
Feed freight assistance	12,569
Lime	314
Cold storage warehouses	407
Replacement of maple production equipment	337
Grants — Agricultural Products Co-operative Marketing Act: payments to producers	336
Grants to agricultural organizations	125
National livestock records grant	18
Grant to Canadian Horticultural Council	5
Grants to fairs and exhibitions	341
Prairie farm assistance	[b]2,771
Land settlement assistance[c]	178
Prairie farm rehabilitation[c]	2,947
Maritime dikelands rehabilitation[c]	693
Land reclamation and development in B.C.[c]	383
Major irrigation and water conservation projects in the prairie provinces[c]	6,667

[a]Computed at $3.50 per 100 lbs. on quantity shipped and claimed to February 28, 1951.
[b]To January 24, 1951.
[c]Exclusive of administration expenses.

NET COST OF SUBVENTIONS, BONUSES AND SUBSIDIES PAID BY THE FEDERAL DEPARTMENT OF AGRICULTURE—FISCAL YEARS 1939-40 TO 1949-50

—	Amount Paid in Canada											Total
	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50	11 Yrs.
	—thousand dollars—											
Fluid milk	.....	.....	.....	.....	8,922	12,659	12,919	9,952	.....	.....	.....	44,452
Milk for butter	.....	.....	.....	.....	18,539	23,640	22,885	21,425	1,581	.....	.....	88,070
Milk for concentration	.....	.....	.....	.....	873	1,869	1,699	1,399	12	.....	.....	5,852
Milk for cheddar cheese	.....	.....	.....	.....	1,172	4,162	4,156	a4,983	267	.....	.....	14,740
Cheese *b* quality premium	598	1,055	1,494	1,745	1,482	1,602	1,659	1,254	919	784	975	13,567
—factory improvement	46	82	182	217	117	46	28	186	139	138	149	1,330
Creamery butter for storage and export	.....	.....	.....	.....	34	6	*c*	.....	.....	.....	.....	40
Cheese export	.....	.....	1,784	.....	.....	.....	.....	.....	.....	.....	.....	1,784
Vegetable canning crops	.....	.....	.....	.....	945	2,548	1,768	1	.....	.....	.....	5,262
Potatoes	.....	.....	.....	.....	.....	.....	.....	d109	d61	.....	1,647	1,817
White and yellow eye beans	.....	.....	.....	.....	.....	.....	682	8	.....	.....	.....	690
Dried white beans	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	e194	194
Berries for jam	.....	.....	.....	.....	245	495	614	.....	.....	.....	.....	1,354
Apples *f*	g1,059	4,228	h741	2,192	1,833	1,035	354	958	d1,000	i3,325	i3,325	20,050
Apple tree removal	.....	.....	.....	.....	*i*	*i*	*i*	*i*	*i*	1,500	.....	1,500
SO_2 raspberries	.....	.....	.....	.....	.....	.....	.....	.....	.....	169	.....	169
Seeds—field root, vegetable forage and potato	11	*c*	*k*	5	14	33	58	174	.....	.....	.....	295
Freight assistance on alfalfa seed	.....	.....	.....	.....	.....	11	41	.....	.....	.....	.....	52
Forage crop seeds—return on participation certificates	.....	.....	.....	.....	.....	.....	81	105	.....	.....	.....	186
Compensation to seed dealers	.....	.....	.....	.....	.....	18	25	23	.....	.....	.....	66
Seed distribution and fair prizes	.....	.....	5	4	3	4	4	4	5	5	.....	34
Compensation for diseased animals slaughtered	810	519	359	375	360	193	170	163	387	1,088	2,279	6,703
Livestock purchase and distribution	72	47	53	84	36	64	44	62	123	46	132	763
Livestock breeding programs	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	38	38
Livestock freight assistance	.....	.....	.....	.....	111	12	23	4	13	5	.....	168
Hog premiums	.....	.....	.....	.....	3,855	14,091	9,573	l4,506	5,474	4,483	4,937	46,919
Increase on bacon export price	.....	.....	2,281	.....	.....	.....	.....	.....	.....	.....	.....	2,281
Wool	.....	.....	.....	.....	90	155	194	69	.....	.....	.....	508
Egg export	.....	.....	305	620	.....	.....	.....	.....	.....	.....	.....	925
Butter (1949 production)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,868	1,868

NET COST OF SUBVENTIONS, BONUSES AND SUBSIDIES PAID BY THE FEDERAL DEPARTMENT OF AGRICULTURE—FISCAL YEARS 1939-40 TO 1949-50—*Concluded*

—	Amount Paid in Canada											Total
	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50	11 Yrs.
	—thousand dollars—											
Feed freight assistance	.....	.....	4,485	10,243	17,716	15,955	17,262	18,945	20,094	17,555	16,682	138,937
Feed assistance—plan A	.....	.....	.....	.....	*c*	675	1,274	1,551	434	425	.....	4,359
—plan B	.....	.....	.....	.....	1,292	40	.....	.....	.....	.....	.....	1,332
Feed wheat drawback	.....	.....	.....	836	4,501	7,471	7,864	6,474	4,421	7	.....	31,574
Feed oats drawback	.....	.....	.....	.....	.....	.....	.....	.....	5,465	.....	.....	5,465
Feed barley drawback	.....	.....	.....	.....	.....	.....	.....	.....	8,506	.....	.....	8,506
Wheat acreage reduction	.....	.....	29,654	24,526	30,102	1,707	397	2	.....	.....	.....	86,388
Alfalfa meal processors	.....	.....	.....	1	67	23	6	.....	.....	.....	.....	97
Sugar beet pulp	.....	.....	.....	.....	26	.....	.....	.....	.....	.....	.....	26
Lime	.....	.....	.....	.....	213	227	278	341	316	408	434	2,217
Fertilizer	.....	.....	.....	1,036	903	446	438	490	281	.....	.....	3,594
Compensation to farmers for the cultivation of milkweed	.....	.....	.....	.....	.....	11	.....	.....	.....	.....	.....	11
Cold storage warehouses	133	99	44	83	47	140	249	459	441	592	693	2,980
Refrigeration on railway cars	7	5	7	7	7	6	6	8	5	5	.....	63
Grants for potato warehouse construction	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	13	13
Replacement of maple production equipment	.....	106	12	.....	.....	.....	88	194	203	360	472	1,435
Seed cleaning equipment	.....	.....	.....	.....	3	.....	.....	.....	.....	.....	.....	3
Manufacture of patterns and tools for flax scutching machinery	.....	.....	16	.....	.....	.....	.....	.....	.....	.....	.....	16
Rebates to purchasers of flax scutching machinery	.....	.....	.....	.....	.....	.....	174	.....	.....	.....	.....	174
Assistance in marketing cattle and beef	21	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	21
Grants—Agricultural Products Co-operative Marketing Act: payments to producers for ranch-bred fox pelts	.....	.....	.....	.....	.....	.....	.....	.....	.....	438	*m*509	947
Grants to agricultural organizations	260	190	147	133	122	107	101	122	137	144	103	1,566
National livestock records grant	20	18	18	18	18	18	18	18	18	18	18	200
Grant to Canadian Horticultural Council	5	5	5	5	5	5	5	5	5	5	5	55

Grants to fairs and exhibitions	383	65	65	65	65	65	63	87	268	357	397	1,880
Relief *n* in drought areas of the Prairies	1,545	*c*	*c*	.....	.....	.....	.....	.....	.....	.....	.....	1,545
Distribution of butter	715	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	715
Prairie farm income	.....	.....	16,299	2,678	19	2	.....	.....	.....	.....	.....	18,998
Prairie farm assistance payments *o*	9,454	6,699	13,681	2,293	6,159	7,010	16,483	10,917	16,795	14,859	21,456	125,806
Land settlement assistance	279	65	.....	.....	*c*	.....	.....	.....	.....	.....	9	353
Prairie farm rehabilitation *p*	2,451	1,853	1,898	1,218	1,258	1,180	1,549	2,059	3,037	4,943	2,786	24,232
Maritime dikelands rehabilitation	.....	.....	.....	.....	.....	.....	.....	25	46	53	296	420
Drainage and land reclamation in the Lillooet valley, B.C.	.....	.....	.....	.....	.....	9	.....	49	139	166	341	704
Land reclamation and development in B.C.	.....	.....	.....	.....	.....	.....	.....	.....	11	46	405	462
Major irrigation and water conservation projects in the P.P.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4,151	4,151
Grant for construction of flood control projects in Manitoba	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	92	92
Annual totals	17,869	15,036	73,535	48,384	101,154	97,740	103,232	87,131	70,603	51,924	64,406	731,014

a Includes $1,000 paid in 1949–50.
b Payment of subsidies on cheese began in June 1939.
c Revenue covered expenditure.
d Price support.
e Price support for the 1948 Ontario crop.
f Payment of subsidies on apples began in September 1939.
g The government also purchased $87 thousand worth of B.C. apples for distribution in drought areas of the prairies.
h Refunds from sale of previous year's crop decreased the total expenditure this year by $1,515 thousand.
i Price support for 1947 and 1948 crops.
j Included with "apples".
k Less than $500.
l On April 1, 1946 the rate of premium changed from $3.00 for A and $2 for B1 carcasses to $2 and $1 respectively.
m Consists of payments made for pelts delivered during 1946–47 and 1947–48.
n Direct feed and fodder relief.
o Total payment, including amount collected through the 1 per cent levy on grain marketed.
p Exclusive of administrative costs.

Mr. Coldwell: Can the minister reply to the two questions asked by my colleague, the hon. member for Melfort?

Mr. Gardiner: The only reply I can make is this, that just so far as the regular rules with regard to the action of cabinet ministers made it possible to meet with and discuss these matters with the leaders of the farm movements, I did in every case, and I have known right along what the views of the leaders of the farm movements were from one step to another.

Mr. Coldwell: That is with regard to $48 million?

Mr. Gardiner: Yes; that has been discussed with them, and with regard to all matters dealing with the whole position.

Mr. Coldwell: May I take it that there is no appropriation coming down with regard to $48 million?

Mr. Gardiner: There is no appropriation in any case involved in connection with that matter. This matter is being dealt with on its merits as it is.

Mr. Gibson: It is going down to $1.

The Chairman: Shall the amendment carry?

Some hon. Members: No.

Mr. Drew: When this subject was being discussed yesterday the Minister of Agriculture put forward certain arguments in regard to the payment of the $65 million, which, on careful examination of *Hansard*, are just as impossible to understand as they were when he made the speech in the house yesterday.

The fact is that his attempt to create the impression that the $65 million was arrived at in some orderly mathematical manner is not borne out by the statement of the Prime Minister, because the Prime Minister made it quite clear that this was not a figure arrived at in that way. On March 15, as reported at page 1283 of *Hansard* the Prime Minister had this to say:

> Now, why $65 million? From the start it had been clearly understood there could not be any mathematical calculation of the consequence of this "have regard to" clause.

Then later in his remarks the Prime Minister said:

> That has been the position from the start, that there could not be any mathematical calculation of something expressed in the terms used in this agreement.

The Prime Minister then went on to say that $65 million remained of the loan of $1,250 million, and the words he used were these:

> Had the government of the United Kingdom seen fit to draw that amount of $65 million and use it as a settlement of anything legitimately or properly expected under the "have regard to" clause, the government of Canada would not have felt required to do anything more, and would have been quite content to say that everything that could reasonably be expected as a consequence of the "have regard to" clause had been discharged by that payment.

I submit that those words are not open to any misunderstanding or misinterpretation. They make it perfectly clear that in the mind of the Prime Minister the only way in which the figure of $65 million was arrived at was that there was a balance of this loan still there, and that if the suggestion of the Canadian government had been accepted and the $65 million had been taken up by the British government and then paid as the balance owing under the contract, that figure would have been accepted by the Canadian government and paid over to the pool as the amount that they were able to obtain from the government of the United Kingdom.

I mentioned the statement of the Prime Minister for this reason. He has stated clearly what actually happened. When discussion of this subject was renewed last December and a few weeks later when the Minister of Agriculture went to England, it related to the figure of $65 million which was the balance outstanding, just as the $100 million which was mentioned earlier related to the fact that at that time there was $115 million still outstanding. It had been reduced to $65 million, and that was the amount still there. If the government of the United Kingdom had been prepared to take that up and go through the motions of paying it over as the balance, the Canadian government was prepared to accept it.

Having said that, I then point out that we are not simply in the position that the government of the United Kingdom has stated that it is not prepared to pay any more; we are in the position that the government that is asking that this item be approved declared by its own formal communication on May 30 of last year that it agreed that the government of the United Kingdom had fully discharged all obligations under that contract. That being so, there are no obligations remaining under the contract. I come back to the position that seems so obvious and yet apparently requires re-emphasis: that if something is to be done, then we should be told what the principle is upon which that payment is to be made. According to the statement of the government, it is not under the contract.

We now are asked to pass an item of $65 million with no explanation as to the principle which will govern this case or guide members of this house in the future when considering

the application of that principle to other cases. Not only are we told by the Prime Minister that this is not a subject of mathematical calculation; we are told that it is not something that can be calculated in a mathematical manner.

The fact is that the very remarkable statement yesterday of the Minister of Agriculture, which ranged all the way from a political fight in Saskatchewan to a veiled warning to the press that if they did not modify their remarks about him somebody might be haled before the bar of the house, was interlarded with a lot of unrelated figures which in some way that met his satisfaction finally worked out to $65 million. In this case I prefer, and I think members of the house are likely to prefer, to take the statement of the Prime Minister that it is not arrived at by any mathematical process. The Prime Minister has related it to the one figure to which it can properly be related, and that is the balance of the loan that British had coming to them.

That being so, we as elected representatives of the people are being asked to approve a payment of $65 million under no declared principle and under no mathematical calculation. I simply wish to govern the remark I have made by what I said before. I am satisfied that members of this house coming from all parts of Canada are prepared to support any clearly declared and sound principle which will assure that wheat producers, and agricultural producers of any kind, industrial producers or those whose services are required, shall be properly compensated where that production or those services are taken over by compulsion. I have emphasized that at a time when this government has assumed such sweeping emergency powers it is important that some principle be established which will let the people know what they may expect where there is to be compulsion. Nevertheless we have no facts before us from which we can say whether this is too much or too little. It is for that reason that I think hon. members of this house will find it difficult to justify their course if they vote in this particular case.

I come now to the amendment moved by the hon. member for Comox-Alberni. The hon. member expressed some surprise last night about the position I had taken and seemed to anticipate that I would approve this item. If he had been in the house, or if he was here and had been listening, he would have heard me make it quite clear in the afternoon that I was not prepared to approve the payment of this item, but I said further that I would not support the amendment to reduce the item to one dollar. I gave my reason. The reduction of the item to one dollar indicates that we have before us information which makes it possible to fix a money value on this particular proposal of the government. I pointed out that we have no such information.

Mr. Gibson: We have the speech of the Minister of Trade and Commerce, have we not?

Mr. Drew: There is no place in the speech of the Minister of Trade and Commerce in which he places a value of one dollar on this payment. On the contrary, I think he gave us most conclusive reasons why he thought that nothing should be paid.

Mr. Gibson: That is what I mean—one dollar.

Mr. Drew: We have the statement of the Minister of Trade and Commerce that in his opinion nothing further was owing, and also that in his opinion the British government had fully lived up to the contract. Whether he is right or whether he is wrong, that is the record of what he said. Therefore, not only is there doubt as to the basis upon which this is computed; there is the argument of the Minister of Trade and Commerce that there is in fact nothing owing under this contract.

It seems to me that an amendment to reduce this item to one dollar implies the acceptance of some unstated principle, and a reduction of the amount given under that principle to what might be regarded as a contemptuous estimate of the value of what is owing under that principle. I am not prepared to support such a proposition, but I am going to vote against this item for the reasons I have given. I suggest to the hon. member for Comox-Alberni that this is the proper course. In his case he apparently accepts the principle and then moves to reduce the item to one dollar. I suggest that it is much better to vote straight against the adoption of this item, and that is what I propose to do.

Mr. White (Middlesex East): Last night I think the curiosity of the house was aroused by the rather astounding speech of the Minister of Agriculture. I think he sought to leave the impression that, while western farmers were not provided for, eastern Canada farmers had been provided for through subsidies during the war years. He mentioned one item of $169 million for subsidies to the dairy industry. At the outset let me point out that the dairy industry and all other industries at that time were under a ceiling and not a floor, and that the subsidies were given after representations by the dairy industry pointing out that, to maintain production for our own people and

also to have a highly concentrated nutritious food for our fighting partners in Europe, it was very necessary to pay enough to maintain the high production that the dairy industry established during those years. It bears no relation whatever to the $65 million that we are now discussing.

Actually it seems to me that the payment of the $65 million is an attempt to bail the Minister of Agriculture out of a very embarrassing situation. I should like to mention two agricultural commodities that were dealt with by the minister last night, although there were many others. I have referred to the dairy industry and I want to mention cheese particularly. I know at once that the minister will say that in 1950 the producers asked that cheese be requisitioned. That is true but they did not ask that it be requisitioned at the price that the government set. The government requisitioned it at a lower figure than was suggested by the cheese producers.

As a result of these policies the cheese industry of Ontario is a vanishing one. It was the industry that absorbed a lot of the surplus milk during the summer months. Now we are paying a part of the price of that folly in the ever-increasing price of butter. Incidentally you will note that the price of margarine, the substitute for butter, the cost of which has no relation whatever to the production of butter, has followed the rise in the price of butter. We are paying the price for a policy that was shortsighted so far as the dairy industry was concerned.

It is also interesting to note that in his speech the Minister of Agriculture mentioned three people, the triumvirate, who were going to guide the destinies of this country. I suggest that the Prime Minister has many duties on his hands without trying to steer a course between the divergent views of two ministers, his right and left bowers. I thought it was a rather peculiar statement to make that either of them could make a mistake but the Prime Minister could correct them and get away with it. When eastern members of parliament have talked against the $65 million western producers have said: What about the freight assistance policy? I will tell you about the freight assistance policy. Today the government through the wheat board has the greatest monopoly in the grain trade that ever existed. Whether a monopoly is a government monopoly or otherwise it is a vicious set-up, but above all a government monopoly is certainly the most vicious.

We have reached the point now where a farmer living in western Canada cannot ship grain that he produces to a farm that he owns in eastern Canada. What do we find? The western producer is getting very little for his feed wheat and coarse grains, and the eastern feeder is paying very high prices for these same products. Somewhere along the way the advantage of the freight assistance policy is being siphoned off. It is not being carried through either to the producer on the one hand or the ultimate consumer on the other.

Some hon. Members: Question.

Mr. White (Middlesex East): Don't be in a hurry. There was no hurry to bring down these estimates, and that is one of the reasons you are in the fix you are in now. In an attempt to correlate the divergent views of his two ministers, the Prime Minister said that the $65 million was based on expectations. That is a rather peculiar statement also because other producers in Canada have expectations. However, the Prime Minister said, answering the hon. member for Brant-Wentworth, that they would not be considered. To give you an indication of how far to the left the government has gone, the actual formula for the paying of the $65 million is a Russian communist formula. I will give it to you. It is: From each according to his ability and to each according to his needs. That is exactly what they are trying to work out.

The hon. member for Brant-Wentworth referred yesterday to the eastern winter wheat producers. He went into a lot of detail and I think he presented the problem very fairly. I have in my hand a report of a meeting at Chatham, Ontario, last summer at a time when the problem of marketing Ontario's winter wheat was most serious. I am going to quote from the Chatham *Daily News* of July 21, 1950. The heading of the article is: "Growers—Elevator Men Ask Floor on Wheat Price", and the subheading is: "150 vote in favour of distress action". In a motion that was never put to a vote Ernest Campbell suggested that a minimum of $1.90 be established as a floor price for winter wheat. In putting forward that motion he said:

> Wheat is worth $1.90 as feed for animals, and it isn't unreasonable to think that it is worth 5 per cent more as feed for human beings.

The motion was seconded by G. Harry Wilson, who said:

> If I sell my wheat at $1.50 will the consumer get the benefit of a cheaper price for flour and bread?

Everyone knows there was no reduction in the price of bread because of the fact that wheat was selling at $1.50 instead of $1.90 and $2. Since that time the price has risen and is fluctuating between $1.95 and $2.05, or even more; I am told I am putting a low price on it. At that time it was suggested that a floor price be established. The right

hon. Minister of Trade and Commerce was interviewed; a lot of promises were made to the growers—

Mr. Howe: Just a moment. What did the minister tell that delegation?

Mr. White (Middlesex East): Let me read from this article, under the heading "Ottawa Trip":

> The growers spent much of their time reviewing developments. They heard detailed reports on the meeting ten days ago when elevator men and growers decided that something would have to be done if wheat was to sell for more than $1.50.
>
> A trip to Ottawa followed and ultimately Hon. C. D. Howe announced that elevator space would be available for farmers to store their wheat until the price improved. Later he admitted that he had hinted that the Canada wheat board might again enter the picture to take care of any surplus.

It was suggested at that time that storage space would be provided, and I believe the minister made arrangements under which storage space was made available at Sarnia, Ontario. But the cruel part of it was the cost of about 18 cents per bushel. By the time the farmers got their wheat to Sarnia for storage they figured they might have to wait a long time to even get their storage costs out of it, so most of them took a loss. This article goes on:

> Strongest and most vocal of the delegations from outside Kent was the one from Essex. Ed. Nicholson, Essex, told the meeting he had tried to find storage for 5,000 bushels and had been turned down by Walkers in Windsor, operators of one of the large elevators.

So he had to sell and take a loss. I realize now, of course, that wheat was not covered by the prices support act, but the government can find a way around other difficulties when they wish, and a way could have been found here. Where there is a will there is a way, but the government had not the will to do anything about it. As a result the wheat growers suffered. The younger men just starting in the business, many of them returned soldiers, were the chief victims. The more established farmers, with greater storage space on their farms, and who were in a financial position to hold their wheat, gained the advantage. The only thing needed was for the government to say they would use some of this $200 million under the Agricultural Prices Support Act, and the western Ontario winter wheat growers would not have had to take such a loss.

Mr. Howe: I might say that the delegation came to me and explained the situation, saying the price as of that date was $1.50 per bushel. I advised them not to take it, but to put their grain in public storage. I understand that the great bulk of them did so. Within the next day or so the price advanced to $1.65 per bushel, and today those who followed my advice are getting from $2.15 to $2.25 a bushel. It seems to me that if they had come to the government for advice instead of going to the hon. member, who obviously could not help them, they would have gotten along very well.

Mr. White (Middlesex East): The advice given by the minister and by the parliamentary assistant to the Minister of Agriculture was as the minister has stated; nevertheless those who could least afford it were the victims of circumstances. If the government had thought they were not going to lose any money they would have applied the price support legislation; but they thought this situation was serious and did not want to get into it, so they said winter wheat was not covered by the act. That was a way out. If they had thought it was going to turn out well, that wheat would go to $2.15, they would have made good fellows of themselves and brought in the price support act.

I want to ask one other question. Many figures were included in the statement by the minister last evening, but I have not been able to find where he said what was the actual loss to the western growers. What did they actually lose on this deal?

Mr. Gardiner: As the leader of the opposition said a few moments ago, everyone who has spoken on this question, including myself, has said that no attempt would be made at an arithmetical calculation of any loss. That has been said by everyone who has discussed the matter. As a matter of fact the very phrase "have regard to" makes it impossible to have a mathematical calculation; but in order to satisfy the British and our own people that we were somewhat near the mark we made the calculation I put on the record last evening. That was submitted to the British as a near approach to the $100 million we had asked of them. The leader of the opposition is perfectly right when he says we submitted that figure to the British, but he does not go on to agree that $35 million taken from $100 million leaves $65 million. When they made some provision for the $35 million there was $65 million left. He does not agree, either, with what I said last evening, which nevertheless is a statement of fact, that on each occasion this question was discussed with my colleagues I suggested that an amount should be left in the loan similar to the amount we had asked the British to pay, and that amount was not there by accident.

Mr. Nowlan: I had not intended to intervene in this debate, had it not been for one or two references made last evening.

I am sure the committee was thrilled by the amazing show put on by the right hon. Minister of Agriculture. It was a histrionic display which would rank with any dramatic production that might be seen throughout the country. He told us, I believe, that he had thirty-three years in politics, and had been successful in winning all his elections. That must have been fairly obvious, because certainly anyone would need thirty-three years of training to put on such a display as he gave last night. He was a circus all by himself. If by any chance this public in which he places such great trust ever decided to dispense with his services I am sure he would have no trouble in finding employment as a whole three-act circus either as barker, medicine man or manager.

An hon. Member: Are you talking about wheat?

Mr. Nowlan: I am not talking about wheat at the moment, I am talking about the right hon. gentleman who dealt with wheat or alleged to deal with wheat last night, and the marvellous way in which he skated over thin ice. It would have brought envy to Barbara Ann Scott if she had been here to watch the performance. It is certainly a performance which we shall all recall when we remember the demonstration of a week ago, and the suggestions made of consultation as to whether action should be brought against Great Britain in an international court. Apparently the decision was that there was not enough evidence to warrant a conviction. The inference I gathered from reading that statement in *Hansard* was that it was something like a police magistrate dealing with someone charged with vagrancy, shrugging his shoulders and saying there was no evidence and so there was a *nolle prosequi*.

Having heard the debate of a week or ten days ago, you can imagine the surprise of some of us when the hon. gentleman put on the cloak—a little bit too long for him—of Sir John A. Macdonald and quoted his statement, "A British subject I was born, a British subject I will die", or as he said, "I am about to die"—even there, there was a misplaced period or comma. The minister mentioned another matter to which I should like to refer briefly, and that was apples. I am not questioning the figures which he used. I have not any doubt but that they were in accordance with his records, although there have been various figures produced in connection with that matter. As I followed him I thought he was suggesting that there have been payments made to apple growers and some other producers, so the government is asking us to make a payment to the wheat grower on the same basis. It is that idea to which I wish to register a very brief but rather emphatic objection.

Mr. Gardiner: Not on the same basis.

Mr. Nowlan: It certainly was not on the same basis. I am glad the minister says that. It is true that the apple growers in Nova Scotia did receive substantial amounts of money from this government during the war years. Those were payments which the growers appreciated, but those payments were made on a very definite basis, Mr. Chairman. In the first place, it was recognized that the apple industry of Nova Scotia was a war casualty since it was dependent upon markets in Great Britain. The industry was deprived of those markets because of the exigencies of the war. The government intervened to assist the growers. As the minister suggested last night part of the consideration for this assistance, at least for some time, was that we were not allowed to ship apples to the markets of Ontario and Quebec. If we had, Mr. Chairman, the quality of those apples being what it is, undoubtedly we would have wrecked the apple industry of Ontario and Quebec. The demands for assistance which you have heard from the growers in these provinces would have been much more expensive than the cost of the assistance to the fruit industry in Nova Scotia.

The point I want to make is that the fruit industry in Nova Scotia was helped on a mathematical basis. There was no subsidy, but there was a computation of the loss on an accurate basis. I believe the minister will admit that every year representatives of that industry came to Ottawa. They met him and officers of his department as well as officers of the Department of Finance. They presented figures showing the losses they suffered, and in every case they were beaten down. I am not objecting to it, I am simply stating this as a matter of record. The departmental representatives said, "No, you may have taken that loss but the Dominion of Canada cannot assume all of it." They were finally paid on a basis which was a mathematical computation of a proportion of the losses which the fruit industry had suffered, and that is the direct opposite of the policy which is being adopted in this case. This payment is being made on a basis which none of us can compute. Apparently the hon. member for Comox-Alberni arrived at this solution by gazing in a crystal ball and picking out a dollar. We had the Minister of Agriculture suggesting $48 million. Some members suggested $300 million, and some newspapers represented it as $600 million and going up to almost a billion. You are simply told to put your finger in a glass bowl and pay whatever

amount you pull out. It is that principle we protest because it is the reversal of the principle adopted for Nova Scotia.

With respect to the payments made in Nova Scotia I want to point out that a substantial portion of those payments did not go to the growers. They were made for processing apple products which were afterwards distributed by private agencies or by the government, in accordance with government policy, to institutions and to relieve distress throughout the world. I believe that represented a substantial part of the millions to which the minister referred last night.

Those figures also contain moneys being paid for the removal of trees which formerly produced varieties suitable to the British market. Since this market is not now open to us, those trees are being removed or have been removed at a distinct sacrifice to the growers. The amount which the grower has received from this government, helpful though it may have been and appreciated as it is, is only a small part of the actually computed loss which the grower has suffered. I suggest, therefore, there is no validity whatever in using the figures paid to the fruit grower as an illustration of justification of these moneys which are to be paid to the grain producers of western Canada.

I have been confused about this matter, as I am sure other hon. members have been. We would all like to arrive at some basis upon which we could do the right thing, if such a basis can be established. No evidence has been forthcoming as to that.

I am not going to repeat the arguments which have been advanced by my leader and other speakers in this debate. I refer particularly to the statements made by the member for Royal when he reviewed the situation from the standpoint of the maritime farmer. For the reasons which he enumerated I am opposed to this payment at the moment, Mr. Chairman, and I propose to vote against it.

There are other reasons with which I shall deal briefly. We are today in a period of stress and strain for this government. The question of inflation has been before the house on various occasions during this session. What could contribute more to inflation than the payment of millions and millions of dollars at this time without any mathematical basis for it?

The Minister of Finance has been worried about cutting expenditures. He has been worried about extravagance. Undoubtedly he has exercised his influence in attempting to cut expenditures in the various government departments. What are the mail carriers in Vancouver, Regina, Ottawa or Halifax going to say when they walk their route with heavier loads realizing the little saving achieved through their sacrifice, and seeing this $65 million being paid without any basis which is discernible to themselves or anyone else in this country? What will other people say who are called upon to make similar sacrifices when they are confronted with this expenditure which has not been justified in any way?

Mr. Chairman, I hope the member for Comox-Alberni, and our genial friend the member for Temiscouata, who yesterday afternoon tried to quarterback the opposition by suggesting he was prepared to vote for a dollar, will influence the others to join with those of us from this side in expressing our opposition to what we believe is an unjustifiable decision of the government in the light of the information which has been placed before us.

Mr. Low: Mr. Chairman, I have sat through about the most ridiculous drivel that I have ever heard talked on this subject during the wheat debate, and more particularly during the last two days. I kept out of this debate until now because the two members of the Social Credit group who were charged with the responsibility of dealing with agricultural matters had done a right good job for us, and put our position quite straightforwardly and clearly. But there have been so many foolish and stupid things said in the last two days, started by the hon. member for Comox-Alberni (Mr. Gibson), of all people, that I felt I had to say something at this stage, to put myself on the record.

I sat and listened on what I thought was one of the few occasions upon which the hon. member for Comox-Alberni could have asserted what he calls his independence. You see, he does not have a single farmer, perhaps, in his whole constituency; and so he selects this occasion to demonstrate to the world that he is independent. He is independent, at the expense of 250,000 wheat farmers from whom he wants to take a measly, paltry $65 million that is being offered today as a token payment on account—not even as a final settlement. But he is going to take that away. I would like to hear him talk some time when the question of assisting lumbermen is under consideration.

Mr. Gibson: We never asked for it.

Mr. Low: But you got it. The hon. member for Comox-Alberni got it during the war, and immediately after the war years; and he is getting it today through the most inflated prices I have known. All one has to do is go down to a lumberyard and try to buy a few sticks of the poorest lumber Canadians have ever been able to buy at any time—because the rest of it they are sending out of the

country to other markets. He will not let us have anything, but he is full of suggestions. No one, at any time, has stepped in and said to the lumber people of this country, "Although there have been certain boards"—lumber boards, perhaps—"set up to sell your lumber for you, and although you have had this kind of service from the government, we are going to take it out of their hands and superimpose another government policy upon you. Whatever your losses have been as a result of superimposing that government policy upon you, you must not complain".

Nothing like that has ever happened to the lumbermen. But I will tell him that it has been done with regard to the farmers; and I thought that the hon. member for Comox-Alberni would be the first man to see it, because usually he is fair and just. In this case, however, I am satisfied that he is playing to the people in his constituency who are not farmers.

Mr. Gibson: No.

Mr. Low: He is going to be the white-haired boy, so far as those people are concerned. We have to be statesmanlike about this matter, it seems to me, and try to balance our interests for the good of all Canada. That is one of the things I want to say a word about now.

Then, by the way, the hon. member for Comox-Alberni sort of felt sorry for us down here in this end of the chamber, because he suggested we did not know what we were doing. He said we thought that $65 million was only a matter of a few moments' run of a printing press. Let me impress upon the hon. member for Comox-Alberni the fact that we most emphatically do understand what $65 million is, just as well as he does—and perhaps a little better than he does. I do not look upon $65 million as peanuts, at all; it is a lot of money. Let me also remind him that $375 million is also a lot of money. But he is quite prepared to let the farmers of Canada carry that $375 million, calculated by some of the best brains in the country as being the loss to the farmers in the first two years of the contract.

Mr. Gibson: Not by the Minister of Trade and Commerce (Mr. Howe).

Mr. Low: I understand the Minister of Trade and Commerce is in a certain position where he cannot accept that statement; and I shall show why in a minute.

But the situation is just exactly as I have stated it. Here is the statement, based upon the report of the Canadian wheat board, as set out in a sessional paper tabled in the house. It shows that in the first two years of the contract there was a net loss to the farmers of $375,618,000. And that means simply this, that although the wheat board of Canada was set up for the purpose of marketing the farmers' wheat, they were not allowed to market that wheat and to get what they could get for it on the world market. The government of Canada in its wisdom, or lack of wisdom, whichever way one looks at it, did superimpose upon the board a certain policy. The government interfered. It sold the wheat itself, and took affairs out of the hands of the wheat board, with the net result that in the first two years of the contract the farmers did lose $375 million.

The hon. member for Comox-Alberni, along with the leader of the Progressive Conservative party (Mr. Drew), cries about how much per capita that will mean in taxation—that $65 million. The leader of the Progressive Conservative party said last night in a radio speech that it would amount to $25 per taxpayer. Certainly; but how much would it mean per taxpayer if the farmers were paid what they should be paid—the $375 million? That is the question.

Here, the hon. member for Comox-Alberni, along with all other hon. members in the house who have seemed to be opposed to the $65 million, has never attempted to justify his position with respect to the subsidization by Canadian farmers of all the people of Canada, in the form of cheap bread.

Mr. Gibson: You get cheap lumber and cheap fish. What more do you want?

Mr. Low: Cheap lumber, my eye!

Mr. Gibson: Sure you do.

Mr. Low: You will have to talk a lot louder than that to convince the Canadian people that they are getting cheap lumber.

Mr. Gibson: Yes.

Mr. Low: Or cheap fish. That policy of subsidizing the Canadian people so that they could have cheap bread alone cost the western farmers $136 million. That is on the basis of figures which have been supplied by the Canadian wheat board and tabled in the house.

I should like to see some of these people get up in the House of Commons and try to justify their position. Let them get up and argue that 25 per cent of the population of Canada ought to bear the full cost of subsidizing all the people of Canada for cheap bread. Let them get up on their hind legs and do that. And when you do, then you will be entitled to move that this $65 million be cut down to $1. But until you do, and can supply the figures to back

up your contention, then I will say you are playing politics with one of the most important items in the supplementary estimates, or that will come down in the budget this year.

I am going to say there has been altogether too much politics played in connection with wheat—altogether too much, and on both sides of the house. It looks to me as though it were high time that that be stopped, and that we began to look at these things sensibly and reasonably.

I am not going to spend too much time on this matter, but I should like to say just this, Mr. Chairman, that a lot of talk has gone on as to why the government selected the sum of $65 million. I have heard a whole lot of foolishness talked about expectations. Well, now, let us see what the facts are: The government selected $65 million because it realized it had some obligation to the Canadian farmer. It was not on compassionate grounds at all. It was not on a subsidy basis at all. The government realized that its policy had cost the western wheat farmers a lot of money, and that those farmers therefore were entitled to some sort of payment. That is the only reasonable answer to the situation, right there.

The government selected $65 million, I suggest, because that happened to be the amount still left to the credit of the British government in the loan granted to them some years ago. They figured that if they selected that sum and arranged to pay it, as the Minister of Finance is now offering to pay—he said a minute ago, and I am quite sure he will not mind my repeating it, that this is the hardest $65 million he ever tried to give away. He has offered to pay that much, and while it may be looked upon by the government as a final payment on the five-year pool, and while it may be looked upon by the eastern members of this house as a subsidy, let me just say to you, Mr. Chairman, that we western members cannot look upon it as either one. We look upon it as a partial settlement of an obligation, which the government recognizes; otherwise they would not have even made the suggestion of $65 million. That is all there is to it; and it is the only way that you can look at it. It seems to me that we ought to pass the item and cut out all the foolish talk that has gone on here.

There is just one thing more, Mr. Chairman. Yesterday afternoon I heard some hon. members facing me complain about the high price of feed, the price they have to pay for western feed. I know that it must be high in spite of the fact that millions of dollars in subsidies have been paid for carrying that feed down here. But when they complain about that feed I wish they would come out to the west and just sample some of the prices that we have to pay for the automobiles that are made down here in the east, and for the shoes that are made down here in Quebec and Ontario, and for the clothing that is made down here, and for the maple syrup that is produced down here and shipped out. Let them come out and buy some of them, and then let us hear the complaints that they make. It looks as though there is too much sectionalism in the discussion of any of these important items. It is about time we began to look at this as statesmen, as Canadians, realizing that you cannot possibly have a prosperous Canada unless the 250,000 wheat farmers are prosperous and on their feet, realizing that you cannot have a prosperous Canada unless your maple syrup producers down here are prosperous and on their feet, and all the rest of them. I could go on and name them. Let us cut out this foolishness, get this item through and then talk some sense.

Mr. MacKenzie: I had no great thought of taking part in this debate until the last few minutes. I would not go so far as to say that hon. members who did not agree with me were talking a lot of nonsense and did not know what they were talking about. I should like to give a man at least credit for his own views, and appreciate that probably he might be as near right as I am myself. I think it is a mistake, and I am sorry that anything has entered into this debate that indicates any hostility toward, or comparison between, subsidies or grants drawn from the east to the west.

I am now talking about agricultural subsidies, and particularly with reference to wheat. I agree with the hon. member who has just spoken that after all agriculture is the basic industry of Canada. That being so, I still think that we must have a prosperous agriculture before we can have a prosperous dominion. I should like to see the western wheat growers and the eastern wheat growers have all the prosperity that they can get.

I want to make a reference to the question that has been raised by the hon. member for Middlesex East. He has mentioned it several times, and again this afternoon he referred to a meeting that he attended in Chatham last year. I attended that meeting myself, and I was one of the delegation that came down here to Ottawa to interview the officials of the Department of Agriculture and the Minister of Trade and Commerce to see if something could be done to help the situation, because we had a lot of wheat on our hands and no storage, and no place to put it. At

that time the hon. member for Middlesex East said, and he said it again this afternoon, that there should be some provision made for that under the Agricultural Prices Support Act. I agreed with him. I remember quite distinctly when the prices support act was brought into effect. It was on August 15, 1944, and it made provision for supporting agricultural produce, and the amount was not to exceed $200 million. I was here when that act was brought into effect and became operative. I quite appreciated that it did not take wheat into consideration. Section 2 of the act reads:

(a) "Agricultural product" means any natural product of agriculture (except wheat) designated by the governor in council and includes processed meat, dairy and poultry products, if so designated.

Therefore, under the Agricultural Prices Support Act we have no authority to put a floor price under wheat. I would say to the hon. member that when the Agricultural Prices Support Act comes up for amendment we should try to have it enlarged or made broad enough to embrace Ontario wheat, because it is true that we do not operate under the wheat board. We did at one time, as the Minister of Trade and Commerce and the Minister of Agriculture well know, and it did not operate very successfully in the east.

When we came to Ottawa and went to the Department of Agriculture—I think the minister was in the west, but his deputy was here—we were told that under the act they had no power to give us any support out of this $200 million. We went to the Minister of Trade and Commerce and he said: "You are not under the wheat board, and we have no authority to purchase your wheat." The only thing that could be done, and it worked out fairly satisfactorily, was to provide storage for the wheat, which they did, and the wheat is now selling at reasonably good prices.

I do want to put something on record that I think should be there. Last night the Minister of Agriculture said that he was carrying around in his pocket the answer to something that was going to be put on the record regarding eastern subsidies, and he had it nearly worn out. I am glad that he had the opportunity to give it. I do not believe that we should go into all the details of it, but I would say this. I received this information from the Department of Finance. It may not be exactly correct, but if it is not correct it is their fault, because they gave it to me. I do want to put on record some of the subsidies that have been paid to the wheat producers and to the wheat farmers of western Canada.

[Mr. MacKenzie.]

Take the wheat acreage reduction plan. That was a subsidy from 1941 to 1947. It was a policy which induced the people to go out of wheat growing and into the growing of coarse grains and summer fallow. I remember quite well when it was brought up and discussed in the house. It was discussed for some time. From 1941 to 1947 the amount expended on this plan was $86,389,000.

Mr. Sinnott: Why beat a dead horse?

Mr. MacKenzie: Then there was prairie farm assistance. That is something that has been before this house and debated at great length. From 1939 to 1950 inclusive approximately $125,806,000 has been paid out. I am not giving the odd hundreds because in these figures they do not count very much.

Mr. Coldwell: Will the hon. member answer a question? Is that over and above—

Mr. MacKenzie: Just a minute! Let me finish my remarks. I know what the hon. member is going to ask.

Mr. Coldwell: Is that over and above the amount contributed by the farmers themselves?

Mr. MacKenzie: Pardon me. That is the total amount. But the Department of Agriculture through the various offices told me that the western grower had made a contribution to that, the people who delivered their grain and their wheat. They said to me, if you took one-quarter you would hit it about right. I took one-third to be sure I was right so one-third of that is the contribution of the western farmers who delivered the wheat at various places from year to year. The amount they contributed would be $41,935,000. When you take that amount from the total the amount paid by the government would be $83,871,000. I think that is correct. The prairie farm rehabilitation vote for 1950-51 was $35,257,000. I am not taking in the various subsidies that were paid under that vote, but there was the St. Mary river and major irrigation work amounting to $13,809,000. The major portion under the prairie farm rehabilitation vote was $49,495,000.

I come now to the losses on wheat board operations. In 1935 the losses on the wheat board amounted to $11,858,000. In 1936 there was a smaller amount. In 1938, the amount was $61,525,000. I remember being in the house when this question was brought up. The price of wheat was pegged at 87½ cents. I want hon. members to understand that we in Ontario have some problems to face and in that year, according to the bureau of statistics, we sold our wheat for 55 cents per bushel average. That was one reason why I felt

that we should try operations under the Canadian wheat board, which we did. However, it was not successful as they had no storage for our wheat and all they could do was sell it as it was threshed. In 1939 the losses amounted to $8,413,000, giving total losses on wheat board operations of $81,846,000.

That amount can be considered as assistance to grain growers in western Canada since 1939, and in all it makes a total of $301,602,000 paid to western grain growers since 1939.

Mr. Gardiner: Is the hon. member including that last amount of $61,000,000 and the other amounts in 1935 and 1936?

Mr. MacKenzie: For the wheat board operations?

Mr. Gardiner: Yes. The hon. member mentioned a loss in 1935, a loss in another year and then $61,000,000 in 1939.

Mr. MacKenzie: In 1938. I have record of no losses since 1939 under wheat board operations.

Mr. Gardiner: For the 1938 crop it was $61,000,000. The figures that were put out yesterday were from the time the war started.

Mr. MacKenzie: I quite appreciate that. I do not think we should go into all these questions that have been asked about the subsidies that have been paid to the east. I am not going to enumerate them.

Mr. Gardiner: May I make just one correction. The figures which I gave yesterday were not figures applying to the east or the west. For example, the figures on dairying applied right across the country, and also the figures on livestock. Those figures are now being used as applying only to the wheat farmers.

Mr. MacKenzie: I have obtained from the Department of Finance details of the subsidies paid during the period 1939 to 1950. For cheese and cheese factories, $15,943,000. Subsidies to apple growers have been discussed. The assistance on freight for western feed is something that has been given a lot of publicity. From 1941 to January 1, 1951, a total of $159,336,000 was paid out. Premiums on hogs, $50,957,000, but that would apply to all Canada.

I felt that these figures should be placed on the record so that we may know what subsidies have been paid to grain growers in western Canada and how they apply in regard to the $65 million that is being asked for now.

Mr. Fulton: Mr. Chairman, I am opposed to this item of $65 million on the present basis that has been laid before us and I intend to vote against it. I should like to put on the record some of the reasons why I am opposed to it and to ask other hon. members if in the light of the information that has been given and of their own statements they too will not agree that this item should not be allowed to pass.

First, I want to say that I agree entirely with what was said by the hon. member for Annapolis-Kings with regard to the payment to apple growers being on an entirely different basis from what is being asked here today. I am referring now particularly to the apple growers of British Columbia. They lost their United Kingdom market owing to the shortage of dollars. However, in this case the Minister of Trade and Commerce has assured us that under the United Kingdom-Canada wheat agreement the wheat growers of Canada secured a larger share of the British market than they had ever had before.

We have asked for justification of this item; we have asked to be told the basis on which the $65 million has been arrived at; but we have not yet been given that information. We have had a large number of completely conflicting statements, not only from ministers of the government who are particularly concerned but from private members on both sides of the house. These statements have been so conflicting as to make it clear that no member, even with the best will in the world and the greatest desire to understand the basis upon which this payment is being asked, could possibly justify support for the payment of $65 million.

At a rough count we have had no fewer than twenty-one different conflicting statements, and I am including the statement made by the hon. member for Peace River just a few minutes ago. The hon. member for Souris, an experienced wheat farmer, estimates the loss at close to $500 million. The Minister of Agriculture stated yesterday he had recommended the holding back on the British loan of $100 million to cover the losses for the first two years of the contract. Yesterday the minister gave five different figures which might be regarded as the total of the losses under the contract. He started with the $100 million, to which I have referred. He then referred to a possible loss of $350 million on one basis of calculation. Another figure was $166 million on another basis, and $118 million on still another basis. Finally we had a figure of $92 million on his fifth proposed basis.

The hon. member for Melfort suggested that the loss was $431 million. The hon. member for Battle River suggested it was

$568 million. The hon. member for Dufferin-Simcoe suggested that by various computations it might run even as high as $1,000 million. The hon. member for Calgary East suggested that it was $338 million in the first two years. The hon. member for Acadia suggested that it was $375 million in the first two years. On an earlier occasion the Minister of Agriculture suggested $166 million.

The hon. member for Assiniboia said it was $555 million. The hon. member for Bow River said it was $568 million. The Minister of Trade and Commerce with most welcome candour said that he did not know just from what point of view the losses could be reckoned. On another occasion the Minister of Agriculture said that he was not sure, and his five different totals would indicate that that is so. He said yesterday, as recorded at page 1475 of *Hansard*:

> It may surprise my hon. friends when they go home at Easter to find out that what I stated here very early in the debate is true, namely, that I have not yet met a single farmer who was asking for 25 cents a bushel—

He went on to say:

> —and that I was much nearer right than some of the others are.

The minister does not on this occasion suggest that he is actually right. Then the hon. member for Comox-Alberni suggests that the loss is $1. The hon. member for Leeds shares the same view. He suggests we give $1. The hon. member for Temiscouata suggests that the loss is $1, and said he would be prepared to support an amendment to that effect.

An hon. Member: Where is he?

Mr. Fulton: The hon. member for Meadow Lake, on the Liberal side of the house, said that at $65 million the farmers would probably be glad but he asked that it be based on 10 cents a bushel which would be $78 million. The hon. member for Macleod said that if the farmers were paid $265 million no one would know the difference. Then the hon. member for Peace River referred this afternoon to the payment of $65 million as a measly, paltry payment of $65 million, only a payment on account.

Finally, to cap the statements, we have the Prime Minister who said that from the start it had been clearly understood that there could not be any mathematical calculation of the consequences of the "have regard to" clause, and $65 million was only a rough approximation of the measure of loss or of expectations, as he put it, of the growers. In addition to the twenty or more conflicting figures which have been given, we have had four different general statements from the ministry as to the basis upon which this money is being requested. Not even the cabinet is agreed on the basis on which this payment should be made. Yet they ask us to approve a huge item of $65 million at a time like this when they themselves can get no closer to agreement on the very basis on which they are asking it.

We start with the Minister of Agriculture who said at first that it was to compensate the farmers because the British had not lived up to their obligations under the agreement. We go from there to the Minister of Trade and Commerce who said that he did not know on what basis the losses could be reckoned, and that in fact the farmers had never been more prosperous than they had under the contract, which had worked to their great advantage. We go from there to the Prime Minister who says that the basis of payment agreed upon by the government is the expectations of certain producer groups. Then we come back to the fourth basis put forward by the Minister of Agriculture yesterday which conflicts even with his earlier statement that it was because of the default of the British.

Yesterday the Minister of Agriculture said that he could produce figures to show that the payment should be made because of the difference between what the farmers had received and what they would have received if they had obtained world prices for their produce. Of course, Mr. Chairman, it is not surprising that the Minister of Agriculture should make one statement of policy on one occasion and another statement of policy on another occasion. He does not hesitate to differ from his colleagues in the cabinet. Now he has carried it one further logical stage. He does not hesitate to differ from the statement which he made just a week ago in explanation of this request.

I say we need not be surprised at finding this lack of consistent principle, this lack of cabinet solidarity, because the Minister of Agriculture yesterday set forth as his policy that he felt there was no need for consistent statements to be made on different subjects by different ministers, not even the necessity for consistent statements with regard to government policy. At page 1448 of *Hansard* the Minister of Agriculture stated that that situation should give rise to no wonder, particularly in dealing with the present government, because he said:

> One of the reasons why we are satisfied to be where we are—

He was referring to himself and the Minister of Trade and Commerce.

> —is that we both know that we can afford to make statements knowing that we might be incorrect...

I wonder if the Minister of Trade and Commerce agrees that he can afford to make statements knowing that he might be incorrect. Nevertheless the Minister of Agriculture, apparently having set that forth as a principle, resents the fact that sometimes it is suggested that his statements are incorrect. I do not know why he should resent that. After all, he says: We know we can afford to make statements even if we know we are incorrect "because we have a leader who does not make many mistakes."

I point out therefore that it is no wonder that we have these conflicting statements before the house as to what is the actual basis of payment. It is no wonder that the Minister of Agriculture and the Minister of Trade and Commerce have constantly contradicted each other from the start of this debate. It is no wonder that the Prime Minister had to attempt to reconcile their statements, and the only reconciliation he could effect was to say: Neither of them is correct and the reason we are making the payment is because of the expectations of certain producer groups.

Therefore we have the position that the House of Commons is being asked to vote $65 million without any logical, consistent or coherent explanation of why the taxpayers should be asked to provide that sum of money. We are in a position where we have no basis for this item except the expectations referred to by the Prime Minister. There is a most peculiar thing about these expectations. The Prime Minister indicated that a very large factor contributing to the arousing of these expectations was the statement made by the British food minister. So we are being asked to subscribe to the government policy of payment of $65 million because of a statement of a British minister. I might ask the Prime Minister, I might ask the government, I might ask the Minister of Finance: Since when has the financial or fiscal policy of this government depended upon statements made by British ministers? Since when has the Liberal party reverted to the policy of government from Downing street? The ministers apparently are not prepared to answer, I take it.

Some hon. Members: Oh, oh.

Mr. Fulton: I take it that no definite date can be set for the commencement of this policy and that it has been going on for some time. Certainly it is the only basis upon which we can raise this payment of $65 million if we are to take the statement the Prime Minister made in the course of the debate that the expectations were aroused by the statement of the British food minister, and it is on the basis of the expectations of the producer groups that this money is to be paid. I should like to hear the Minister of Finance tell us some time how he justifies asking the taxpayers to put up this money when the minister, as other members have pointed out, has with probably considerable difficulty achieved a reduction in the estimates this year for normal expenditure of some $35 million according to the difference between this year's estimates and last. He sees a reduction of $35 million on ordinary account, and I wonder how he justifies the payment of $65 million on the basis of expectations aroused by the statement of a minister of another government.

In the last statement by a minister as to the basis for this payment the Minister of Agriculture came back to the difference he alleges between what the farmers received and what they would have received at world prices. If that is the basis, whose fault is it that the farmers lost money under the contract? Surely the fault lies with the government whose marketing policy this was. If there be a loss, the basis of which we have not yet been told, that loss is the fault of the government which insisted upon this marketing policy that was attacked in the house by the leader of this party in 1946. The Minister of Agriculture was responsible; yesterday he claimed credit for the marketing policy that has produced this result. If that is the case I can see no other reason for the payment of this money to make up a loss incurred by the farmers under that policy than to retrieve the reputation of the minister, whose lack of qualifications as a dealer in grain has been exposed by the way this contract has worked out.

In 1946 our leader was opposed to this contract. I am therefore opposed to the voting of this money, when we can draw no other conclusion than that the purpose is to redeem the reputation of the Minister of Agriculture.

Mr. Gibson: I was rather surprised to hear the hon. member for Peace River speak as he did today, with some little heat. That is most unusual for him, because ordinarily he is very good-natured in his remarks. I ask him to accept my word that I did not move my amendment merely because of its political significance, nor because of the fact that there are no farmers in my riding. That statement is hardly accurate. I wish he would come out and see me sometime; I would show him some beautiful dairy country in my constituency. Political kudos means very little to me. I certainly have no aspiration to lead a political party in Canada, but I

rather gather that very large sections of the Canadian people feel the same way about this payment as I do.

I was amazed at the rapid change of heart of the Conservative party. When I moved a comparable motion on the second reading of a bill, having practically the same effect, not a single member of the opposition supported me. I am glad this amendment to reduce the amount of the vote to $1 has had some effect on their thinking, and so it has served a useful purpose. I rather gathered from the speech of the leader of the opposition that he had no intention of supporting my motion.

Mr. Drew: You are bright if you gathered that. I was definite enough.

Mr. Gibson: It is very seldom the hon. member speaks so clearly that I can understand the point he is trying to make. On this occasion I was able to follow him, which I think speaks well for the speech he made. I feel now that my purpose would be very well served if I support the hon. gentleman. I am going to be a little more generous than he has been; perhaps I do not need the political kudos of having a motion of mine voted upon as much as he does. That being so, if I have unanimous consent I shall be glad to withdraw my motion, and when the appropriate time comes I intend to support the motion of the leader of the opposition.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Deputy Chairman: The amendment is withdrawn. Shall item 576 carry?

Some hon. Members: Carried.

Some hon. Members: No.

Item agreed to: yeas, 83; nays, 21.

Production service—
Health of animals—

573. Compensation for animals slaughtered, including compensation for eggs destroyed from infected premises in accordance with regulations of the governor in council—further amount required, $450,000.

Mr. Blackmore: Before this item carries I think a word or two should be said in reply to the remarks of the hon. member for Lambton-Kent a few moments ago. I refrained from saying anything at the time because of my desire to get the item through. In all the unhappiness felt by a number of members from British Columbia and the east over the amount of assistance given the farmers of the west, they should bear in mind that most of those farmers are located in what is called the Palliser triangle. Many years ago the Palliser triangle was completely condemned as a possible agricultural area. Now, because of the courage of men who have gone in and settled there, we have taken out of that area an untold amount of wealth, and there are still tremendous possibilities for the creation of wealth there, if we give a ghost of a chance to the people who are struggling to create it. If hon. members will think it over I am sure they will realize that from a national standpoint the money we have put into the Palliser triangle to date has amounted to a pretty sound investment.

It has been suggested that as an example I say a word or two about the tremendous sum of money represented by one acre of sugar beets in my constituency, as a result of irrigation. I have not the figures before me, and I have no desire to detain the committee, but I do hope that members of parliament across Canada will come to realize that this country has to move forward as a whole, and we simply must not encourage such sectional talk as we have been hearing.

I want to say just a word or two to the British Columbia members. The finest market British Columbia has is down there in the Palliser triangle; yet they want to take away from those people the money with which they would buy British Columbia goods.

Mr. Gibson: On a question of privilege, I think the hon. member should be fair enough to recall that I said I would willingly vote twice as much money if it was properly invested in the prairies.

Mr. Blackmore: I am glad the member for Comox-Alberni spoke up. I have just listened to the member for Kamloops. For a man, the products of whose constituency depend so much on Alberta and Saskatchewan for their markets, to say anything against this $65 million payment that will mean a larger market for the products of his constituency, is something which quite surpasses my comprehension.

Mr. Fulton: I am sure it would.

Mr. Blackmore: I hope British Columbia members can come to realize that the money put into the Palliser triangle is not wasted. Much of that money will go to buy British Columbia lumber, British Columbia fruit, British Columbia mineral products, and fertilizer and British Columbia poultry products. I am not going just now to say anything more about this matter.

Mr. Abbott: I wonder if I might make my annual appeal on these final supplementary

estimates? The committee know that, as a rule, they include no items on which policy has not already been approved in the main estimates, but in which there has been an underestimate of the amount required. There were some exceptions in these supplementaries, such as the wheat payment, the debate upon which has just been concluded, the amount for the superannuation fund, T.C.A. travel, and so on. I believe, however, we have completed consideration of all the items on which any new policy was involved. I would hope that such further discussion as may be found necessary—as a rule we do not have much on these final supplementaries—could be kept strictly relevant to the details of the items.

The Deputy Chairman: The item before the committee is No. 573.

Mr. White (Middlesex East): Mr. Chairman, I understand some flocks of poultry in my county have been destroyed. The owners of some of those flocks have been compensated, but others have not. When I have endeavoured to obtain some information about it I have found that Dr. Boisvert of London is away on statutory leave. Could the minister say whether there is more than one type of poultry disease for which the birds are slaughtered? If so, what are they, and will this vote take care of the farmers who have not been compensated in my county during the past year?

Mr. Gardiner: I shall just give an official statement on the vote. It is necessary to provide additional funds for this object, that is compensation for animals slaughtered, of expenditures chiefly on account of the large sum required to pay compensation in connection with the control of Newcastle disease. In the main vote, No. 18, there was only a minor provision of $10,000 for this purpose. A supplementary vote of $550,000 was obtained and it was expected to be sufficient. The over-all compensation claims as of March 1, 1951, total approximately $825,000. An unusually large carry-over of compensation claims from the fiscal year 1949-50 in connection with the control of bovine tuberculosis has been responsible also to a considerable extent for the depletion of this appropriation. The large carry-over could not be avoided as the cleansing and disinfecting of infected premises was retarded greatly by the bad weather near the end of the fiscal year. Compensation cannot be paid until the cleansing and disinfecting is satisfactorily completed.

As of March 1, 1951, there are compensation claims totalling approximately $375,000 that have been released, and the payment of which is held up pending appropriation of additional funds. It is estimated that another $75,000 of compensation claims will be released for payment before the end of the present fiscal year.

Mr. Charlton: According to an item in the Ottawa *Journal* tonight the Hull lab men have licked the dread poultry scourge. Could the minister give us anything definite on that? They are producing a vaccine now for this Newcastle disease?

Mr. Gardiner: They are producing a vaccine now, and this sum is to provide for all the means whereby the battle is being waged against Newcastle disease.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

601. To provide for the defence forces of the navy, army and air services and to authorize total additional commitments, including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, for the current year for this purpose of $47,810,000 against which commitments it is estimated that the total additional expenditure in 1950-51 will not exceed a further amount of $19,410,000.

Mr. Abbott: In essence, this is a sort of transfer item. It relates, as will be seen from the details, to the acquisition of buildings, structures and so on. In essence, it is almost entirely defence housing which was built and financed by Central Mortgage and Housing Corporation. In considering the position it was felt by both the Department of National Defence and the treasury that this was more properly an item for the defence department. This is defence housing in the more remote areas, not in the settled areas. Consequently this vote is to enable the defence department to be charged with the cost of these houses with the proper credit to the Central Mortgage and Housing account. It is not a cash item. The houses have been built, of course, but it is to effect that transfer.

I am not in a position to say much about the defence research item. I do not recall offhand all the details, but it is an additional amount required, partly for construction, which is in accordance with the agreed policy. But the $19 million item is a transfer item of defence housing cost from Central Mortgage and Housing to the Department of National Defence.

Mr. Drew: As I understand it, it involves no new policy in regard to the construction of houses?

Mr. Abbott: None.

Mr. Drew: It simply represents the decision that it is more proper for this to be charged to national defence than Central Mortgage and Housing.

Mr. Abbott: That is right, rather than being considered an asset in connection with Central Mortgage and Housing in connection with ordinary rental. These houses will not be sold, but they are rented to these members of the armed forces.

Mr. Nowlan: Will there be a similar item in the general estimates under which a discussion can be held?

Mr. Abbott: Yes, there is a similar item.

Item agreed to.

POST OFFICE DEPARTMENT

607. Railway mail service, further amount required, $5,000,000.

Mr. Abbott: This large item perhaps needs a word of explanation. It represents an additional due because of the increased rates payable to the railways for the railway mail service. Following long negotiations with the railways a new scale of rates for the carriage of mail was introduced, and this reflects the added cost.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

612. Prince Rupert drydock—to provide for operating losses and essential repairs in the fiscal year 1950-51, in accordance with the terms of order in council P. C. 29/4700 of September 30, 1950, $157,000.

Mr. Applewhaite: I should like to speak on item 612, under the heading Department of Public Works. I note that the Minister of Trade and Commerce is in his seat. In this connection may I just take one minute of the time of this committee to point out to the government that this is a drydock and shipbuilding plant owned by this country. Its record during the past war included the construction of thirteen 10,000-ton ships; four minesweepers; two 1,500-ton China coasters, and a tremendous amount of repair work on ships up to 22,000 tons. In defence construction ensuing, which will be put into effect by the government during the coming months, I would urge that they take into consideration making use of their own plant and equipment. If it were only a matter of community pride then I would not feel justified in bringing this request forward; but any additional expenses which would be involved in using this dock, as against using one which is perhaps closer to the desired point, would be only an additional cost to some other department of government, or to some other agency such as the Canadian National Railways.

[Mr. Abbott.]

Therefore I submit that the advantage of having a plant of that nature in operation, and capable of immediate use at any time in the location, well justifies consideration of the plea I now make.

Item agreed to.

General—

614. National Gallery of Canada, further amount required, $55,000.

Mr. Browne (St. John's West): Would the minister say what works of art were secured. Have they been acquired already?

Mr. Fournier (Hull): Yes. Three of the pictures are of the Vollard collection. They are Portrait de Paysan, by Cezanne; Forêt, by Cezanne; and Chevaux de Courses, by Degas.

Mr. Ferguson: Where are those great works of art?

Mr. Abbott: I might explain that these are paid for out of the blocked funds which were discussed in the house. They are most valuable and splendid works of art, and a great acquisition to our gallery.

Mr. Ferguson: Serious consideration should be given to these matters before such expenditures are made. Again it is the old taxpayer who is suffering.

Item agreed to.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

Engineering and water resources branch—

615. Notwithstanding the Trans-Canada Highway Act, to authorize and provide for a payment to the provinces of Prince Edward Island, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Newfoundland, which have entered into an agreement with Canada for construction of a part of the trans-Canada highway, in respect of construction of the highway carried out between December 10, 1949 and the day on which these provinces respectively signed the agreement with Canada, in accordance with the regulations of the governor in council; the amount paid to each province, however, not to exceed fifty per centum of the cost to the province of the said construction as determined by the governor in council; the maximum amount authorized to be expended by section 7 of the Trans-Canada Highway Act to be decreased to the extent of any amount paid pursuant to this vote—further amount required, $1,100,000.

Mr. Nowlan: I would ask the minister to make a brief statement on this item. I notice that Nova Scotia is not included among those provinces entering into the agreement. The minister, I believe, made a statement a while ago which signified that he was waiting for further instructions and further consultation with the Nova Scotia government. I believe the government of that province has been in touch with him with respect to the matter. Perhaps he would take a

minute or two to explain the situation in Nova Scotia as applied to this transaction.

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Chairman, Nova Scotia has not indicated to us that they intend to sign the trans-Canada highway agreement. I know that at the present time they are surveying a route which they have designated and made public. I presume that depending upon whether that route will qualify for the co-operative approach under the agreement, the government of Nova Scotia will consider further whether or not it should enter into the agreement, the same as the other eight provinces have done.

Mr. Nowlan: Then, the Nova Scotia government is not waiting for word from this government. If anything, the situation is reversed. The statement has been made that they were waiting.

Mr. Winters: The Nova Scotia government is not waiting for anything from this department.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

619. Commodities branch, including assistance in the development of markets and the procurement of supplies, and contributions as detailed in the estimates—further amount required, $75,250.

Mr. Macdonnell (Greenwood): Is the development of markets general, or are there special efforts in any one direction?

Right Hon. C. D. Howe (Minister of Trade and Commerce): It is a general program of trade development. Occasionally special situations arise which call for unexpected expenditures. But generally speaking, the vote covers the deficit in the appropriation for the trade commissioner service.

Item agreed to.

622. To reimburse the Canadian wheat board for final balance of the deficit incurred from the operation of the 1948 crop flax account for the period August 1, 1948 to July 31, 1950, authority P.C. 3376, dated July 28, 1948, $2,536,775.

Mr. Charlton: Does this include flax grown in eastern Canada?

Mr. Howe: No.

Mr. Charlton: Not at all?

Mr. Howe: No, it arises out of a price support policy applying to the flax crop of 1948. At that time the government placed a floor of $4 under flax grown in the designated area which, as my hon. friend knows, is western Canada. Under that floor price policy the government had to buy about 10 million bushels of flax, which we have been liquidating over a period. It is all liquidated now. There was a total loss of about $6 million, of which this is the last instalment.

Mr. Charlton: There is a considerable amount of flax grown in eastern Canada. How does the price compare?

Mr. Howe: They seem to sell theirs without help from us.

Mr. Charlton: Perhaps they do not kick up so much fuss.

Item agreed to.

Special—

624. To provide for costs to be incurred in the planning and construction of emergency works to safeguard against the dangers of floods in the Red River valley and the Winnipeg area generally, under an agreement or agreements with the province of Manitoba which shall provide that Canada shall meet 75 per cent of the costs of such works, excluding the costs of land, and that Manitoba, or its municipalities or residents, shall meet the remaining cost, including the cost of land—further amount required, $1,353,000.

Mr. Knowles: Has there been any discussion between the federal government and the government of Manitoba with respect to the position of homes in Winnipeg behind the dikes? I refer to homes between the dikes that have been or are being built, and the river.

Mr. Howe: Those are not matters for the federal government. The agreement between the federal government and the province provides that the federal government will build dikes on land provided by the province —which we have done. The federal government does not have anything to do with houses or property outside the dikes.

Mr. Knowles: I asked the question because I had understood, subject to correction, that Premier Campbell indicated to the Manitoba legislature last fall that consideration would be given to discussing this matter with the municipal governments concerned and also with the federal government. I take it there has been no request by Manitoba for any such discussion.

Mr. Howe: I would not say that I positively remember that; but in any event considerations of that sort are excluded from the responsibilities of the Winnipeg diking board, to which this government is a contributor.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

Payments to or for veterans and dependents—

641. To authorize payment to David Bruce Steele, under the Pension Act, of such benefits as would be awarded under the said act if the disabling condition had been incurred by him during service in world war II, $1,050.

Mr. Cardiff: What is the nature of the claim under this item?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Chairman, these two items are to authorize compensation for what might be called medical accidents which occurred in hospitals of the department, in the course of treatment of the veterans whose names appear in this and the following item. Although it was not established that the injuries suffered by these two veterans while being treated were the result of negligence of the department, nevertheless the director general of the treatment services considered there was reasonable doubt, and recommended that these men be awarded the same amount of compensation as would have been awarded to them for similar disability suffered in the service. This was done last year, and payment was made last year by order in council. However, it was observed that a long established practice of paying lifelong pensions should be done under a statute or by special appropriation under the act, and that is what we are doing this year.

Mr. Cardiff: I was not objecting to it at all. I was trying to get consideration for a case that I had brought to the minister's attention some time ago. I have always claimed that no law can operate without some flexibility given to those who are operating it. That is why I wanted to know what this particular item was for.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—Education—

579. Grants to residential schools—further amount required, $60,668.

Mr. Knight: I am interested in votes for education. The other day I was pleased to note a vote for education for the town of Rimouski, and I am glad to support a grant for education in any place in the dominion. I see some money here being given to the Indian schools. When I was speaking on the Indian bill the other day I paid some tribute to the work of those institutions, and I am glad to repeat it. I do want to repeat also that I think that it is best where possible, and particularly for Indian children, that they should, where such schools are available, attend schools in their own districts, whether these schools are run on a denominational or on a public school basis.

My reason of course is simply this, as I said before, that contact can be constantly maintained as between the child and its parents, and that the educational process which goes on in the school can be conveyed daily to the home.

[Mr. Howe.]

I know the very fine work that these residential schools are doing. I had an opportunity not very long ago to look over one of the residential schools in the constituency of the hon. member for Rosthern. It was the school at Duck Lake. The gentleman who was in charge then—and he was the principal—said to me—it may be the same man today—that where there was inefficiency in many schools of that type, that inefficiency was due to the lack of money available. He asked me at that time—and I know he has asked other hon. members of parliament—to make a plea so that these residential schools could have the money with which they may proceed to do even better work than they are doing now.

Item agreed to.

Resolutions reported, read the second time and concurred in.

Mr. St. Laurent: Before you leave the chair, Mr. Speaker, may I have the unanimous consent of the house to suggest that as soon as we dispose of this you leave the chair until eight o'clock so that we may be available at eight o'clock to attend in the other place for royal assent to such legislation as will have been passed by that time.

Mr. Coldwell: Mr. Speaker, last night I made protest about the long speech that was made, but I am very happy that the agricultural estimates are through, and I shall be very glad to be here at eight o'clock.

Mr. St. Laurent: Unless we put the bill through we would have to wait on the pleasure of the hon. gentlemen.

Mr. Abbott: I take it that Mr. Speaker will not be required to look at the clock for perhaps five minutes or so.

WAYS AND MEANS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1951, the following sum be granted out of the consolidated revenue fund of Canada, namely, the sum of $201,556,559, being the amount of each of the items as set forth in the further supplementary estimates for the fiscal year ending March 31, 1951.

Motion agreed to.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 173, for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1951.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Beaudoin in the chair.

Sections 1 to 3 inclusive agreed to.

Preamble agreed to.

Schedules agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Abbott: Now.

Mr. Knowles: By leave.

Mr. Abbott moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

Mr. Speaker: Is it the pleasure of the house that I should now leave the chair until eight o'clock?

Some hon. Members: Agreed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SITTING SUSPENDED

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, it is possible that the debate in the other place may take a few moments yet. If the house approves I would suggest that Your Honour might leave the chair and resume at the appropriate time with the usual notice to the members.

Mr. Speaker: Does that meet with the unanimous approval of the house?

Some hon. Members: Agreed.

At 8.15 p.m. the sitting of the house was suspended during pleasure.

SITTING RESUMED

The house resumed at 9.05 p.m.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

The Royal Assent

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in His Majesty's name, the royal assent to the following bills:

An act for the relief of John Andrew Hague.
An act for the relief of Jane Louise Wells Kennedy.
An act for the relief of Frances Danforth Stephens Ross de Lall.
An act for the relief of Daphne May Hodgson Frosst.
An act for the relief of Celia Frances Cantlie Molson.
An act for the relief of Rowland Walter Tyner.
An act for the relief of Maeve Mary Margaret McPherson Mackenzie.
An act for the relief of Judith Francis Cohen Besner.
An act for the relief of Edith Mary Bentley Towler.
An act for the relief of Patricia Galley Mulvey.
An act for the relief of Ethel Kershaw Warren.
An act for the relief of Petrus (Peter) Surkala.
An act for the relief of Doris Demree McMullen.
An act for the relief of Isabella Potts Younger Ayton.
An act for the relief of Margaret Alice McDermid Jones.
An act for the relief of Jacqueline Moquin Verner.
An act for the relief of Ruth Chernofsky Shaffer.
An act for the relief of Florence Lachovitz Michael.
An act for the relief of Eugenia Jean Diakonuk Cuthbertson.
An act for the relief of Ruth Moffatt Bell Lansing.
An act for the relief of Kurt Roberts, otherwise known as Kurt Rosenbaum.
An act for the relief of Margaret Stevenson Erskine Withenshaw.
An act for the relief of Cecile Duguay Quenneville.
An act for the relief of Margarette Marie Hyduk Towstuk.
An act for the relief of Joseph Maurice Fernando Lemieux.
An act for the relief of Donald Benedict Cullen.
An act for the relief of Valeda Ardell Derick Thorley.
An act for the relief of Martin Raymond Quinn.
An act for the relief of Kathleen Beatrice Denman Blackadar.
An act for the relief of Dora Greenwell MacKinnon.
An act for the relief of Albert Edward Desjardins.
An act for the relief of Raymond Boyer.
An act for the relief of Aline Alina Buka Allaire.
An act for the relief of Margaret Beatrice Tynan Dossin.
An act for the relief of Kathryn Louise Morrison Ralston.
An act for the relief of Gerald Tudor Parrott.
An act for the relief of Marie Leontine Juliette Henriette Giguere Fiset.
An act for the relief of Esther Marie Henning Ober.
An act for the relief of Elmsley Alexander Leftly.
An act for the relief of Ruth Landan Goodman.
An act for the relief of Yvonne Michaud Telford.
An act for the relief of Edward Albert Flewitt.
An act for the relief of Mary Margaret Lillian Phillips Campeau.
An act for the relief of Mary Zientek Latkowski.
An act for the relief of Olga Kushner Dolny.

The Royal Assent

An act for the relief of Joseph Taite Connor.

An act for the relief of Doris Dominiqua Sernuck Wardell.

An act for the relief of Ann Galganov Schwartz.

An act for the relief of Doris Mayoff Weinstein.

An act for the relief of Jean Maurice Martel.

An act for the relief of Ann Astroff.

An act for the relief of Margaret Elizabeth Audrey Midgley Bennett.

An act for the relief of Kathleen Agnes Margaret Saddleton Pout Boon.

An act for the relief of Bill Oleschuk.

An act for the relief of Eileen Haswell Houghton.

An act for the relief of Saul Samuel Goldsmith.

An act for the relief of Bridget Dorothea Felicity Gutmann Lowenbach Brooks.

An act for the relief of Violet Edith Hack Findlay.

An act for the relief of Cerna Segall Bercovitch.

An act for the relief of Paulette Charbonneau Lanthier.

An act for the relief of Ernest Churchill.

An act for the relief of Jean Zelda Schacter Shmukler.

An act for the relief of Beatrice Sullivan Lees.

An act for the relief of Kathleen Louise Jones Robinson.

An act for the relief of Myrtle Dorcas Perry Rogers.

An act for the relief of Nell Gohenberg Lipson.

An act for the relief of Roslyn Beverly Gold Browman.

An act for the relief of Rolande Dumas Fritsch.

An act for the relief of Edith Frances Storrier Ritchie.

An act for the relief of Dorothy Isabel Pitcher Flipping.

An act for the relief of Sylvia Miller Ginsberg.

An act for the relief of Fernand Senecal.

An act for the relief of Vincent Tutino.

An act for the relief of Paulette Joly Foley.

An act for the relief of Jean Eurwen Jones Shaw.

An act for the relief of Edna Donnelly Boyle.

An act for the relief of Norma Phoebe Mary Buchanan Baker.

An act for the relief of Grace Gloria Ramsey Racine.

An act for the relief of Emily Ivy Rose Cook.

An act for the relief of Homer Leavitt Ayer.

An act for the relief of Elma Lillian Le Drew Wells.

An act for the relief of Bertha Ellen Bradley Grant.

An act for the relief of Brenda Mary Powell-Tuck Buhr.

An act to incorporate Traders General Insurance Company.

An act respecting The Dominion Association of Chartered Accountants.

An act to amend The Farm Improvement Loans Act, 1944.

An act to confer certain Emergency Powers upon the Governor in Council.

An act to incorporate The Evangelical Lutheran Church of Canada.

An act to incorporate Trans-Canada Pipe Lines Limited.

An act respecting the Department of Defence Production.

An act to amend The United Church of Canada Act.

An act to amend The Canadian Wheat Board Act, 1935.

An act to amend The Foreign Exchange Control Act.

An act to incorporate Trans Mountain Oil Pipe Line Company.

[Mr. Speaker.]

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1952.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

BUSINESS OF THE HOUSE

Mr. Harris (Grey-Bruce) moved the adjournment of the house.

He said: On Monday, April 2, we will resume the debate on the motion for second reading of Bill No. 79, respecting Indians. We will then take up second reading of Bill No. 148, respecting the construction and maintenance of a bridge over the St. Lawrence river; then the two resolutions standing in the name of the Minister of Resources and Development having to do with the Yukon territorial council and the northwest territorial government; then second reading of Bill No. 130, to amend the Export and Import Permits Act; then second reading of Bill No. 80, to amend the Migratory Birds Convention Act.

Mr. Knowles: In that order?

Mr. Harris (Grey-Bruce): Yes.

Motion agreed to and the house adjourned at 9.25 p.m. until 3 p.m. Monday, April 2.

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Science service—

572. Animal and poultry pathology—further amount required, $15,000.

Production service—

Health of animals—

573. Compensation for animals slaughtered, including compensation for eggs destroyed from infected premises in accordance with the regulations of the governor in council—further amount required, $450,000.

574. Grants to agricultural organizations, as detailed in the estimates—further amount required, $15,000.

Marketing service—

575. Subsidies for cold storage warehouses under the Cold Storage Act, and grants in the amounts detailed in the estimates—further amount required, $313,309.

Special—

576. To authorize and provide for a payment to the Canadian wheat board which shall be dealt with by the board in all respects as though it was money received from the sale of wheat produced in the designated area, sold and delivered to the board by producers during the pool period commencing on the first day of August, 1945, and ending on the thirty-first day of July, 1950, and to authorize the board, notwithstanding the provisions of subsections 2 and 3 of section 22 of the Canadian Wheat Board Act, to distribute such amount together with

all other moneys received by the board from the sale of such wheat, after making the deductions provided for in the said section 22, among holders of certificates issued by the board pursuant to part III of the said act during the pool period aforesaid, by paying to the person named in such certificate the same sum for each bushel of wheat referred to therein, $65,000,000.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian Affairs branch—Education—

579. Grants to residential schools—further amount required, $60,668.

DEPARTMENT OF FISHERIES

589. To provide for acquisition of lands required by the international Pacific salmon fisheries commission, as required by article VIII of treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $1,277.

590. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947—further amount required, $50,000.

LEGISLATION

The Senate—

598. General administration—further amount required, $4,000.

House of Commons—

599. To provide for the full sessional indemnity to members of the House of Commons—days lost through absence caused by illness, official public business, or order of the house, or on account of death during the first session of 1950—notwithstanding anything to the contrary in chapter 147 of the revised statutes, 1927, an act respecting the Senate and House of Commons, or any amendment thereto. Payments to be made as the treasury board may direct—further amount required, $3,300.

600. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the House of Commons who attended the first part of the first session of 1950, which commenced on February 16, 1950, and ended on April 5, 1950, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on April 5, 1950, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the session—further amount required, $1,200.

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

601. To provide for the defence forces of the navy, army and air services and to authorize total additional commitments, including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, for the current year for this purpose of $47,810,000 against which commitments it is estimated that the total additional expenditure in 1950-1951 will not exceed a further amount of $19,410,000.

602. Defence research and development, subject to allocation by the treasury board—further amount required, $990,000.

Pensions and other benefits—

Militia Pension Act—

603. Government's contribution to the permanent forces pension fund—further amount required, $1,175,166.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

606. General administration—further amount required, $5,000.

POST OFFICE DEPARTMENT

607. Railway mail service—further amount required, $5,000,000.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

609. Distribution of official documents—further amount required, $1,300.

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

Construction, repairs and improvements of public buildings—

Construction, acquisition, repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

610. Quebec ($81,000 less the amount of $80,999 available from savings in other listed projects detailed in previous estimates for 1950-51 for this province), $1.

611. Ontario ($755,000 less the amount of $754,999 available from savings in other listed projects detailed in previous estimates for 1950-51 for this province), $1.

Engineering branch—

Maintenance and operation of graving docks, locks and dams, etc.

612. Prince Rupert dry dock—to provide for operating losses and essential repairs in the fiscal year 1950-51, in accordance with the terms of order in council P.C. 29/4700 of September 30, 1950, $157,000.

Construction, repairs and improvements—harbours and rivers—

Construction, acquisition, repairs and improvements of, and plans and sites for, harbour and rivers works, listed in the details of the estimates provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amount required—

613. Quebec ($393,000 less the amount of $392,999 available from savings in other listed projects detailed in previous estimates for 1950-51 for this province), $1.

General—

614. National Gallery of Canada—further amount required, $55,000.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

Engineering and water resources branch—

615. Notwithstanding the Trans-Canada Highway Act, to authorize and provide for a payment to the provinces of Prince Edward Island, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Newfoundland, which have entered into an agreement with Canada for construction of

a part of the trans-Canada highway, in respect of construction of the highway carried out between December 10, 1949, and the day on which these provinces respectively signed the agreement with Canada, in accordance with the regulations of the governor in council; the amount paid to each province, however, not to exceed fifty per centum of the cost to the province of the said construction as determined by the governor in council; the maximum amount authorized to be expended by section 7 of the Trans-Canada Highway Act to be decreased to the extent of any amount paid pursuant to this vote—further amount required, $1,100,000.

616. To provide for studies and surveys of the Red river basin in Canada, $145,000.

Northern administration and lands branch—

Yukon division—

617. Operation and maintenance of services, including forest conservation—further amount required, $100,000.

DEPARTMENT OF SECRETARY OF STATE

Patent and copyright office—

618. Patent division—further amount required, $169,356.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

619. Commodities branch, including assistance in the development of markets and the procurement of supplies, and contributions as detailed in the estimates—further amount required, $75,250.

Canada Grain Act—

620. Operation and maintenance, including inspection, weighing, registration, etc.—further amount required, $15,000.

Special—

621. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence under chapter 51, statutes of 1947—further amount required, $506,000.

622. To reimburse the Canadian wheat board for final balance of the deficit incurred from the operation of the 1948 crop flax account for the period August 1, 1948 to July 31, 1950, authority P.C. 3376 dated July 28, 1948, $2,536,775.

623. To approve transfer by the Canadian wheat board of residual amounts totalling $720,590.96, shown in the 1940, 1941, 1942, 1943 and 1944 crop accounts of the board, in respect of interest that accrued pending presentation of cheques issued in distribution of the amounts in those accounts, to the crop accounts of the board for the pool period commencing August 1, 1945, and ending July 31, 1950, such amount to be deemed to be moneys received by the board from the sale of wheat produced in the designated area and sold and delivered to the board by producers during that pool period, $1.

624. To provide for costs to be incurred in the planning and construction of emergency works to safeguard against the dangers of floods in the Red river valley and the Winnipeg area generally, under an agreement or agreements with the province of Manitoba which shall provide that Canada shall meet 75 per cent of the cost of such works, excluding the costs of land, and that Manitoba, or its municipalities or residents, shall meet the remaining cost, including the cost of land—further amount required, $1,353,000.

625. To reimburse Defence Construction Limited for expenses incurred in procuring the construction of defence projects on behalf of the Department of National Defence, $500,000.

DEPARTMENT OF TRANSPORT

626. Departmental administration—further amount required, $20,000.

Marine service—

627. Administration of floating equipment—further amount required, $2,500.

628. Administration of pilotage—further amount required, $19,373.

629. Miscellaneous services relating to navigation and shipping—further amount required, $23,883.

630. River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour—capital—further amount required, $491,020.

631. To provide towards the construction of a service vessel for the eastern Arctic patrol (Estimated cost $3,000,000)—capital—further amount required, $100,000.

632. To provide towards the reconditioning and refitting of vessels for Pacific ocean weather station "P" (Estimated cost $1,835,000)—capital—further amount required, $660,000.

General—

633. To provide for reimbursement of the Department of Transport stores account of the value of stores destroyed or damaged beyond repair in 1950, $31,764.

Railway service—

634. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department—further amount required, $20,000.

Maritime Freight Rates Act—

635. Additional amount in excess of the sum of $5,869,000 already appropriated to authorize and provide for the payment from time to time during the fiscal year 1950-51 to the Canadian National Railway company of the difference (estimated by the Canadian National Railway company and certified by the auditors of the said company to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the calendar year 1950 under the tariffs approved on the eastern lines (as referred to in section 2 of the said act) of the Canadian National Railways—further amount required, $1,236,323.

636. Additional amount in excess of the sum of $1,450,000 already appropriated to authorize and provide for the payment from time to time during the fiscal year 1950-51, of the difference (estimated by the board of transport commissioners for Canada and certified by the said board to the Minister of Transport, as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in section 9 of the said act) on all traffic moved during the calendar year 1950 under the tariffs approved by the following companies: Canada and Gulf Terminal Railway; Canadian Pacific Railway, including: Fredericton and Grand Lake Coal and Railway company, and New Brunswick Coal and Railway company; Cumberland Railway and Coal company;

Dominion Atlantic Railway; Maritime Coal, Railway and Power company; Sydney and Louisburg Railway—further amount required, $30,000.

637. To provide for payment to the Canadian National Railway company for expenditures incurred in a survey of properties of the former Temiscouata Railway, $11,758.

Air service—

Administrative division—

638. Air Service administration—further amount required, $1,000.

Radio division—

639. Administration of the Radio Act and regulations—further amount required, $27,000.

General—

640. To provide for expenses of the board of inquiry re investigation of the "Canadian Pilgrim" aircraft accident, $5,000.

DEPARTMENT OF VETERANS AFFAIRS

Payments to or for veterans and dependents—

641. To authorize payment to David Bruce Steele, under the Pension Act of such benefits as would be awarded under the said act if the disabling condition had been incurred by him during service in world war II, $1,050.

642. To authorize payment to Clarence M. Christie, under the Pension Act of such benefits as would be awarded under the said act if the disabling condition had been incurred by him during service in world war II, $1,550.

Soldier Settlement and Veterans Land Act—

643. To authorize and provide for the purchase of the remaining financial interest of the United Kingdom government in the 3,000 British family settlement scheme and the New Brunswick 500 British family settlement scheme, $115,000.

GOVERNMENT-OWNED ENTERPRISES

Deficits—Trade and commerce—

644. To hereby authorize and provide for payment during the fiscal year 1950-51 to Trans-Canada Air Lines to be applied by Trans-Canada Air Lines in payment of the net deficit (certified by the auditors of Trans-Canada Air Lines) resulting from the operations of Trans-Canada Air Lines and its subsidiary, Trans-Canada (Atlantic) Limited, during the calendar year 1950; this amount to be applied in the repayment of accountable advances made to the company from the consolidated revenue fund—Trans-Canada Air Lines (surplus), $201,206; Trans-Canada (Atlantic) Limited (deficit), $1,526,412; net deficit, $1,325,206.

Deficits—Transport—

645. Amount required to provide for the payment during the fiscal year 1950-51 to the Canadian National Railway company (hereinafter called the national company) upon applications approved by the Minister of Transport, made from time to time by the national company, to the Minister of Finance and to be applied by the national company in payment of the net deficit (certified by the auditors of the national company) arising in the calendar year 1950, this amount to be applied in the repayment of accountable advances made to the national company from the consolidated revenue fund—Canadian National Railways, exclusive of eastern lines (surplus), $9,540,961; eastern lines (deficit), $12,802,196; net deficit, $3,261,235.

646. Additional amount in excess of the sum of $720,000 already appropriated to provide for the payment during the fiscal year 1950-51 to the Canadian National (West Indies) Steamships, Limited (hereinafter called the company) of the amount of the deficit occurring during the year ending December 31, 1950, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company, and upon applications made by the company, to the Minister of Finance and approved by the Minister of Transport —further amount required, $308,767.

647. Additional amount in excess of the sum of $1,159,000 already appropriated, to provide for the payment during the fiscal year 1950-51 to the Canadian National Railway company (hereinafter called the national company) upon applications approved by the Minister of Transport, made from time to time by the national company to the Minister of Finance, and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1950—further amount required, $107,940.

649. Advance to Canadian National (West Indies) Steamships, Limited, upon such terms and conditions as the governor in council may determine, to provide for working capital requirements, $300,000.

HOUSE OF COMMONS

Monday, April 2, 1951

The house met at three o'clock.

TRANSFER OF DUTIES

DOMINION COAL BOARD—MUNITIONS AND SUPPLY ACTIVITIES

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I beg leave to table copies of orders in council under the Public Service Rearrangement and Transfer of Duties Act, as follows: P.C. 1482 of the 22nd of March, 1951, transferring to the Minister of Mines and Technical Surveys the powers of the Minister of Trade and Commerce with respect to the dominion coal board; also P.C. 1483 of March 22, 1951, transferring to the Minister of Defence Production the remaining powers and authorizations with respect to unfinished business vested in the Minister of Trade and Commerce in respect of former munitions and supply activities.

THE BUDGET

ANNOUNCEMENT OF PRESENTATION ON TUESDAY, APRIL 10

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I desire to announce that, subject to the usual reservations as to unforeseen contingencies, I intend to bring down the budget a week from tomorrow night, at eight o'clock.

EXTERNAL AFFAIRS

REPORT ON CANADA AND THE UNITED NATIONS, 1950

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): Mr. Speaker, on behalf of the Secretary of State for External Affairs I beg leave to table the following report: Canada and the United Nations, 1950.

CANADIAN CITIZENSHIP ACT

AMENDMENTS WITH RESPECT TO REVOCATION OF CITIZENSHIP, ETC.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the first reading of Bill No. 172 (from the Senate) to amend the Canadian Citizenship Act.

Motion agreed to and bill read the first time.

80709—97½

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PORT OF SHELBURNE, N. S.

Mr. Smith (Queens-Shelburne):

1. What use was made of the port of Shelburne, Nova Scotia, by the navy, army, and air force, during world war II?

2. Is Shelburne harbour of sufficient size, depth of water, etc., to be considered a safe all-year anchorage for naval ships of all sizes and in large numbers?

3. During world war II, what expenditures were made at Shelburne in respect of (a) real estate; (b) buildings and furnishings; (c) marine railway; (d) other construction and installation?

4. In respect of each of the above, what has been (a) retained by the Department of National Defence; (b) disposed of?

Mr. Campney:

1. Navy: used as a refitting base; army coastal defences with heavy and light anti-aircraft batteries located for the ports protection; Air force: seaplane base and land wireless telegraphy station.

2. Yes.

3. (a) Real estate, $26,112.37; (b) Buildings and furnishings, $3,359,784.22; (c) Marine railway, $451,390.00; (d) Other construction and installations, $1,885,373.76.

4. (a) Retained by the Department of National Defence:

i. All lands comprising the naval base, including the former Royal Canadian Air Force seaplane base and the former army hospital property.

ii. The 3,000 ton marine railway.

iii. Certain buildings and facilities have been repossessed by the Royal Canadian Navy. These include: main wharf; magazines; oil and gas line pump houses; dockyard administration building; cafeteria and one barrack block; shipwright shop; other minor buildings.

iv. The army has retained 277.68 acres of land in the vicinity of Shelburne.

v. Four former naval base buildings turned over to the army are now occupied by the reserve force.

(b) Disposed of by the Department of National Defence:

i. Boom defence property located in the town of Shelburne, part returned to the former department of mines and resources, and part declared surplus to Crown Assets Disposal Corporation.

ii. Former Colin King residence, used during war in conjunction with the boom defence site, declared surplus to Crown Assets Disposal Corporation.

iii. All naval buildings and other naval facilities not listed under 4 (a) were declared surplus to Crown Assets Disposal Corporation.

iv. 88 former army buildings located on various army sites in the vicinity of Shelburne declared surplus to Crown Assets Disposal Corporation.

v. Salvation Army hostel recently declared surplus and sold to the Canadian Legion by Crown Assets Disposal Corporation.

vi. Wireless telegraphy station declared surplus to Crown Assets Disposal Corporation.

HIGHLANDS NATIONAL PARK

Mr. MacLean (Cape Breton North and Victoria):

1. Was any action taken during the year 1950 in respect to improvements to the Cape Breton Highlands park?

2. If so, what type of work was undertaken, and what is the estimated cost of same?

3. What amount was spent on (a) roadwork; (b) bridges; (c) piers; (d) tourist cabins?

4. Will further work along same lines be undertaken during 1951?

Mr. Winters:

1. Yes.

2. For the fiscal year 1950-51:

(a) Reconstruction and preparation for hard-surfacing of 15·5 miles of the Cabot trail; shaping and gravelling of 18·5 miles of the Cabot trail; construction of three bridges on the Cabot trail. Estimated cost, $1,038,572.

(b) Construction of 15 tourist cabins with water and sewer facilities and one warden's cabin. Estimated cost $67,840.

(c) Landscaping, extension of fire trails, construction of patrol cabin, erection of two 40-foot lookout towers, completion of gravity water supply system, completion of bowling green, construction of forest telephone to fire lookout towers, and improvements to picnic grounds. Estimated cost $13,202.

3. Up to March 15, 1951:

(a) and (b) Road work and bridges, $970,202.57; (c) piers, nil; (d) tourist cabins, $46,902.33.

4. Yes.

FUNDY NATIONAL PARK

Mr. MacLean (Cape Breton North and Victoria):

1. What amount of money was spent on road construction in Fundy park, New Brunswick, during the year 1950?

2. How many miles of roads were (a) reconstructed; (b) prepared for hard-surfacing; (c) hard surfaced; (d) new construction?

[Mr. Campney.]

3. What other improvements were carried out, such as (a) bridges; (b) water supply; (c) administration buildings; (d) tourist cabins; (e) staff accommodations?

4. What was the total expenditure in connection with administrative and tourist recreational buildings?

Mr. Winters:

1. For the fiscal year 1950-51 to March 15, $365,982.33.

2. (a) 3·8 miles; (b) nil; (c) base course of hard-surfacing 13·1 miles; (d) nil.

3. (a) Bennett lake bridge replaced with a culvert and fill.

(b) Water distribution system was extended to service cabin and concession areas.

(c) Construction of outdoor amphitheatre, caddie house, central building for low rental tourist accommodation, outdoor kitchen shelters and campground facilities, tennis courts, completion of swimming pool and bathhouse, completion of golf club house, completion of registration building and construction of community hall.

(d) Completion of 14 tourist cabins and construction of additional 15 tourist cabins.

(e) Nil.

4. For the fiscal year 1950-51 to March 15, $163,205.

PORT OF HALIFAX—GRAIN SHIPMENTS

Mr. Carroll:

How many bushels of grain have been shipped through the port of Halifax, Nova Scotia, in the last three years (a) in the summer months while the St. Lawrence river is open for navigation; (b) during the winter months while such navigation is closed?

Mr. McIlraith:

(a) During summer months, August to November and April to July inclusive: Crop year 1947-1948, 2,207,596 bushels; crop year 1948-1949, 1,730,851 bushels; crop year 1949-1950, 982,434 bushels.

(b) During winter months, December to March inclusive: crop year 1947-1948, 5,543,965 bushels; crop year 1948-1949, 7,735,401 bushels; crop year 1949-1950, 6,026,563 bushels.

The above totals include vessel and rail shipments for both Canadian and American grain shipped through the port of Halifax.

WAR GRAVES—REGIMENTAL IDENTIFICATIONS

Mr. Pearkes:

1. Are regimental identifications being placed upon headstones now being erected in military cemeteries in Europe?

2. How many of the original headstones which were erected without regimental identification have now had the regimental identification placed thereon?

Mr. Campney:

1. Arrangements have been made for inscribing regimental identifications in the case of armoured and infantry units.

2. None. It is not planned to undertake reinscription of headstones already erected until headstones for all deceased have been provided.

ROYAL COMMISSION ON TRANSPORTATION

Mr. Hodgson:

1. What are the total costs to date to the government of Canada for the Turgeon royal commission on transportation?
2. What is the total of accounts still outstanding, if any?

Mr. Benidickson:

1. $369,766.27.

2. Approximately $11,700.

STRAIT OF CANSO BRIDGE

Mr. Carroll:

1. Has the board of engineers dealing with the proposed construction of a bridge or causeway across the Canso strait had a meeting recently?
2. If so, when?
3. If not, when will a meeting probably be held?
4. When may a report be expected?

Mr. Benidickson:

1. Yes.

2. January 31, 1951.

3. Answered by No. 2.

4. In the near future.

WHEAT—SUBSIDIES AND PRICES

Mr. Boisvert:

1. Was a subsidy paid on wheat for the crop year 1931?
2. If so, what was the amount paid per bushel to the farmers of the western provinces?
3. What was the total disbursement of the Canadian government to pay that subsidy?
4. What was the price of wheat per bushel for the crop year 1931?

Mr. McIlraith:

1. Yes.

2. Five cents per bushel.

3. $12,709,685.82; in addition, certificates amounting to $7,746.33 outstanding, not yet paid.

4. Yearly average cash price for No. 1 northern wheat (basis in store Fort William/Port Arthur): crop year 1930-31, 64·2 cents per bushel; crop year 1931-32, 59·8 cents per bushel.

As part 4 of this question was not clearly defined as to crop year, the price for each of the two crop years has been shown.

CIVIL DEFENCE

AGREEMENT BETWEEN UNITED STATES AND CANADA ON CO-ORDINATION MEASURES

On the orders of the day:

Mr. Gordon Graydon (Peel): In view of the intense interest in civil defence, when may the house expect to have the agreement which was signed on March 27 between the United States and Canada with respect to civil defence co-ordination measures as between the two countries?

Right Hon. L. S. St. Laurent (Prime Minister): I shall make inquiries. There will be no delay; it will be brought down just as soon as the documents can be prepared.

POSTAL SERVICE

BACKLOG OF MAIL AT HAMILTON POST OFFICE

On the orders of the day:

Mr. F. E. Lennard (Wentworth): On March 20 I asked the parliamentary assistant to the Postmaster General what was being done to relieve the backlog of mail that had piled up in the Hamilton post office. May I ask the hon. gentleman again what has been or is being done to relieve that situation?

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): When this question was asked the other day by my hon. friend I checked, and found there was no such backlog at that time.

Mr. Lennard: Oh, that is ridiculous.

Mr. Speaker: Order.

Mr. Lennard: That is ridiculous.

KOREA

REQUEST FOR STATEMENT AS TO PRESENT SITUATION

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): In view of the statements that have been made outside the house by the Secretary of State for External Affairs, I wonder if the hon. gentleman would care to make a statement in the house regarding Korea, either today or the next day?

Hon. L. B. Pearson (Secretary of State for External Affairs): I shall be glad to make a statement on an appropriate occasion, but if the hon. member reads what I said Saturday night I think he will find that I did not give expression to any new views on this matter.

Inquiries of the Ministry

JAPANESE PEACE TREATY

REFERENCE TO ANNOUNCEMENT BY MR. DULLES ON SATURDAY, MARCH 31

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to ask the Secretary of State for External Affairs if Canada is a party to the announcement made on Saturday by Mr. John Foster Dulles in reference to the proposed treaty of peace or treaty of rearmament with respect to Japan; and if so, whether Canada gave her consent to having the statement made by Mr. Dulles on our behalf.

Hon. L. B. Pearson (Secretary of State for External Affairs): I believe Mr. Dulles spoke in Los Angeles on Saturday evening in regard to a treaty of peace with Japan. He spoke on behalf of the United States government, and not on our behalf or, so far as I know, on behalf of any other government. It is quite true, however, that a draft treaty of peace with Japan has been worked out by the United States government after informal consultations with certain other governments. That draft treaty has now been submitted to the Canadian government and other governments for their consideration, and in due course we shall have some comments to make on it. So far, however, the consultation has been entirely informal, and the draft represents the views of the United States only.

Mr. Graydon: May I ask the minister if the draft he refers to is what Mr. Dulles referred to in his speech as a series of pacts?

Mr. Pearson: No, I was referring to the the draft treaty of peace with Japan. However, during his speech I believe Mr. Dulles made reference to certain other possible security and mutual assistance arrangements between the United States and Australia and New Zealand. That may have caused some confusion in the minds of those who read press reports of his speech.

Mr. Graydon: Then may I ask the minister whether they would be the forerunners of a defence pact for the Pacific area?

Mr. Pearson: No, I do not think so. This would be an arrangement that covered only the three governments I have just mentioned.

(Translation):

FERRY SERVICES

CROSS POINT, QUE.-CAMPBELLTON, N.B.—DESTRUCTION OF FERRY—QUESTION AS TO BUILDING OF BRIDGE

On the orders of the day:

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, I should like to address a question to the Minister of Public Works.

[Mr. Pearson.]

In view of the fact that the ferry-boat running between Cross Point, in Bonaventure county, and Campbellton, New Brunswick, was destroyed by fire a few days ago, could the Minister of Public Works inform the house of the steps which may be taken to speed up the building of a bridge between Cross Point and Campbellton?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, the government of Canada learned with regret that the ferry mentioned by the hon. member had been destroyed by fire. In the past, interprovincial bridges have been built through subsidies paid by both provincial governments and the federal government. Up to now, the federal government has not been informed by the provinces that they would undertake to pay a portion of the cost of the bridge. If the provinces indicate that they are ready to do their share, I am sure that the government of Canada will seriously consider their request.

(Text):

INDIAN ACT

AMENDMENT AND CONSOLIDATION—PROVISIONS WITH RESPECT TO BAND FUNDS

The house resumed, from Friday, March 16, consideration of the motion of Mr. Harris (Grey-Bruce) for the second reading of Bill No. 79, respecting Indians.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. J. H. Blackmore (Lethbridge): Before the motion carries there are several matters I probably ought to mention as the bill progresses.

As I think everyone in the house realizes, Canada's 136,000 Indians, scattered from ocean to ocean, constitute to us in this parliament an urgent and inescapable challenge. Our Indians are potentially either a magnificent asset or a menacing liability. By what means, and with the greatest likelihood of ultimate success, can we aid our Indians to make themselves the priceless partners both Indians and non-Indians fervently desire to see them become? I feel that the Indian Act as it is now before the house is a great improvement over what we had a year ago. I have a letter from one of the prominent Indian leaders in Canada in which he says that Bill No. 79 has removed at least seventy-five per cent of the objections the Indians had to Bill No. 267 hardly a year ago.

I want to congratulate the minister on this achievement. The letter to which I refer

comments upon the increasing sympathy and understanding displayed by the minister towards the Indians during the months he was meeting and discussing this matter with them. As I expected, the minister has great potentialities as a statesman. His youth and inexperience in the department might have plunged him into many difficulties which a year of careful study of the problem would have helped him to avoid, and have helped him to avoid. I believe it is a source of satisfaction to the minister himself that Bill No. 267 did not go through. I am sure that the Indians throughout Canada are far more likely now to have that magnificent future to which I referred than they would have been had the bill gone through less than a year ago.

There are still several matters which should be given careful thought as we progress in the study of the Indian problem. Some of them cannot be suitably dealt with in any Indian act, but must be considered by the department more or less apart from the Indian Act.

Among the many problems which confront us in respect of the Indians, there are four which stand out particularly, and to these I should like to refer specifically.

The first problem has to do with what we might call the psychological attitude of the Indians throughout Canada. There remains in most Indians a lack of confidence. The minister has dispelled much of that, but there are still the results of years and years of what we must call mismanagement of Indian affairs in Canada. This lack of confidence must be removed. I am sure that the minister recognizes that as readily as any other man in the house, perhaps more readily.

The second problem is one of education. I am sure that no Indian act can deal suitably with the problem of Indian education. It is an exceedingly difficult problem with which to cope, for many reasons. It is, though, a problem which must be grappled with and mastered. I see no reason why the education of the children of 136,000 Indian people in Canada cannot be taken care of as efficiently and satisfactorily as we are now taking care of the education of non-Indian boys and girls in Canada. Until this educational problem has been properly met, I fear we are not likely to lay the foundation of that stable superstructure which we hope to build.

The third problem is that of rehabilitation. One of the greatest dreads that the Indians have arises from the fact that if by any chance they should be excluded from the protection of the reservations and the treaties they would not be equipped to compete with the white man on anything like equal terms. Obviously in order to build up the Indian population as partners in the great Canada to be, we simply must make adequate provisions for the rehabilitation of the Indians. By that I mean that we must enable the Indian to learn how to make his living, much as the Caughnawaga Indians have done. Many of these are able to compete in the structural steel industry with any white man on the American continent. I can see no reason why we cannot so train our Indians; the problem must be grappled with and solved.

The fourth problem is that of teaching the Indians to govern themselves, or of guiding, protecting and advising them while they learn to do so. It is something which we desire they shall learn to do.

I believe these four problems are not even successfully approached in the present Indian Act. As I have indicated, I doubt that they could be. However, while we are at this business of providing something like a satisfactory arrangement for our Indians, we must not forget these four problems.

May I just mention one or two considerations in relation to the matter of increasing Indian confidence. In times past I have suggested that we should have an Indian claims commission to go into all the various problems which the Indians have in their hearts. Here is an example of the kind of thing which must be met and dealt with. I am not sure that I should give the name of the reservation involved; I have thought about it for some little time, and I am inclined to believe I should omit naming the reservation on the floor of the house, but I will give it to the minister personally. Unless the members desire particularly that the name of the reservation be given, I shall not give it. Some of the things that are said in this communication to me cast a great deal of reflection upon a great many men who are not in a position to defend themselves, and it may thereby cause some injustice; but this is what is said concerning this particular reservation:

> In the first place, this reserve covered a very large territory which comprised a great amount of spruce and fir lumber, also hardwood; but the reserve was allowed to be sold off by degrees—not only sold off, but different political parties were allowed to go in and take lumber at different stumpage rates. The reserve has now lost seven-eighths of territory of what it was when the reserve was set up, and the Indian population of the reserve has doubled, with hardly sufficient timber left to furnish firewood for the Indians now on the reserve. The lumber has been completely taken from the reserve.
>
> On investigating I discovered that the relief given the Indians was not in any way adequate to their needs. The Indians of eastern Canada have no treaty fund on which to draw. They depend on the vote of relief from parliament from year to year. There was a small hospital on the reserve, but there

were only one or two rooms available for patients outside of the staff and the teachers in the schools on the reserve.

I am just quoting excerpts from the statement. It continues:

So far as I can learn, this reserve has been used as a political football, and everything is operated on a patronage basis. The clothing, food and everything is to be supplied by someone who has the patronage for this part of the constituency.

Whether or not the details concerning this reservation will justify the statements which my communicant makes, certainly when a responsible man makes such statements as these, they should be examined with the minutest care.

Mr. Murray (Cariboo): Where is this reserve?

Mr. Blackmore: I could easily give the name, but I gave reasons why I thought it would be better not to state it. There will be men involved, probably men right in this house, who will perhaps not be able to satisfactorily answer the allegations. If it is desired I can give the name in the committee, but after what I have already said I think that I should not give the name of the reserve to the house and to the country. I shall give it to the minister.

I imagine that if we were to go from ocean to ocean in Canada we would find dozens of cases at least as bad as the one I have cited. Will someone tell me how in the world the minister, with his overworked department,—and no matter how large his department is, it will be overworked—can possibly do justice to these many cases which have grown up through scores of years, unless a claims commission is set up?

If an Indian claims commission were appointed with authority to proceed with an absolutely free hand, the only demand upon them being to ascertain what was just, and to suggest how the injustice which the Indians have suffered could be removed, that would be the kind of thing I have in mind.

There are a great many other things. I will just mention one more. I do not believe it would be well at the present time for me to go into details; all that I need to do for the members of the house is to hold up this file of documents which I have on my desk, all bearing on the matter I am going to talk about, and I think they will all see that there is a great deal that can be said. I would rather have time to go into it with care before I do anything more than make a few remarks in a general way.

I refer now to the situation which confronts us with respect to the Six Nations Indians. The Six Nations Indians appear to believe, as a matter of religion and of history, that their organization was founded by the Great White God to whom I referred in one of my previous speeches. Because of that they believe that their hereditary chiefs are men clothed with hereditary authority of the highest possible kind. They maintain that in 1924—and they submit documentary evidence to prove what they maintain—men representing the department of Indian affairs in Ottawa violated their privileges by entering their—what word shall I use? I was going to say "sacred" but that is hardly the right word—their buildings where they kept their records, seizing those records and subjecting certain of their respectable leaders to indignities which in the minds of these people amount to an outrage.

How can the minister possibly arrive at the facts concerning this matter? When we remember that the Six Nations Indians constitute by far the most influential, well-organized and, we might say, powerful group of Indians in Canada, I think we shall realize that until we can satisfy the Six Nations Indians that justice has been done them to make up for all the unfairness they have suffered, we have not really placed ourselves on a sound foundation in constructing an Indian affairs set-up which will endure. I will say no more about the necessity for an Indian claims commission, although the information I have at my disposal would occupy several speeches, each as long as Mr. Speaker could possibly allow me to make.

May I now turn for a few minutes to the matter of education? The members of the house as a whole are familiar with the problem which confronts us in relation to Indian education. I would imagine that the majority of the members of the Indian affairs committee would agree that, properly speaking, education of Indians is a matter which properly ought to come under the direction of the provinces. If the Indians are to be placed on a basis comparable with that which obtains among their non-Indian fellows, they also must come under the provinces in the matter of education.

But no province in Canada is prepared to assume responsibility for the education of the Indians without adequate monetary compensation and guarantee. This puts the department at Ottawa in a difficult position. I want the minister to realize that I recognize that fact. But that fact does not remove the insistence of the demand that there shall be adequate treatment of the Indian educational problem. If the department must hand over the throttle, so to speak, in respect of money and say to the provinces "You solve this problem of Indian education and we

will give you almost a blank cheque while you do it", it will have to do just that. Unless the dominion is ready to do that, I do not see how we are going to solve the problem of the education of the Indians. I am sure that any province in this dominion will gladly assume that responsibility and will admirably discharge it if provided with the funds with which to do the job.

We must not expect to get education for our Indian boys and girls as cheaply as we get education for our white boys and girls. We know how costly it is to educate our non-Indian boys and girls. We must expect it to be much more costly to educate adequately the Indian boys and girls, and we must be prepared to stand right up and face that fact. I know that it is rather trite to speak in the house about what I am going to mention, but when we face a $5 billion appropriation for war for three years, we should not be too mercenary when it comes to making provision for the education of the great Indian people that is to be. One hundred and thirty-six thousand Indians in seventy-five years will be a large proportion of our Canadian population—not a body of men and women who can be disregarded in any respect or skimped in their treatment.

The problem of education remains to be solved. The minister will be virtually as helpless in his attacks on this problem as previous ministers have been, no matter how earnest and eager to solve it he may be, unless we put an adequate financial guarantee behind him. He must not have to go before the cabinet and before the treasury board and, I was going to say, break his heart in a vain effort to get them to loosen up and give him the money with which to do the job. That is just stating the facts in a simple way.

We now come to the matter of rehabilitation of the Indians. As I indicated, that means teaching the Indians how to live in the environment in which they dwell. This morning, while I was meditating on this speech, I was thinking of how, when I was a small boy, the Indians would come to visit our home, as they did the homes of most non-Indian people in the neighbourhood, just out of friendliness. The Indians were fine, friendly and co-operative people, as I knew them. They were altogether different from the Indians in the United States, because they had been treated much more fairly and honourably than the Indians in the United States had been treated. Whenever an Indian came to our home, we were fairly sure he knew how to tan a hide; almost no matter how long the hide had been off the animal, you could turn it over to the Indian, and he would go and tan it and make a good job of it.

I was wondering if there is any reason why the Indian could not be taught to do the necessary work in the tanning of leather and in the making of shoes. How skilful they were in making mocassins with the most meagre equipment with which to do it! I remember the works of art and efficiency which the Indians used to produce and bring to my parents to offer for sale; I refer to the mocassins beautifully trimmed with beads artistically placed on them. People whose ancestors were able to do such work over sixty years ago surely can be taught to do almost any kind of handicraft work with great skill and efficiency. Why should they not, if they were guided by vocational directors, acquire any kind of skill which they would need in order to fit into our everyday economic life? Why should Indians not be most skilful electricians, plumbers, shoemakers, garage men, mechanics generally, and so on all through the list?

There is another thing that has always been a conundrum to me. When the Indians came to our home, no matter what was wrong with us—and we had plenty wrong with us, struggling as we were under trying conditions in those old pioneer days, when we could not give much thought to having the kind of food we needed; we were lucky if we could get enough to keep body and soul together—they knew what to do. If it was in the summertime they would go out and go down to the brook, and the first thing we knew they would come back with several different kinds of herb. They would put these together and they would often cure whatever was wrong with us almost with astonishing skill. They knew the poultices and they knew the medicines generally. The Indians must have had remarkable skill in the matter of medicine. Why should we not have more Indian doctors today? We already have a number of our girls from the Indian reservations learning to be fine nurses. Therefore, Mr. Speaker, I do not think the minister will find it an impossible task to rehabilitate the Indians and to teach them to be perfectly successful in competition with the white man in almost any vocation that you could name by which the white man makes his living.

All that is necessary is to have someone who understands the Indian and is sympathetic with him, who has money enough at his disposal to send the Indian boys and girls to technological schools and all that sort of thing. I do not think there will be any difficulty in rehabilitating the Indian financially. And just as soon as the Indians are sure that they can step out into the paths of

the white man and make their way much of the anxiety which inhibits them today, and which fills them almost with consternation, will be dispelled as a mist on a July morning. Therefore I think we can approach this problem with complete confidence if we will just go about it in the right way.

That covers education and rehabilitation. Now, the fourth problem I mentioned, and which I shall deal with only briefly, is that of teaching the Indians or helping the Indians to learn to govern themselves. I do not think there will be any difficulty in that sort of thing if we just go about it right, with the advice that we can get from men skilled in Indian affairs. But the problem has to be solved.

One group of Indians who live on a reservation not very far from where I live—not the one that is in my constituency—asked me, "By all means"—I can see them now with the greatest concern on their faces—"let us ourselves have charge of the education of our boys and girls and we will see that they will get the training they need. We want our boys and girls to be as skilful as the white men are. We know their problems. Let us have a hand in it. Put the money and the facilities at our disposal, under the direction of white men, if you wish, but let us determine how we are going to do it."

I am not saying that that group of Indians would succeed, but they certainly believe they can succeed, and where they honestly believe they can succeed I am prepared to give them a chance. They would make mistakes, but it is the God-given right of any man in government to make a mistake. Should they make mistakes and learn by those mistakes they will feel far stronger and far more satisfied.

I do not think I need to say much more about the matter of allowing the Indians to govern themselves. Remember, they did it for 2,000 years or more before the white man came. They went to war a great deal and had many troubles like a good many others, but the Six Nations Indians had pretty well cleared up the difficulties of war among themselves. As far as I can learn the Six Nations had rather an effective government which they possibly formed themselves. If we build on the basis of what they had achieved in the past, on what they think they can do now, I believe we shall have staunch and happy allies in the Indians, and real partners in the building of this commonwealth we are working for.

How shall we go about it? With the limited amount of attention that I have been able to give this matter, struggling along as all other hon. members are, coping with the scores of different problems, it seems to me that it would be advisable for us to have two commissions. One of these should be an Indian claims commission. Before that commission the Indian could present his case and take it to court, if need be. He would be sure that when he had a case it would be heard, and that the decision would be just.

I believe there should be a rehabilitation commission also, quite independent of the department. As nearly as I can make out the department of Indian affairs is largely an administrative department. It has been beset with all sorts of worry, and I have the greatest sympathy for the men who have struggled with the Indian problem in times past, but it is not a department that can get out and find facts in all cases, weigh those facts satisfactorily, and draw suitable conclusions, as a royal commission would be able to do. If we had a rehabilitation commission to take charge of the education and the training of Indian boys and girls to meet the competition of the world before them, and the providing of funds for those on land to establish farms and herds and to engage in sawmilling and things of that kind by which they could make their living, I believe that commission would do a highly gratifying job for our generation and the generations yet to come.

I do not know but that it would be a good thing to let the Indian claims commission enter into the problem of teaching the Indians to govern themselves. It may probably be better to teach the Indians to govern themselves under the rehabilitation commission, but certainly I believe we shall never succeed in this country in dealing with the Indians adequately until we do have at least two commissions just as effective as our transport commission and just as efficient as our wheat board is or the Canadian Broadcasting Corporation is. These two will have just as much responsibility and authority. Probably it will cost just as much money, or a good deal more, but they would do the job if we had the right men. Probably the best thing to suggest is to have two commissions, one the Indian claims commission and the other the rehabilitation commission.

May I close, Mr. Speaker, by reading one more compliment to the minister? It is an excerpt from a news report of a meeting in Macleod, Alberta, that appears in a recent issue of the Lethbridge *Herald*. The minister will recognize the two chiefs who are speaking, and he will know that out there they are saying just what they feel. The excerpt reads:

Bill 79, the new federal government bill dealing with Indian affairs, meets the wishes of the Indians

by about 75 per cent, Chief James Gladstone told the gathering in speaking of his meeting in Ottawa at the end of February with other Indian delegates to confer with Citizenship Minister Walter Harris, sponsor of the legislation.

"It was the first time in the history of Canada that Indians from Halifax to Vancouver had gathered to discuss their problems with the government," Chief Gladstone stated. "I thought it was the sublimest moment of my life," he said.

He paid tribute to Mr. Harris as the first minister at the head of Indians affairs to search out the viewpoint of the Indian. The Indian has to be educated before Bill 79 can be applied in its entirety, he said.

"It may take a generation," Chief Gladstone stated. "If the vote was forced on us now the Indian would not know how to meet it. We want to be Indians, always Indians, even though we gradually take full responsibility as Canadian citizens," he declared.

"We listened to Mr. Harris and we feel that what we get will be gradual," Chief Gladstone said. "We will have to satisfy him that we can handle it first," he stated.

Chief Albert Many Fingers, Chief Gladstone's fellow delegate, stated the Indian's first need is education and that there is a need of day schools. The two chiefs stated the government is apparently willing to improve upon the education facilities of the Indians.

I believe that that will be valuable not only to the minister but to the members of the house who address themselves to this problem, as an indication that much progress has been made. I am of the opinion that we can make just as much progress in the next year by the earnest, tactful efforts of the minister as was made during the last year. I would not be surprised to see that he may find it advisable to adopt the suggestion which I have tentatively made concerning commissions, which will find the facts, weigh them, sift them, organize them and present them to him so that he, with his fine skilful officials to assist him, can make the necessary decisions to present to parliament.

Out of all this I believe we shall be able to say honestly, and confidently that we in our generation shall have done our bit for the Indians; that we shall have done all we can to give them the square deal they deserve.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, the introduction of this bill justifies the attitude taken by many of us last summer, when we expressed the view that the inadequacies in the bill then presented were such that it should be redrafted and changed, and that so far as possible the Indians should be again consulted. I agree with the hon. member for Lethbridge (Mr. Blackmore) that the minister, in calling together representatives of the Indians from one end of the country to the other, has done much to make this measure more acceptable than any proposals of the kind we have had in the past. That is to say, the Indians will feel that they themselves have had some influence in formulating policies which will come into effect as a result of this measure.

No matter how good an Indian Act we may have, it seems to me the principal problem is one of administration, involving the raising of the standards of education, health and living, and the standard of citizenship—of a new type, of course—among the Indians. I hope that what the hon. member for Lethbridge said a few moments ago toward the end of his speech will be said of this generation both by the Indian people and by the people of Canada generally. But if this generation fails to the extent that previous generations of Canadians have failed in doing justice to the original inhabitants of this country, then indeed we shall not deserve much praise. On the contrary, as a generation, we shall deserve only condemnation.

I have often thought it strange that after something like one hundred and eighty years since the first reserves were established in Canada, and now after about eighty-four years since confederation, we have living among us a depressed people, a people who have the attributes to make a contribution to our country, a people capable of enjoying standards of living and education as high as those of the white population with whom they dwell.

There have been evidences that it is possible that our Indians are capable of enjoying high standards of living and of education. For years many men and women of Indian descent have occupied important positions in Canada. I am not thinking only of those who have been full-blooded descendants of the original inhabitants of our country; I am thinking as well of those who have had high percentages of Indian blood in them. I think of a chief justice in one of our western provinces. I think of people of Indian descent who have occupied positions in various churches, and who have occupied posts in the Department of National Defence. Indeed I believe one of these attained the rank of brigadier in the first world war, and today is a respected magistrate in the second largest city of Canada.

Some years ago I had the opportunity of seeing some of the Indian schools. At that time I was fairly familiar with educational standards and age groups, and I remember being struck by the fact that the intelligence of the average Indian child in primary grades measured well with the average white child in primary grades in the ordinary common schools of the country.

Then something seemed to happen. They went back—indeed, they were encouraged to go back—to their old conditions. Gradually their condition reverted, and no further

attempt was made to provide opportunities for them to develop the aptitudes about which the hon. member for Lethbridge spoke. That they have those aptitudes is certain.

I know the Indian Act does not deal in any respect with Eskimos. I have been told, however, on more than one occasion that when airfields were established in Eskimo regions of the far north it was discovered that the Eskimos had aptitudes that in some instances were above those of the white men who were associating with them. As engineers they learned rapidly about the mechanism of even complicated machines such as airplane engines. Intelligence tests given to Indian children in North America show that, if tests are based upon the environmental experience of those involved, those children have as high intelligence as any of the white children.

I have often compared our record in Canada with that of the white settlers in New Zealand. When I say this I am not thinking of New Zealand under a Labour government, but of New Zealand in the long years before that government took office. In the early part of the last century—yes, indeed, approaching the second half of the last century—the original inhabitants of New Zealand were cannibals. They were not cannibals in the sense in which some other tribes were, as a matter of ritual; they were cannibals because they liked human flesh. As a matter of fact some of the missionaries who went out there became food for the Maoris. I remember well that in the city in which I was educated a memorial pulpit was erected in the cathedral to the memory of a missionary who was killed by the Maoris in 1845 or 1846. We were told that he or some of his colleagues had been consumed by them.

Yet, when parliamentary institutions were established in New Zealand in 1856, followed by fifteen years of struggle with the Maoris, we find that in 1871 they were given the franchise, and that four Maoris were elected to the parliament of that country. Today the Maoris are not assimilated—and in this country no one wants to assimilate the Indian—but they are integrated into the New Zealand community. Their sons have occupied high positions in the army, the air force, the church and the state, and have served in cabinets of the Dominion of New Zealand. Yet after nearly 200 years, after eighty-four years since confederation, our Indians in the main, with the exception of the Caughnawaga reserve, the Brant reserve and one or two other places notably in British Columbia, present a picture of economic and social depression, lacking sufficient educational facilities, living under health conditions that

are a reflection on the whole of our country with tuberculosis, though the incidence has been greatly reduced lately, still taking a relatively greater toll than among the white population in the same areas.

These are indications not of the failure of the Indians but of the failure of the white settlers of Canada to do what should have been done for this intelligent, one-time physically fit and loyal aboriginal population of this country. I agree with the hon. member for Lethbridge (Mr. Blackmore) that much depends on the education of the Indian child. I do not think that our educational efforts among the Indians have been successful. I know many of the Indians regard that as one of our greatest failures. That was brought out again and again when the committee was sitting. They desire that educational opportunities for their children shall be provided in a greater, more comprehensive and more efficient manner than before, comparable in all respects to those provided for Canadian children generally.

After all, these people are capable of independence, of initiative, of making a contribution to the cultural, economic and social life of the country in which we live, and they have been denied that opportunity. To a very large extent I think that is due to the fact that our attitude has been purely paternalistic, and the Indian Act has been administered purely from the paternalistic point of view. Not enough opportunity has been given to the Indian population to guide their own destinies and to raise their standards of life and of living.

When we look at the way in which their old treaty rights have been set aside, forgotten or impinged upon, that also is a reflection on our good faith as a people in our dealings with the Indian population. Therefore, while I think that the bill is a distinct improvement over the old Indian Act, while it is an improvement over the bill that was presented to us last summer, nevertheless it is defective in that it perhaps has not sufficient vision in the realm of education and, I regret to say, in the realm of health of the Indians. I would have liked to see more direct control of health facilities among the Indians placed in the Indian department, although I am not for one moment belittling the great improvement that has been made since the present Minister of National Health and Welfare (Mr. Martin) took over the supervision of that department. I think there has been a very great improvement, and I want to say that; but we are concerned with the standards of living and the social rehabilitation, if you like to call it such, of the Indian people.

There are two fields that need particular attention, health and education, and to a large extent the two go together, education for health, health for education. Consequently I would like to see more attention to the problem of health and welfare in the bill. However, as I have already said, the bill is an improvement over the one introduced last year. I hope that in the administration of the new act every attempt will be made to raise the standards of the Indians and to use those aptitudes that they have in such large measure to enable them to enter upon vocations and ways of life that will not only help them to improve their physical and economic conditions but also enable them to make a contribution to the cultural life of our country and which will gradually bring about the integration—not assimilation—of the Indian population into the general population of Canada.

I think the whole basis of our thought over the last number of years with respect to racial and other differences in our country has not been to try to make all Canadians of the same pattern of speech, thinking, religion or culture, but rather that each particular group in Canada, whether they be English, Scots, French, Ukrainian or whatever they may be, by preserving their cultural heritage, may contribute together to the making of a Canadian culture which will be not of one sort, kind or pattern but rather like a mosaic, a picture composed of many different types of stone or, in the words I have just used, of many cultures. Therefore I welcome the bill as an improvement. But no bill, no matter how good, will succeed unless we have a minister, and a department manned by officials, who have a high ideal and who are determined not to keep on treating the Indians as children but as human beings who have capabilities which, if given scope, will enable them to make a contribution not only to their own welfare but to the welfare of the country in which they and we hope to live together in unity for generations to come.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I intend to take only three or four minutes in discussing the bill at the present time inasmuch as I have spoken in the house many times in the past about Indian affairs, and I do not wish to repeat what I said on those occasions. Second, a good deal of what I might otherwise have said has already been said by speakers who have preceded me. Needless to say, I welcome the introduction of the bill at a fairly early stage in the session when we will have time to consider it without being pressed to get it through so that the session may end. That is one great advantage, so far as the timing of the introduction of the bill is concerned, over the one which was introduced last year.

I am sorry that I was not able to be here when the minister made his speech introducing the bill. However, I have read it carefully and by and large I agree with the general tenor and spirit of the speech he made on March 16 last. The steps he mentioned in that speech as having being taken to obtain the opinion of the Indians and others across Canada interested in the welfare of the Indians I think were exceptionally good and have had fruitful results, as indicated by the changes that have been made in this act. That is also indicated, if I may say so, by the different attitude being displayed by the minister this year as compared with last year, for which I commend him. I believe the steps taken to obtain the views of the Indians were extremely important as far as the psychological effect upon the Indians themselves was concerned. They feel they are in on the thing now, that they have been consulted, and that some weight has been given their opinions. If any Indian act is to work I think one of the essentials is that the Indians themselves have some confidence in it, and are able to feel that they had a hand in framing it.

In the same way I think it was an excellent move to bring Indian representatives from across Canada to Ottawa for a conference, as was done at the end of February and the beginning of March of this year. I was glad to learn from the minister's speech that such a large degree of unanimity existed among those representatives. The situation as far as Indians are concerned differs greatly as between the various parts of the country, so it is almost impossible to bring in any act that will please everybody. Of course I do not suppose any act of any kind ever pleases everyone; but because of the great difference between living conditions among Indians in the maritimes and those on the prairies, for instance, what may suit one group will not suit another. So I hope this will be taken into consideration and there will be some flexibility in the application of this act.

In my opinion a number of clauses in the present bill could still be improved. Some of them I would say will prove unacceptable to the majority of the Indians when they see them in operation, even though a majority of their representatives did not oppose them at the conference. I should hope that when this bill is considered in committee the minister and his officials will not take an inflexible attitude toward amendments to various clauses. I believe the bill can be

further improved, and I sincerely trust that in the committee every effort will be made to bring about those improvements. I see the minister nodding his head, which is a good sign.

I do not want to go into the various clauses at this time. Particularly do I not want to draw down upon my head your ire, Mr. Speaker, for transgressing the rules. However, I should like to make reference to one or two of the provisions which I think are not acceptable and in which I hope some changes may be made. The first is section 4 (2) in connection with the power of the governor in council to abolish Indian reserves, or to abolish the Indian status as far as an individual is concerned. That has been referred to already, so I need say no more about it. One thing which needs revision, which is still unsatisfactory, is the definition of an Indian, which takes up several clauses of the bill. I would agree with the statement by the minister, I think it was last year, that the business of defining an Indian is extremely difficult. It is very hard to draw up a definition that is simple and at the same time more or less all-inclusive. The definition in the old act was comparatively simple. The definition in this bill, as I say, is far from simple, running through a considerable number of clauses; and I think it is quite bad in some respects. Then the matter of the disposal of children is something else in which I believe there could be a change for the better, and I trust something will be done in that regard.

One paragraph in the minister's speech disturbed me to some extent. At page 1352 he said:

> I received many letters from people saying: There is nothing whatever in the bill about old age pensions for Indians. Similarly there were many letters saying: You have not provided in the bill that, wherever possible, an Indian child should obtain the same standard of education that a non-Indian receives. The house will readily understand why those matters are not contained in the bill. Those are matters which are provided for in this house by votes in the estimates and not by legislation.

The reason that disturbed me is that in 1945, when I first came into the house, I moved a resolution asking that the government take into consideration the payment of the old age pension to Indians. That resolution was debated for at least a day, and at the end of the day the then Minister of Mines and Resources stated that it should be allowed to stand because they proposed, and he promised, that a committee would be set up to consider Indian affairs and that as a result amendments would be made to the act. So he did not think anything could be done about paying old age pensions until the committee had met and the act had been amended. That has been more or less the answer ever since, except that last year a payment was introduced which was supposed to be in lieu of old age pensions. Ever since 1945 the story given us has been that old age pensions could not be paid to Indians until this act was amended; but now the act has been amended this statement would seem to indicate that old age pensions are still not to be paid.

I do not think it is much use for the minister to say that this matter should be dealt with in the estimates unless he is prepared to deal with it in that way. We on this side of the house certainly cannot put anything in the estimates for the payment of old age pensions; and if they are not provided under the Indian Act by statutory authority, it means that they can only be paid if the minister or the government decides to put an item in the estimates. Personally I would much rather see this thing settled by a provision in the act that the Indians shall be treated, in the matter of old age pensions, just as other citizens of Canada are treated. That is all that would be required, one short clause added to the act. Then we would have the statutory authority for equality of treatment for the Indians in that regard.

The situation is the same as far as education is concerned. I know that is not something which can be written into the act, however; and I must say that during the last four years in particular there has been a very considerable improvement in education as far as the Indians are concerned. However, I would like to have more definite assurance in regard to what we might call a policy of educational opportunities equal to those afforded white children, as far as that may be possible. The only reason I say that is that some of the Indians in the more remote areas of this country will not, for some considerable length of time, be able to have equal educational opportunities with the white children in the more populous areas. As has been indicated by other speakers, this matter of the education of Indians is perhaps the most important question in so far as the handling of our Indian problem is concerned. As was stated by the member for Rosetown-Biggar (Mr. Coldwell) a short time ago, only by providing improved educational facilities can the Indians possibly be integrated with the rest of our population.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, there are one or two general remarks on this subject which I should like to take the opportunity of emphasizing at this time. Practically no statement which can be made, in this house or elsewhere, about Indians could be correctly applied to

all the Indians in Canada. There is an almost unbelievable difference between the state of their educational and financial advancement in the various parts of the country, so that it is impossible to say that the Indian is this or the Indian wants that. Such statements are likely to cause a great deal of misunderstanding. Not only is that true as between one part of the country and another, but in my own district, which happens to be one which represents both coastal and interior areas, the difference is almost beyond belief.

We have Indian settlements on the coast where the majority of the people living in those villages are paying income taxes on larger amounts than I ever hope to pay income tax upon, and whose homes are of a better quality than any it has yet been my privilege to have. Two hundred miles or less from those areas we have villages in which the conditions are nothing less than deplorable, and those conditions apply both to the physical circumstances under which the Indian lives and to the mental and physical condition of those Indians themselves. In trying to meet this Indian question, therefore, we must realize that we cannot adopt any hard and fast rule that applies to the Indians as a whole. No section which can be written into an act of this sort, or very few of them, can be said to apply in detail to the Indians of Canada. If such a section contains maximum or minimum provisions which apply directly to certain Indian groups, then it is certainly going to be out of place in its application to other groups.

It is as a result of that that many of the sections of this act appear to me to be safeguarded. It is because of the difference between the various Indians, as mentioned by the member for Calgary East (Mr. Harkness), that these sections which are causing the greatest amount of opposition throughout the country have to be retained in the act. I believe that all legislators, and certainly all legislators who have had occasion to practise law, will realize that in many sections of acts such as the Criminal Code there are maximum penalties which are out of all proportion to the seriousness of some of the offences committed under those sections. Those maximum penalties are not there to be applied in every case. They are to be applied in the extreme cases where the person who is administering that act believes they are applicable. I submit the same rule applies to those sections which have to be retained here, where in certain cases the minister, who I presume will be acting upon the advice of his departmental officials, has certain overriding authority. It does not follow that he is going to use that authority, even if he considers it might be advisable to do so. But I hope that it follows he is going to use that authority when he considers it is necessary in the interests of the Indians concerned that some act should be overridden by the power which has been retained in certain sections of this bill.

I am going to say something which could easily be misinterpreted, Mr. Speaker. It is because I submit that safeguard must be in the act to apply to the more backward and more helpless Indians, I think there is a duty on those of us who are in this house, and on the citizens of Canada who are not in this house, to discuss this matter and deal with this subject in such a way that the faith of the Indian in the government of Canada will be retained. In order to make it clear to my friends opposite, I am not referring at the moment to this government but to the government of Canada as an institution. The government of Canada as an institution is primarily responsible for protecting, as well as for advancing, the Indians of Canada. So long as they must look to that government for that protection, and for that advancement, it is certainly up to those of us who claim to have the interests of the Indian at heart to see that he looks to that overriding authority with a certain amount of faith and trust.

I assume we are all discussing this act and its administration with a view to the improvement of conditions for Indians, and not with a view to arousing agitation or opposition to the bill either amongst the Indians or the whites. I do not suppose I am the only member who has found in his district a certain inclination among some Indians and some whites to use the fact that this bill is up for discussion as an excuse to arouse a certain amount of agitation and opposition, not necessarily on party political lines at all but in order that there might be unrest in the district. I believe, Mr. Speaker, that most members in whose ridings there reside a large number of Indians, and who state that does not exist in their district, are either not very familiar with what is going on in their district or are extremely fortunate. I say with regret that in my district there are those who have not the interests of either the Indian or the Dominion of Canada at heart who are making use of this bill as an opportunity to belittle and hurt the body politic of Canada.

I should like to mention one other point in connection with the act. We must remember that administration and legislation are not the same thing. I tried to point that out at the commencement of these few remarks in my reference to the minimum and maximum. Those who are charged with the administration of the act will be the people

who will decide whether the maximum, the minimum or something halfway between is to be applied, and whether a permissive section must be called into account. When we look at these permissive or restrictive sections, I would urge that we remember that, while in perhaps seven-tenths of the country there may be no need for this if in one-tenth of the country there are Indians whose circumstances may make that section advisable, then the section should be allowed to remain. Our duty then will be to watch the administration of the act.

In my own district there are amongst the Indians two major fears. There is the fear of the Indian who has reached a considerable stage of advancement that he is going to be held down and not allowed to advance any further. There is the fear of the Indian who has reached a very low stage of advancement that he is going to have advancement forced upon him, that he is going to be gradually edged out of the comfortable situation in which he finds himself—and I use that word "comfortable" not in its literal sense—whereby he has practically no responsibilities of his own. He has his reserve; he has his little grants; he has a government to fall back on and he does not want advancement, and in some cases he is not being encouraged to want it.

There you have two diametrically opposed situations; and it is going to be up to the administrators of the act to raise those in the lower categories so that while we have a restrictive act to protect them we shall not deter those who are more advanced from going ahead. In other words, we must not hold back those who are well ahead until those who are far behind have caught up.

Before I sit down I believe it is my duty as spokesman for the Indians in the riding of Skeena, or at least for that large part of them who are taking an interest in these matters, to express our sincere thanks to the present Minister of Citizenship and Immigration (Mr. Harris) generally for the patience, genuine good will and sincerity which he is bringing to the whole question of the Indian Act, and specifically for calling the conference which he called from February 28 to March 3 and discussing not just Indian problems but Indian legislation with the Indians themselves.

I want to mention one other thing, Mr. Speaker, and then I am finished. The hon. member for Rosetown-Biggar (Mr. Coldwell) referred in passing to a situation which did exist, and I believe still does, in New Zealand. By his reference I do not know whether he meant to imply that we should give that matter serious consideration here; I hope not. The matter of parliamentary representation for the Indians comes under the Dominion Elections Act and not under the Indian Act. So far as the natives of New Zealand were given the vote, they were given the right to elect four, I think it is, members at large to sit in the house of parliament representing them. That idea appealed to me some time ago and I discussed it with many of our more enlightened Indians who are still on reserves in British Columbia. They told me that is the last thing they would like to see introduced in Canada. By so doing we would by statute perpetuate a differentiation in citizenship, something which is the last thing the progressive Indian wants to see.

Mr. H. O. White (Middlesex East): Mr. Speaker, I want to take part briefly in the discussion relating to the amendments to the Indian Act. This is one of the problems to which there does not seem to be any definite solution. As one other hon. member has said, regardless of what you do, there will be certain ones who will not be satisfied. The suggestions I make this afternoon are not made in a critical way at all. I put them forward as suggestions in the hope that possibly through the act or the regulations under the act there will be improvement in the relations between ourselves and the Indians, and a betterment of conditions among the various tribes and bands in the country.

I think the minister was well advised when he laid over the amendment of the act until this session of the house. All parties were given an opportunity to look into it still further and those who are interested in Indian affairs were given the opportunity to have representations made to the minister.

I happen to live near a reservation and I know a considerable number of the Indians. Last week a delegation came over to see me. They said that, as far as the Indian Act was concerned, it was applying democracy in a left-handed manner. By that they meant, "we have this forced on us." That is democracy such as the totalitarian states have. I think the minister should keep that consideration in mind in the working out of the regulations under the act.

Another interesting thing that came to my attention was the fact that in 1885 the Indians were given the franchise or the vote. That is the first time. All Indians east of the province of Manitoba were given the franchise. If you look back into history you will find that was in the days of Sir John A. Macdonald. If you go into the matter still further, you will find that in 1898 they were denied the right to vote and that situation has continued until this day except in certain cases where Indians have been in the armed

forces. In 1898 you will recall that Sir Wilfrid Laurier was in power. Those Indians who were talking to me have not forgotten that.

Mr. Harris (Grey-Bruce): 1898.

Mr. White (Middlesex East): The minister waves his hand, but those Indians have not forgotten that. I looked the matter up in the guide and find that such is the case. In two wars they were expected to fight for the country and they did so creditably. But after they return they find that, as far as their band is concerned, they are just back where they were. That remark does not apply of course to pensions and other benefits under the veterans charter but it does apply to their status in the community. I am told that in the United States all Indians are privileged to vote in a general election.

Years ago there were disputes as to the rights of Indians freely to cross the border between the United States and Canada. I believe this was dealt with in what is referred to as the Jay treaty. But finally after many years the Indians have again been given the right to cross and recross the border freely. But some peculiar things have happened. One of them is that the Indians in my area will go across to Detroit in Michigan and secure employment; they will purchase a car which will have a Michigan licence on it. When they enter Canada, if they are not going to stay for more than a day or two, that is all right. But if they are going to stay for any length of time, they are given a permit card and they go to the reservation and are not allowed to use their car for business or pleasure while they are there. When an American tourist comes to this country, driving a United States car with a United States licence on it, he can go anywhere he likes. We welcome him for the United States dollars he brings to this country. But the Indian is not given that right.

Mr. Harris (Grey-Bruce): He is not a tourist.

Mr. White (Middlesex East): They feel that they are discriminated against. That is what actually happens. They are actually tied up. Some of those who have spoken previously have mentioned clause 4. The hon. member for Skeena pointed out that there had to be certain restrictions and that they could not very well be removed. As with most acts, I find that the source of difficulty is not so much with the act itself but with the regulations under the act and the administration of the act. Probably much of the difficulty—I do not like to call it ill feeling—that arises between the Indians and the department arises out of the administration of the regulations under the act. You will find that in one area many difficulties arise, and in another area everything goes along smoothly. I think in many instances it comes back to the man who is in charge of the administration.

Then, again, the Indian has no recourse to law. The Indian affairs branch is judge and jury. Provision should be made so that a band of Indians should have recourse to the courts and to the laws in the disputes between the department—

Mr. Harris (Grey-Bruce): They have always had that.

Mr. White (Middlesex East): That is not what they told me. Perhaps I was misinformed.

An hon. Member: The wrong man told you.

Mr. White (Middlesex East): He was an Indian, anyway. Most Indians whom I know drive old cars. They are warned to get these cars off the road because they are a menace to traffic. I think if hon. members look back over the records of traffic accidents in Ontario they will find that Indians have an enviable record as far as traffic records are concerned. It is not always the man with the old car who is causing the accidents. It is someone with a fast car but lacking judgment who is causing the accidents. Therefore I think we should look into it a little more carefully and find out just how far we can go in telling these people what kind of a car they can drive and how old it should be. Some discretion should be used in that regard.

The hon. member for Calgary East (Mr. Harkness) mentioned pensions. That is something that should be taken care of and dealt with right away. The men of this country, especially the Indians, are just as much entitled to pensions as anyone else. Then I hear that discretion is used by the department as to the other allowances that are paid to the Indians, and that they are not always paid directly to the Indians. It is left to the discretion of the superintendent as to how that money is to be disposed of. Probably that is advisable in some instances. The individual Indian has no one to whom he can go to get that corrected. He is the victim of circumstances, and therefore he feels a bit of resentment toward the department. Education along the proper lines is probably the greatest solution and the most desirable thing to have so far as the Indians are concerned.

May I point out the attitude taken and the conclusions that are arrived at by some people? The government is administering the affairs of the Indians. The delegation that came to see me wanted to know about the C.C.F. I said to them: They believe that the

government should own and control all the means of production. They said: If they do not control it any better than they do the Indian affairs branch, why, God forbid.

Mr. G. M. Murray (Cariboo): Mr. Speaker, a good deal of light has been thrown upon the position of the Indians this afternoon, particularly by the hon. member who said that you could not make a rule to apply to Indians in one part of the country and expect it to apply to individual Indians in another part of the country. Up in the northern part of the Dominion of Canada there are Indians who today are living in a very primitive state, who are not settled down. They travel about the country. Their employment is seasonal. They fish during one season and hunt and trap during another season. Certain of those tribes are continuously on the move; therefore it would be very difficult to establish day schools, for instance, in that part of the country and expect the children to go to school as the white children do in Ontario or elsewhere with their school bags under their arms and then come home in the evening to mother to have their suppers, and so forth. You cannot make such rules in that part of the country.

And yet, in south Cariboo on the Fraser river you will find Indians well settled, tilling farms and conducting business in a very proper manner. You will find that these people have good incomes and good homes. I know of one group who grew tomatoes last season near Lillooet and received $400 per acre net profit on the production of that particular crop. I know of one settlement down on Seton lake in the south Cariboo country where the Indians have electric lights in their homes, and many of them have modern homes and live on standards quite equal to that of the whites.

How then can you make a rule that will apply to all of these people? There are some 3,000 of them in the riding which I represent. In the southern part, as I have said, many of them are prosperous. They do cattle ranching and conduct saw mills. They have co-operative activities in agriculture; they have co-operative stores; and it all comes about largely through the good management that this government has shown in that regard.

Day schools have been established. In my own lifetime I have seen these people emerge and progress and come up to a very good standard of citizenship in that part of our Cariboo country.

We hear a good deal of weeping about the sad plight of our Indians. Great sympathy is shown here and there. I often think they are crocodile tears, because the Indian does not require so much of our commiseration, so much of our sympathy. Somebody referred to Sir John A. Macdonald, who was the prime minister of Canada, seeking an amendment to the Indian Act. At that time, in 1878, he proposed that the Indian be given the vote. Well, fortunately there were Liberals in the house at that time. One prominent Liberal rose and said: "Mr. Speaker, if you give them the vote they will just quit the scalping party and come over to the polling booth." At that time the Indians in the western part of the country particularly were living under very primitive conditions. They were savages in the truest sense. They engaged in tribal wars. They still held "scalping parties." In the annals of the Royal Canadian Mounted Police of the last few years there are reports of cannibalism up in the north, where people were reduced to poverty through bad weather and so forth. I was speaking to a man who was very well informed on this subject and he said that in the Fraser valley not very many years ago tribal wars were still going on; although the white man was there with his police and so forth, rival tribes fell upon each other and inflicted casualties whenever the opportunity arose.

As I say, they are emerging and have emerged in one or two generations from a condition of primitive people. To whom should the credit be given for lifting them up? I am speaking of my own part of the country. The credit must very largely be given to ministers of religion who worked so diligently with these people on the Mackenzie river, on the Peace river and on the Fraser river, to open up hospitals, schools and missions and to guide and help those people to the position in which they are today. As I have said, they are emerging very rapidly to a place of equality with the rest of the Canadian people. I regret I have heard in the house disparaging remarks regarding the part religion has played in the affairs of the Indians. I say the Christian missionaries who went into that country rendered a great service to Canada and the world.

When I make that statement I am not limiting it to any one denomination. I think of the work of the Anglican church on the south Fraser river. I think of their opening schools such as the one at Lytton where several hundred Indians are in residence. I think of men like the late Rev. Archdeacon E. W. W. Pugh who came from Cambridge as a medical missionary, and who practically gave his life for the service of those people.

That was in the lower part of the Cariboo. Then, in the north the work was taken over by the Oblate missionaries. The history of the service given by the Oblate Fathers to the

Indian tribes is one of the most inspiring in the history of our country. It is going on today, and it has been going on for more than eighty years. Those missionaries are giving their lives in the conducting of schools and hospitals, and in the giving of other services to Indians. All this is being done without hope of reward, save the possibility of a crown of glory in the life hereafter.

Right up on the Cariboo highway at Fort Nelson only two winters ago Rev. Father Levesque, an Oblate missionary, went into the wilds to rescue an Indian family. He drove his dog team about eighty miles to bring service and help to those people. He froze his feet rendering that service and, as a result of it, is maimed for life. Such unselfish service is going on continuously in the part of the country I represent. I might state that Father Levesque is now in the Royal Canadian Air Force and, fortunately, is able to act as padre.

My mind turns to the Sisters of Religion at Williams Lake in the Cariboo, who conduct a hospital up there. These are Indian women of culture and education, and they take their places along with those doing similar work of any denomination or any racial group.

I think of Father A. G. Morice, who was up in Fraser Lake, at Stuart lake and at Fort St. James; of Father Lacombe, Father Seguin, and others like Father Mulvihill who is a missionary at Lejac today. I think of Rev. Father Patterson, O.M.I. of Lillooet, a native son of Perth county, Ontario, who is today assisting in organizing the co-operatives I mentioned, and in setting up credit unions and assisting Indians in co-operative saw mill and stores enterprises. In other words, he is assisting them in a material way as well as spiritually to attain their proper place in the life of the country.

I say that in bringing in this bill the minister is rendering a great service to Canada. Sir John A. Macdonald was not of the party to which I belong, but in his day he rendered heroic service. I see today a promising future for the minister who follows in the steps of great Canadian statesmen and now brings forward such progressive legislation for the benefit of the Indians and all the Canadian people.

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, I shall take only a few moments before the bill goes to committee. I was pleased with the remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell) when he referred to the number of Indian people who have made a real contribution to Canadian life.

I see the Minister of Mines and Technical Surveys (Mr. Prudham) in his seat. I have no doubt the minister will be well aware of one of them as an official high up in his department who has rendered a real service and is a credit to the civil service of Canada. That man, who is serving in the minister's department, is Mr. Gilbert Monture who, I know, is recognized as an authority on minerals in the Department of Mines and Technical Surveys.

I am happy that the minister has given an extension of time for the discussion of the bill because, in looking over it, there are one or two points I find I should like to bring to his attention. Perhaps it might be done more effectively at this time than when the bill goes before the committee.

The minister has said that the Indians will be given control of their affairs when they demonstrate their ability to do so. To my mind this is an excellent approach to the problem. In the matter of the location of roads, the administration of estates of deceased persons, the handling of wills and matters of that kind the Indians can give valuable advice to the minister because they are familiar with local conditions.

It is true that many sections of the bill provide that, at the discretion of the minister, band councils are to be consulted. However, there are still several sections in which that provision does not appear, and where I think it should be included. Those sections lack the statutory authority which means so much to the Indian people. They know that if it is included in the act and brought into effect they will be recognized and be given the proper consideration.

At this point I should like to voice my objection to section 4(2)(a) and 4(2)(b). I believe that, upon reflection, the minister will agree that it does violate the principles of good citizenship, and that it is contrary to constitutional law.

All hon. members are familiar with the many sacrifices made by the Indians in the two great wars. I know that from the Six Nations Indians, located close to my home, there were five hundred who enlisted for active service. The records of those men compare favourably with those of others who took part in the war effort. I say the minister would be making a real contribution to the Indian people if he were to make provision whereby Indians could have a voice in the government of our country, without at the same time losing their identity and rights as Indians. We as Canadians are always deeply concerned about any infringement upon our rights and freedoms. I do feel that in all these

matters set out in the bill we must make sure that the Indians are given proper consideration in the affairs on which the government of our country legislates.

Mr. H. H. Hatfield (Victoria-Carleton): Mr. Speaker, I am very pleased that a measure is being offered to improve the conditions of Indians on reserves. I support the request of the hon. member for Lethbridge (Mr. Blackmore) that a commission or a committee be set up to investigate Indian reserves throughout Canada. In my view the committee headed by the hon. member for Essex West (Mr. Brown) did good work in travelling throughout eastern Canada.

There are two Indian reservations in my constituency. Let me put on record the fact that the Indians of eastern Canada depend for relief upon a vote by this parliament. They have no treaty money, as do the Indians in western Canada. The Indians in the west are preferred, just as are the white people. They are a preferred class—as was clearly indicated when, before Easter, approval was given to the $65 million bonus to western farmers.

I should like to place on record the scale of the monthly ration for Indians on relief. Each adult Indian can receive flour to the value of $1.44 a month; rolled oats, 54 cents; baking powder, 30 cents; tea, $1; sugar, 22 cents; lard, 69 cents; beans, 50 cents; rice, 40 cents; cheese, 48 cents; and meat or fish, $1. Hon. members all know what one dollar will buy by way of meat or fish in a month's time. Then he is allowed ten cents' worth of salt and ten cents' worth of matches. That is all one Indian adult is allowed for a month, and it comes to $6.77. Two adult Indians are allowed $11.11 for a month. Three adult Indians are allowed $14.30. Four adult Indians are allowed $16.76. Five adult Indians are allowed $19.09. Six adult Indians are allowed $22.54, and nine adult Indians are allowed $34.30 per month. You will notice that in this ration there are no vegetables of any kind.

An hon. Member: No potatoes.

Mr. Hatfield: There is no butter, milk or eggs. In my constituency there are lots of potatoes that are selling cheaply. There were a great many Indians on relief in that reserve a year ago. They were out of work. Many young returned veterans could not get work. Potatoes were cheap. They could be bought for 50 cents a bag of 75 pounds. Yet the agent was not allowed to give them a potato. One adult Indian could buy 40 cents' worth of rice for a month's time, but he was not allowed to have potatoes. Children were not allowed to have milk, eggs or butter. I think the scale of monthly rations issued in Ottawa by the superintendent of welfare and training is disgraceful. It should be revised.

The Indian chief advised me that a sick Indian on his reserve, Simon Paul, had six children and is only allowed $16 per month to feed his wife and the six small children. I consider that is a disgrace. I would ask the minister to look into the question of the ration allowed Indians in eastern Canada. The answer I was given by the superintendent of welfare and training was that the Indians were supposed to grow their own vegetables. They have land on the reserve but very few of them put in a garden. If they are on relief they are not supplied with seed to grow their own vegetables, and I think they should be. When there is a large reserve with plenty of land they should be helped. A man experienced in agriculture should be put in charge of the land and the Indians should be shown how to grow their own vegetables. They should be able to grow enough vegetables on this reserve to feed all the Indians, and vegetables are the cheapest and best food that they can use.

I would impress upon the minister that he should have the regulations changed, and that on large reserves someone should be in charge of agriculture. Someone should teach the young Indians how to put in gardens and how to grow enough vegetables for their own use. I hope the amended act will be an improvement. I still submit that there should be a committee or commission to travel throughout the country looking into these different matters on the reserves.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, since the principle of the measure before the house is what is under discussion, I think it is appropriate to say something about the principle which is really inherent in what we are now discussing. Complimentary things have been said about the approach that has been made to this subject. To the extent that we accept the continuance of the present relationship between our native Indian population and the rest of the Canadian people, the statement of the minister was a commendable expression of friendship toward the descendants of the original citizens of the area that is now Canada. He indicated a desire to meet them, to hear their point of view and to improve the law now in force.

It seems to me, however, that we should have something more in mind. In so far as one can establish a principle under discussion at the moment, that principle is that we shall continue the existing relationship of the Indian to the state. In many ways the bill represents an improvement both in the

approach to the problem of the Indian and in the administrative procedure that will be brought into effect, subject to the reservation that I think section 4 is a most improper one having regard to what can be done thereunder no matter what the minister may intend to do. Nevertheless it seems to me that there is something lacking in our approach to this subject, and that it is something not only of concern to the native Indian population but also of very great concern to every Canadian who believes in the principles of individual freedom which we are asserting so continually at this particular time.

I do not think that we have any right to be satisfied with the bill. When I say that I am not suggesting that the bill may not be a great improvement over the legislation now on the statute books. What I am suggesting is that every one of us as a Canadian should feel much less than satisfied that at this point in the history of Canada we should still be dealing with a very large number of people in this country as a people with less than the regular rights of citizenship. Surely, if we are going to join in declarations that every individual throughout the world has the right to equality the place for us to start that discussion is right here at home. If it is wise for us to urge the extension of equality to the peoples of other lands, let us in this parliament assert that principle in dealing with the descendants of the original citizens of the country that we are trying to build and advance in every way within our power.

I do not believe that we should be satisfied until we can say with conviction that every Indian child has the same chance of education and advancement as every other Canadian child. Surely no one will suggest that with the passing of the bill now before us or even with such improvements as may emerge by way of amendment, with its present form and structure, we shall have even approached a point where we can declare that we have extended to the young children of native Indian blood that measure of equality which is the hall-mark of democracy itself.

Surely what we should ask ourselves is not whether it is advancing the cause of the Indians in Canada, but whether we as Canadians are satisfied to have from 130,000 to 140,000 people continuing to live in this country with less than the basic rights of citizenship which we have joined in declaring through the United Nations to be the right of human beings everywhere. In saying this I am questioning neither the motives nor the attitude of the minister towards those people with whom this legislation will deal. The drafting of the act will depend upon how we approach this subject. From the fact that this bill has been presented as a government measure and will now be referred to a committee, with whatever improvement may be made there, it is obvious that what is under contemplation is a measure that perpetuates a situation which should not be satisfactory to any Canadian today. In giving this bill second reading and referring it to a committee where further discussion may take place and improvements may be made, I do hope there will be in the minds of the members of this house the hope that before long we shall achieve that measure of advancement in regard to this matter which will bring the Indians fully within the citizenship of Canada.

There is nothing in the mind of any young Indian which prevents him from absorbing education and becoming successful in this country. We have seen evidence, which has been referred to already, of the great success of educated Indians in the ordinary professional and other activities of this country. There are many examples of great achievements in the peaceful occupations of Canada. And we should remember that during the years of war the Indians of this country did their full share in preserving that freedom which should be their heritage as well as the heritage of every Canadian. They showed themselves gallant and skilled on the field of battle. They showed themselves responsible and reliable. The Indians themselves have demonstrated that if we lay the foundation for full citizenship they will be worthy of the opportunity we give them.

Motion agreed to and bill read the second time.

Mr. Harris (Grey-Bruce): If I have unanimous consent of the house to revert to motions I should like to move:

That a special committee be appointed to consider Bill No. 79, an act respecting Indians, with power to send for persons, papers and records, and to report from time to time; and that the committee consist of members to be appointed later, and that standing order 65(1) be suspended in relation thereto.

Motion agreed to.

Mr. Harris (Grey-Bruce) moved:

That Bill No. 79, an act respecting Indians, be referred to the special committee appointed to consider the bill.

Motion agreed to.

VALLEYFIELD BRIDGE

PROVISION FOR CONSTRUCTION AND MAINTENANCE

Hon. Alphonse Fournier (Minister of Public Works) moved the second reading of Bill No. 148, respecting the construction and

maintenance of a bridge over the St. Lawrence river at or near the town of Valleyfield, in the province of Quebec.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

YUKON ACT

AMENDMENT TO INCREASE THE NUMBER OF MEMBERS OF THE TERRITORIAL COUNCIL

Hon. Robert H. Winters (Minister of Resources and Development) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to increase the number of members of the Yukon territorial council from three to five.

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

Resolution reported, read the second time and concurred in.

Mr. Winters thereupon moved for leave to introduce Bill No. 188, to amend the Yukon Act.

Motion agreed to and bill read the first time.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR ELECTED REPRESENTATION IN TERRITORIAL GOVERNMENT AND APPOINTMENT OF JUDICIAL OFFICERS

Hon. Robert H. Winters (Minister of Resources and Development) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to provide elected representation in the territorial government for the population of the Northwest Territories and to give the governor in council power to appoint judicial officers for the said territories.

Mr. Macdonnell (Greenwood): Is the minister going to make a statement?

Mr. Winters: Mr. Speaker, since 1905 the Northwest Territories have been administered by a commissioner appointed by the governor in council, acting on instructions from time to time given to him by the governor in council or the minister. The Northwest Territories Act now provides for a council of six members to aid the commissioner in the administration of the territories. All the members are appointed by the governor in council. This is the form of government that has existed since 1921.

With the increase in population and the development of the territories, it is considered that there should be some elected representatives in the council. It is intended, therefore, to enlarge the council to eight members, of whom three shall be elected and five appointed. Provisions are contained in the bill to authorize the establishment of three electoral districts to be represented by three elected members. There are several other minor amendments in the bill, the most important one being the granting of authority for the appointment of sheriffs.

Mr. J. A. Simmons (Yukon-Mackenzie River): Mr. Speaker, I am pleased to have this opportunity of saying a few words in support of the bill which will be introduced. For administration purposes the Northwest Territories were divided into three districts, namely, Mackenzie, Keewatin and Franklin, by order in council of March 16, 1918. In accordance with the Northwest Territories Act, the Northwest Territories are governed by a commissioner, a deputy commissioner, and five councillors appointed by the governor in council and operating from Ottawa. The commissioner and council have power to make ordinances for the government of the territory under instructions from the governor in council or the Minister of Resources and Development (Mr. Winters), subject to any act of the parliament of Canada applying to the territories.

Prior to confederation the land now known as the Northwest Territories was governed by the Hudson's Bay Company, and it was transferred to Canada on July 15, 1870. Upon the creation of the province of Manitoba in 1870, a single lieutenant governor performed the offices of the crown for the province and exercised a personal rule over the Northwest Territories under the direction of the federal government. He was assisted in the administration of the territories by a council not exceeding fifteen nor less than seven persons appointed by order in council. The Northwest Territories Act of 1875 provided for the administration of the territories by a resident lieutenant governor, assisted by a council of not more than five persons appointed by the governor in council, and all other members elected according to population. There were many changes in the form and size of the Northwest Territories council or legislative assembly in the succeeding years leading up to the creation of the provinces of Saskatchewan and Alberta in 1905.

During the years 1876 and 1877 the seat of government was at Livingston on Swan river. The capital was then transferred to Battleford where it remained until 1882, when Regina became the capital and remained so until the creation of the provinces of Saskatchewan and Alberta in 1905. Following that,

the capital was transferred to Ottawa. Since 1905 the territories have been administered by a commissioner acting under instructions of the governor in council or the Department of Resources and Development, or its preceding departments.

The commissioner has been aided by a council which, up to 1921, did not exceed four persons, and which since 1921 has not exceeded six persons. It will be noted that the Northwest Territories has been governed since 1905 by a commissioner, who was aided by a body of appointed councillors, situated at Ottawa. The great proportion of these councillors have been civil servants. No matter how able and sincere these councillors have been, this form of government is not democratic. Can you imagine eastern Ontario being governed by an appointed body of men residing and meeting on Vancouver island?

Our people feel that, while the present administrations are good and composed of able and conscientious men, the council is not in a position to deal with many of the problems of the territories as well as a similar body of elected members resident in the territories, and that in the very near future we should have responsible government throughout in keeping with the Canadian tradition of responsible government. It is admitted that the revenue found in the Northwest Territories has not been sufficient to defray the expenses of government, and the population has not been large enough to carry the cost of governmental machinery. For many years the population consisted predominantly of nomadic Indians and Eskimos, who made their living by hunting and trapping.

Since the 1920's, and especially since the end of world war II, there has been a considerable change in the situation. Industry and mining have moved into the territories, and I venture to say that many more will be moving in within the next few years to develop the vast mineral resources which are being discovered almost every day. There are the oil fields at Norman Wells along the Mackenzie river; the rich gold mines in the Yellowknife district; the uranium mine at Eldorado on Great Bear lake; the rich lead deposits at Pine Point on the south side of Great Slave lake, which I am hoping will lead to the construction of a railway; hydro developments at Fort Smith; and the nickel find at Ferguson lake in the Keewatin district. On Great Slave lake there is one of the largest inland fisheries in the world, resulting in a population of approximately 1,500 at Hay river. All this development has meant a large increase in population in the Mackenzie district.

It is about time that these Canadians were granted a form of local self-government similar to that enjoyed by Canadians in other parts of our country, and I am sure, Mr. Speaker, you will agree that the present form of appointed members to the Northwest Territories council can never be as good and efficient as local self-government. For this reason, Mr. Speaker, I congratulate the Minister of Resources and Development (Mr. Winters) on introducing this bill. It is a move in the right direction towards giving complete local self-government to these people, which is the basis of our form of democracy.

I hope it will not be long before the people of the Mackenzie district of the Northwest Territories are governed in local matters by a wholly elected council which will meet in the territory, and which will consist of people who live in the territory, make their living there, and who have the interest and future of the territory at heart. This form of local self-government has worked well in the Yukon Territory for the last fifty years and more. For the life of me, I cannot see why it will not work as well in the Mackenzie district of the Northwest Territories.

Mr. George A. Drew (Leader of the Opposition): Before the motion is dealt with, Mr. Speaker, there are one or two questions I should like to ask. I recognize that this matter can be dealt with effectively when the bill itself is before the house, but it seems to me that in dealing with this motion at the present time it might be desirable to have an explanation as to how the elected representatives are to be chosen and whether it is to be for limited areas or for the whole area of the Northwest Territories. The reason I raise that question is this. If it is to be for a limited area based upon a concentration of population, then we would have a system of election related to population on the one hand and on the other a system of appointment related to a recognition of the difficulty of getting an expression of opinion of the members. I think it would be helpful if we had some indication as to that at this stage.

Mr. Winters: I made a statement. I cannot speak again until we go into committee.

Mr. Fournier (Hull): The minister could close the debate on the motion or he could answer the questions when we get into committee.

Mr. Drew: The only reason I was raising the point is this. It would indicate to us the basis upon which we were proceeding. Then when the bill came in we would have an idea of the basis on which it had been prepared in that respect.

Mr. Winters: Perhaps in the committee stage on the resolution I could answer those questions, as the house leader suggested.

Mr. Drew: In the committee stage of the resolution?

Mr. Winters: Yes.

Mr. Drew: That would be satisfactory.

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

Mr. Winters: Perhaps I should first of all answer the questions asked by the leader of the opposition with respect to the contemplated method of having representation in the Northwest Territories. It is proposed to divide the Northwest Territories into three electoral districts centered about the centres of population at Norman Wells, at Yellowknife and Hay River. That would result in three general electoral districts, one with a boundary running north and south somewhere along the Mackenzie river; the others divided by a boundary running east and west somewhere between Yellowknife and Hay River, thereby using those three main concentrations of population as the general centres of the electoral districts that are being contemplated.

Mr. Murray (Cariboo): May I ask the minister if this does not indicate that a new province shall soon be evolved in the Northwest Territories, as Alberta was in 1905? Within these Northwest Territories there is a great deal of opinion to the effect that it is about time that a new province was created in northern Canada.

Mr. Winters: Time effects a great many changes. The present resolution forecasts a bill which has regard to the growth of the Northwest Territories. It is the opinion of the government that the time has come to recognize that growth and to give to the people of the Northwest Territories some elected representation in the Northwest Territories council.

Mr. Macdonnell (Greenwood): From the speech of a member who spoke previously, I understand that we now have a commissioner with a council of eight; and if I rightly understood the matter, the commissioner is in the district itself. No, he is here also. They are all here.

Mr. Winters: Yes.

Mr. Macdonnell (Greenwood): It is proposed to do something which does not immediately make itself clear to me; that is to say, we are going to introduce self-government or at any rate make a step towards self-government by having three out of eight elected. How is the matter going to function? There will still be a commissioner, five members here in Ottawa and three elected in the territories. Will that be correct?

Mr. Winters: Yes.

Mr. Macdonnell (Greenwood): Will the minister say how that set-up will function? Will we have a parliament of the Northwest Territories sitting here in Ottawa? Will they come here? While I am on my feet, let me ask this question also. I can understand a selected group of eight, and I could understand an elected group of eight; I think also I could partly understand a group of eight, of which five might be elected. But I find it difficult to understand just what reality there is given to the principle of self-government by having three out of eight elected when those three will be several thousand miles away from Ottawa where, I would judge, the decisions will still be made.

Mr. Winters: The present constitution of the council is six members, one of whom is appointed as a resident of the Northwest Territories. It is proposed to increase the number to eight and to have three from the Northwest Territories, those three being elected. The remaining members will be appointed and it is likely that they will be from Ottawa as they are now; that is, prominent civil servants. At the present time the commission meets in Ottawa and the business of the government of the Northwest Territories is transacted here in Ottawa. By the bill which will be introduced later it is contemplated to have at least one meeting each year of the Northwest Territories council held in the Northwest Territories; this should have some advantages which I am sure are evident to all hon. members.

Mr. Murray (Cariboo): May I ask the minister how long he thinks it will take before it will be possible to have a body similar to the present Yukon council; that is, add to the membership of it and bring it abreast of the Yukon council?

Mr. Winters: That is something that will depend entirely upon developments and the growth of the Northwest Territories. It is something as to which I would not care to make any predictions at this time.

Mr. Simmons: Is it the intention of the government to increase the number of the elected members of the council from year to year until such time as they eventually reach the stage of fully elected government similar to the Yukon Territory?

Mr. Winters: The whole purpose of this legislation is to tend toward elected representation. I would say that as the territories grow and develop, the trend in that direc-

tion will continue. Just when there will be a fully elected government in the Northwest Territories is something that will have to wait on the development of the territories.

Mr. Murray (Cariboo): It has been Liberal policy to set up self-governing groups of this kind. The government of Sir Wilfrid Laurier of course proposed the creation of the provinces of Alberta and Saskatchewan, and in 1905 that proposal was carried out. But it was only incidental to a general policy of settlement and development of the west. Sir Wilfrid, with his able lieutenant, Sir Clifford Sifton, who was at that time the minister of the department which dealt with matters now under the jurisdiction of the Minister of Resources and Development, outlined a big immigration policy. People were invited to come into the northwest to take the free land that was offered them and to share in the opportunities of that great country. The Liberals carried out that policy. But of recent years there has been a hesitancy about bringing in new people. Up in that country to which we are referring now there is opportunity for a great many new settlements all over the place, and it is a matter not only of local but of national interest—and of even international interest—that we should invite people to come into that country to settle and to share in the opportunities which were so ably outlined by the hon. member for Yukon-Mackenzie River.

The oil resources there are very wide; their limits are unknown, and yet the oil at Norman Wells is not being used today save on the river for local consumption. Then there is the fact that we have the greatest uranium deposits in the world there; there are great resources of gold at Yellowknife and elsewhere, and there are large areas of timber, and fish, and everything that an empire needs. And yet in the Northwest Territories we have a very scattered population. I hope to see something done about putting new population in there and creating in the north a province similar to Alberta. I would prophesy that such a province some day would be wealthier than any of the other ten provinces of Canada.

Mr. Knight: The administration at the moment is in the hands of a council of which only one member is a resident of the territories, as I understood the minister. That would mean, I presume, that he lives at Ottawa to carry on his business. Does he travel back and forth as a member of parliament does? Is the council made up of a majority of non-residents; that is to say, roughly, top civil servants, who live in Ottawa? There must be advisers or an advisory committee of residents. Can the minister tell me whether he has such an advisory committee? If so, of whom does it consist? How is it appointed?

Mr. Winters: The member of the Northwest Territories council, appointed from the Northwest Territories, resides in the Northwest Territories and he travels here to Ottawa for meetings of the commission. There is no advisory committee as such.

Mr. Knight: In that case this council whose members are resident in Ottawa must have advice from local people in the territory, whether there is an official advisory committee or not. Otherwise, how could they administer a country from which they have no advisers? Is there any regular advice, not official advisers, I mean, as individuals?

Mr. Winters: We have of course a very good elected representative from the Northwest Territories and the Yukon sitting in the house at the present time, namely, the hon. member for Yukon-Mackenzie River, with whom I had the privilege of touring the greater part of the Northwest Territories and the Yukon last summer. There is, moreover, a very capable body of civil servants, many of whom spend their full time in the Northwest Territories and the Yukon, and who, of course, provide the council with information on various subjects from time to time.

Mr. Fraser: How long will these three people be elected for, for one year, two years or three years? What is the term, or does it vary?

Mr. Winters: That is covered in the bill. I have not the bill before me, but speaking from memory now, the period is for three years.

Mr. Macdonnell (Greenwood): I have two more questions. What is the population of the territories now? Have the members of the council who reside in Ottawa had experience of that area from living there, or do they have to be briefed—may I put it that way—by civil servants who are there now? In other words, have we in Ottawa people who in the course of their career have acquired knowledge of that territory?

Mr. Winters: There are on the commission people who have acquired knowledge by virtue of the fact that they have lived in the north, and there are others who, I presume, have to be briefed, as the hon. member has said.

The population of the Northwest Territories at the present time, based on an estimate, is about 15,500 people. That is only an estimate. The last census in 1941 showed a population of 12,028.

Mr. Murray (Cariboo): May I refer to the great investment that the people of Canada already have there? The Alaska highway penetrates the northern country. It is an excellent highway. It is really an international highway. There are airfields which were constructed, of course, under the defence plan. Very valuable airfields exist there and are available for civilian use. Extensive telegraph lines have been constructed throughout the north. Alaska, our neighbour, being under the United States flag, of course, is now considering statehood. They are to be brought into the American union as the forty-ninth state. Alaska is a very great hive of industry. Settlers are coming in there over the Alaska highway. The place is being developed. Extensive defensive measures are being developed there, of course. The attitude of the United States is to develop Alaska, to develop her industries, her timber, her fisheries, her mines and so forth. Therefore we Canadians should be abreast of our United States friends and see that this northwest country is not neglected, but that everything is done to parallel what is being done in Alaska in promoting settlement and prosperity in that part of America.

Resolution reported, read the second time and concurred in.

Mr. Winters thereupon moved for leave to introduce Bill No. 189, to amend the Northwest Territories Act.

Motion agreed to and bill read the first time.

EXPORT AND IMPORT PERMITS

AMENDMENT TO EXTEND LIFE OF ACT UNTIL JULY 31, 1954

Hon. Alphonse Fournier (for the Minister of Trade and Commerce) moved the second reading of Bill No. 130, to amend the Export and Import Permits Act.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Macdonnell (Greenwood): No, Mr. Speaker.

Mr. Fraser: Is the parliamentary assistant going to make a statement?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Yes, as soon as he has an opportunity.

Mr. Fraser: That remark is unnecessary.

Mr. McIlraith: Mr. Speaker, the bill before the house is comparatively simple, but since, among other things, it provides for the extension of the life of the Export and Import Permits Act, perhaps it would be appropriate for me, and the house would wish me, to say a few words about that act, and to give some information with respect to it and to the operations under it, as well as to deal with the provisions of the bill itself.

Hon. members will recall that export control was established under the authority of the War Measures Act in 1941, and with the ending of the National Emergency Transitional Powers Act legislation was brought forward in 1947 and the Export and Import Permits Act was passed in that year, having at that time a provision in the act itself for termination in 1948. In 1948 the bill was amended and the life of the act was extended until 1950. In 1949 the life of the act was again extended until July 31, 1951, so that the present act would expire on July 31, 1951, unless extended. During all this period a continuing effort was maintained to remove items from control as quickly as the necessity for their control disappeared. At the end of the war there were 1,100 items under export control.

By October, 1950, this number had been reduced to 82 items. Unfortunately however since that time it has been necessary again to place certain items under export control. This has been by reason of the well known developments on the international scene. It was done both for domestic supply reasons within Canada and also for the reason that it was desirable to prevent this country's serving as a back door for exports from the United States. As hon. members know, there is a free flow of material from the United States to Canada, and it was necessary to prevent that freedom being used as an indirect method of exporting United States goods from that country contrary to their export control legislation.

Commodities fall within three broad classifications for export control purposes. The first list covers items under control for all destinations and includes all items on which it is necessary to restrict or deny movement to the United States to maintain adequate domestic supply within Canada. It will be appreciated that in the type of article affected, such as scrap materials, it could easily happen that this Canadian market could be denuded if export controls were not maintained against the United States as well as all other countries.

List No. 2 is a list of items under export control to destinations other than the United States, and comprises those items which may be in short supply, and also a large number of strategic materials. Commodities within this group may move freely between Canada and the United States, but they cannot be exported without licence to other destinations from either country. An illustration of this

might be raw cotton, which moves from the United States to Canada without restriction, but which the United States and Canada have under export control to other destinations.

The third list is a list of countries exports to which require permits, or to which there is a general control of exports required. It is true that there is a very small list of items for export to these countries that is exempt. However, that list is quite small, and the items in it have no strategic significance whatever. This area control at present affects exports only, and does not affect imports.

The export powers under the existing act may be summarized under four headings. Those four headings are:

(a) To establish a list of countries, exports to which shall be subject to licence.

(b) To control exports of arms, munitions, war materials or supplies.

(c) To control exports of commodities where this is necessary to ensure adequate supply and distribution within Canada, and

(d) To control exports where this is necessary to implement inter-governmental arrangements or commitments.

So much for the exports part of the existing legislation.

Then, as to imports: When the act was passed initially in 1947, there were one hundred items under import control. These had been reduced to the point where at the end of 1950 no items were left under import control. Since the first of the year it has been necessary again to bring some items under import control. These are basic steel products on which control was imposed in order to direct the flow of imported steel into essential uses in compliance with the minister's orders issued under the Essential Materials (Defence) Act.

The authority or powers under the existing act, as they affect imports, may be subdivided into two headings:

(a) To regulate or control the import of commodities subject to allocation by inter-governmental arrangement, governmental controls in the country of origin or scarcity in the world markets, and

(b) To control imports where the price of the commodity is supported within the Canadian market, under existing legislation.

The purpose of the amendments in the bill before the house may be set out briefly under three subheadings. The first is to extend the life of the act for three years, until July 31, 1954. I may add that a provision in that respect in the bill as originally drafted and submitted to parliament made provision for extension for five years. In the other place that was reduced to three years, and the bill now before the house makes provision for an extension for three years.

Secondly, the bill empowers the governor in council to establish a list of countries, imports from which may be controlled, in order to enable Canada to implement obligations which may be incurred through international action. Hon. members will recall how some months ago there was discussion of international action which would affect imports as well as exports. We had no authority under any existing legislation to implement such a policy, had we agreed to it or had there been any international action making it desirable or necessary.

Then the third authority set out in the bill is that for imposing import controls where the production, supply, distribution or use of the article is restricted or otherwise regulated under the authority of any act of parliament. As an illustration, if it becomes necessary to regulate or prohibit the manufacture or distribution of certain products, it will be apparent to hon. members that it would be desirable to be able to exercise a similar control over an import trade in the same products. That can arise as the defence preparedness program accelerates in pace.

While the bill before the house is brief, and while, with the exception of the last point mentioned, it involves no new principle, perhaps I could supply any additional information required when we are in committee. If it is required, I shall be glad to give it.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I wish to make some comments about this bill to amend the Export and Import Permits Act. Here we have another control measure which is being placed before us because of the situation in which we find ourselves. This measure is really ancillary to the broader measures which we have already had before us during this session. It represents a considerable extension of the measure which we have had on the statute books under the same name since 1947, in particular because this bill now asks for authority to control imports on a country basis as well as on a commodity basis. As I say, it is a bill involving a great extension and before I take my seat I propose to move an amendment that the bill be sent to a committee so that its effect may be studied. I

suggest that the extensions which are being made are of great importance. When the act was made law four years ago it was considered carefully by a committee.

One of the things to which I wish to draw particular attention is that this measure has been used—I think it is desirable that we should know whether it is proposed to be used again—for purposes of discrimination. Let me hasten to say that I do not use that word in any sinister sense at all. I merely mean that the control powers have been used, as I shall show in a minute, to enable controllers to determine that Manufacturer A is more worthy of getting import materials than Manufacturer B. That is one reason why I think it is desirable that this measure should go to a committee. Then that aspect of the matter can be considered.

In order to make clear what I mean by that I should like to read briefly from the proceedings of the banking and commerce committee of 1947 when this act was first considered. What I am proposing to show is what I indicated a moment ago, that the powers have been used for the purposes of discriminating and judging that this manufacturer is more worthy of getting material than that manufacturer. Lest I forget, let me say that the civil servants who came before that committee won the respect and admiration of us all. It was perfectly evident that they were trying to do their job in a faithful and efficient manner. I am not criticizing them; rather I am criticizing the whole conception that these powers are being put in the hands of people, I do not care how good they are.

During the course of the evidence given by Mr. Bull the question of bench vises came up. I quote from the evidence given by Mr. Bull, as reported on page 295 of the proceedings:

> On this question of bench vises, applications have been turned down on bench vises fairly generally because the bench vise is an article of very simple manufacture.

Then later on:

> There is a minimum amount of machining going into a bench vise so that the price, on export, is not a great deal more than the price of the raw steel going into it. These vises are going to Holland where we never sold bench vises in the past and it is very doubtful if we will ever sell them in the future. We have difficulty competing in an article of simple manufacture. We usually do much better in a complex piece, such as a generator or a motor.

That outlines briefly the situation I am drawing attention to. I asked a question regarding it and then later Mr. Mackenzie, the deputy minister, made a statement which covered the point in a rather comprehensive manner. I quote from page 296 as follows:

> Mr. Mackenzie: May I say a word? I am speaking now not of any particular item but I am talking of the general policy of those unfortunate people who have to administer export permits. Where we have a very small supply to meet a large demand we have to make some decision and some choice because everybody's demands cannot be met. One of the guiding principles is that token shipments should go to those markets where it appears that there will be some continuing value. Mr. Bull pointed out that in the case of these items which require a very small amount of manufacturing in Canada, and are only one degree removed from the raw material, it is highly improbable that under more normal conditions, if those ever come, that we will be able to compete with manufacturers much closer to the markets. Under circumstances like that we would deliberately use our influence—
>
> Mr. Macdonnell: Power, not influence.
>
> Mr. Mackenzie: —to try to direct what limited supply there was to the markets where we thought there was some advantage.

I bring that before the house to indicate how powers taken for the purpose of controlling quantities can easily be used—I am perfectly sure in good faith—for the purpose of discriminating between one person and another. I hope that we can pursue this matter further when we get into committee because it seems to me to be dangerous in the highest degree that anyone should be asked to undertake the responsibility of making such a decision. The parliamentary assistant pointed out to us this afternoon what was satisfactory to hear, that the items under control under the old act had sunk to a very small number. But with the situation that has recently developed and our need for defence preparations, the number of articles under control will rise and have risen very substantially.

We should remember that we may be stepping into legislation which may go on for years and years. I suppose the best hope we can have is that it will go on for years and years because the alternative probably is war. When we remember that, it seems to me that these things should be carefully considered. I say again that this is discrimination, whether it is beneficial discrimination or not. Apparently we are giving the power to government officials to determine as between one person and another. They will have to have wisdom which I suggest is beyond all human wisdom. In addition they will have to be absolutely detached and impartial.

I should like to say a word or two about the public aspect of this. Do not think I deceive myself into believing that there is as yet any real apprehension on the part of the public as to the wide powers which parliament has granted. However, we in the opposition have questioned these powers because we consider it to be our duty to do so. I consider it to be my duty to go on trying to make people realize just what is happening, because it makes a very great deal

of difference whether the public says to itself, "These arbitrary powers are things we do not like; nevertheless the situation is such that we must give them. But we will watch exactly how they are exercised, and we will be on guard to try to diminish them as soon as the situation warrants." That is one thing, but that is not the situation we have in this country at the moment, as far as I can see. There is very little evidence I can detect outside this house, and not very much inside it, to suggest that anyone fears these powers. Therefore I am going to take a few moments of the time of the house to stress this point and put on record one or two quotations from people who have thought deeply about these matters, in the hope that they may come to the attention of members of the public, perhaps leaders of public opinion, who may be impelled to do something about it.

When I say that, I recognize that broad powers have to be given at the moment. Without them we cannot meet the issues we are facing now. What I am hoping is that they can be given in a considered way, so that people will recognize that it is a dangerous thing to do, and it is only done when you are in danger so great that you have to give up liberties—temporarily, we hope—which have cost much in the winning. For that reason I propose to quote a sentence or two from a man whose name is very well known and whose opinions are highly regarded. I refer to Walter Lippmann, and I am quoting from page 332 of his book "The Good Society". He is speaking about arbitrary powers, and we must remember that these powers are arbitrary. Although the Prime Minister (Mr. St. Laurent) said the other day, and I am sure sincerely, that these great and arbitrary powers would be used with moderation, nevertheless we should remind ourselves that even in the hands of good men powers are sometimes used for purposes for which they were not intended. It was not the wicked Hitler who began the use of arbitrary power in governing by decree in Germany; it was the good Brüning who began it. He was driven into it not because he wanted to but because he felt the circumstances warranted it, so it was he who really destroyed the German constitution, though he was a good and well-meaning man. Now I quote briefly from Lippmann:

> The idea of arbitrary power exercised at the wilful discretion of any man is alien to the very conception of a civilized society. It is the legalism of the barbarian, and the instinctive political philosophy of all who have not been disciplined to, or are in reaction against, the usages of civilization. For every man, until he has been taught differently, is predisposed to believe that what he wills should have the force of law.
>
> The struggle to subdue this primitive disposition is the age-old struggle against the barbarian.

I quote this passage from Lippmann, as I said, because of my feeling that it is our duty to try to make the people understand what is going on, so they will realize that the powers being given are far-reaching and could easily be very dangerous and harmful. I wish now to quote briefly from "The New Despotism" by Lord Hewart. At page 150 he quotes from a speech by the Master of the Rolls, who said that—

> —time was when the great danger against which the judicature had to guard was the encroachments of the crown. Happily there was no longer that danger; but there was another danger which was more real than that—namely, encroachment by the executive.

As I say, I am bringing this to the attention of the house in order to get it on the record and call it to the attention of the people who also, I hope, may be led to reflect on these matters. Now I want to read just one other short passage from Lord Hewart, where he speaks about the delegation of authority and the position of the official who is endowed with these powers and exercises them. He says:

> More than that, it is his duty, as an official, to obey any instructions given him by his superiors, and, in the absence of special instructions, to further what he knows to be the policy of his department. His position makes it inevitable that he should be subject to political influences.

I do not think the writer means that the official himself will be directly subject to political influences. I think he means that you have this power in the hands of a minister; men being what they are, the minister is a politician, and in that way political influences are bound to come in.

As I pointed out in the case of a similar measure, if this power was being asked for a month, a year, or any short time, one would feel quite differently about it; but none of us believes that three years from now, when this measure comes up for renewal, there will not be the slightest chance of taking the legislation off the statute books, unless the situation has changed radically. Therefore I think it is proper and indeed inescapable that we should think about this in terms of something that may go on for many years, and which may become part of the whole fabric of special powers that we have constructed. When I imagine that going on for such a period of time it is almost impossible for me, at any rate, to believe that we will have a generation which even knows how to practise the arts of freedom, and I am speaking now about freedom in the realm of economic enterprise.

I do not think I need detain the house longer. For the reasons I have given I move,

seconded by the hon. member for Wentworth (Mr. Lennard):

That the said bill be not now read a second time, but that the subject matter thereof be referred to the standing committee on banking and commerce, with instructions that they have power to review the administration of export and import permits since May 14, 1947, and to consider and report to this house upon the scope of amending legislation sufficient and appropriate to provide for necessary import and export restrictions.

As I said in my opening remarks, I feel that the additional scope given this legislation in the bill now before us is of such importance that it would warrant consideration by a committee just as fully as consideration was warranted some four years ago, when the original bill came before us. I suggest the obvious advantage of such a committee is that we could make it available to interested citizens if there were any who wished to come and have the matter discussed. That is what was done four years ago, and it is for that reason I have moved the amendment.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, I think I should say something on this amendment. I must say I found a little difficulty in understanding the hon. member, for the reason that his remarks seemed to be directed to the desirability of having a committee, particularly the banking and commerce committee, look at the bill before the house, while the motion is in fact a repudiation of the bill. The motion as I have it is that the bill be not now read the second time, and it goes on to refer the subject matter to a committee. As I understood the remarks, there was an expression of the dislike for controls as such. I believe that dislike is widespread throughout Canada, and I believe on all sides of the house. There is common ground on that point.

The question of the principle in the bill is limited pretty well to the wisdom of its extending the Export and Import Permits Act for three years. The other questions, as to the language of the clauses and the proposed amendments, are proper subject matters for a committee, either of the whole house or the banking and commerce committee, as the case may be. In my opening remarks I did not indicate whether or not it was proposed to proceed in the committee of the whole or whether there would be a motion following the second reading to refer the bill to the banking and commerce committee. On the latter ground, of course, there is no objection whatever to having the bill referred to the banking and commerce committee, if it is thought by hon. members that is a more desirable way of examining the details of the bill. As I see it, however, there is every objection to repudiating the principle of the bill, and that is what is contained in the amendment moved by the hon. member. I therefore see no alternative but to oppose the amendment.

Mr. Speaker: Those in favour of the amendment please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it. I declare the amendment lost.

Amendment (Mr. Macdonnell, Greenwood) negatived.

Mr. Speaker: The question is on the motion for second reading.

Mr. Macdonnell (Greenwood): On division.

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Establishment and publication of list of goods for export.*

Mr. Macdonnell (Greenwood): Will the parliamentary assistant give us a little more information than he gave this afternoon about the articles that are likely to come under control?

Mr. McIlraith: As I stated on second reading of the bill, we had no items under import control at the end of December. Since that time we have had to bring iron and steel items under import control, but that is the only item under import control at the present time. It is impossible to say with any degree of accuracy what items are likely to be brought under import control. There may be other metals of a similar nature, but there is nothing immediately contemplated. I do not want to be held too strictly to that commitment because the situation, so far as strategic metals are concerned, is changing rapidly. There is always a possibility of a change taking place.

Mr. Macdonnell (Greenwood): Will the assistant explain further subsection 2 of clause 1 which is described in the sidenote as necessary to enable Canada to implement possible action by the United Nations organization.

Mr. McIlraith: Mr. Chairman, I think perhaps I could best elaborate on that by using an illustration. It will be recalled that some months ago when the whole Korean operation was being discussed at the United Nations, the wisdom of applying import controls

against certain countries was then discussed. In this country we were in the position that had such a resolution been thought desirable and carried by the United Nations, there was no legislative machinery to provide for anything in the nature of area import controls. It is that type of situation that is envisaged. There is no intention at all of applying area import controls at this time, but again the world situation changes fairly rapidly.

Mr. Macdonnell (Greenwood): Would that be more in the nature of political sanctions than economic measures?

Mr. McIlraith: To a limited extent it would be, yes.

Mr. Macdonnell (Greenwood): Could the assistant say anything concerning the point which I raised as to the previous operation of the control? I refer now to the evidence which I read from the banking and commerce committee of several years ago.

Mr. McIlraith: Mr. Chairman, I think the explanation of that is somewhat difficult, because by its very nature any control involves at least discrimination in an academic sense. If you create a list of products for which an export permit is required under control legislation, then you have discriminated against the producers of those products. Unfortunately, in control legislation discrimination is involved in that academic sense. I believe the thing that has to be watched for is discrimination that is not of that academic nature, but discrimination between individuals of equal claim. I do not think there has been any suggestion of discrimination of that kind in the years that this control has been in operation. I do not think anyone on any side of the house has suggested discrimination as between individuals under this legislation.

There is, of course, and the hon. member quite properly raises the point, an authority that is arbitrary in its nature. I believe the only effective answer to that is that no one has yet come forward with another method of handling such a difficulty. Academically there is no doubt that there is authority for a discriminatory use of the power.

Mr. Macdonnell (Greenwood): But in the sense that I was putting it to the assistant, he will agree that there was discrimination because officials decided that material given to one manufacturer was more likely to be nationally useful than that given to another because his business was more likely to continue. Can the assistant say whether that kind of judgment will continue to be exercised? It does not seem to be necessarily inherent in the kind of control that we are talking about. There are other things which could be used as yardsticks, such as the history of the business and so on. Probably the assistant is more familiar with those than I am. What I do want to know is, are we going to have a continuation of the exercise of that judgment that one business shall have steel because it is more likely to be able to continue than another business?

Mr. McIlraith: Mr. Chairman, that type of discrimination is what we are constantly seeking to avoid. We are constantly seeking to avoid having the administrative officials in such a position, because it is unfair to them as well as to all others. I cannot say dogmatically that such authority will not ever be used, because in the very example used as a reference we are concerned with the production of a steel product. Steel is in extremely short supply and if export permits are granted I presume there will have to be an examination not only into where the steel is ultimately going but into the quantities involved and the value of the market; that is, the value from the point of view of maintaining the market for old customers. For instance, we had to keep supplying a few nails to the West Indies when we were short of them in this country. We certainly did not seek to export nails, because of the great shortage of wire rod and so on. It is quite true there is discrimination in favour of exporters exporting some nails to the West Indies, but that discrimination was exercised because that had been a traditional outlet and we had supplied that market with nails over a great number of years. I think all hon. members will agree that the only fair thing to do when we had kept that market supplied for a great number of years was to continue to keep it at least partially supplied. That of course involved discrimination against other exporters who might want to export another steel product to some other country.

Mr. Macdonnell (Greenwood): Another question which was raised at the same time in the committee and which I did not read was a question raised by another member: whether in fact the exercise of judgment—I will call it that for the moment—did not almost inevitably tend to work, first, against the small exporter, as between him and the large one; and second, whether it did not almost tend to prohibit the inception of new businesses.

Mr. McIlraith: With respect to the first of the two questions, I would say that the exercise of that discretion does not tend to discriminate against the small business operator in favour of the larger one. There is not that difficulty as a practical administrative problem. There is a difficulty about the new

business; that is, the business not yet formed, but which would normally be formed to go into the export field. In that second case there is a discrimination in favour of an established business.

Mr. Macdonnell (Greenwood): Do you actually have to go further than that? Does it not make it almost impossible for a new business to be set up?

Mr. McIlraith: If the particular control involves total prohibition of the export of the product in question, it does, of course, if export trade is necessary in order to establish the business.

Mr. Hatfield: I should like to ask if the export permits will be issued in accordance with the previous business of the exporter.

Mr. McIlraith: Yes. That is the point I just made, Mr. Chairman. When there is a quota, an attempt is made to issue permits on the basis of the previous business of the exporter.

Mr. Hatfield: What about the import of steel?

Mr. McIlraith: As to import control of steel, its primary purpose is to subject imported steel to the effect of the steel control order that prohibits the use of steel for certain types of construction. In the United States, from which country we import a great deal of steel, they have export control over steel but this export control is not applicable to Canada. With power to apply import control over the steel products we can direct them into the more essential uses and we can also avoid having export control made applicable to us from the United States.

Mr. Fraser: The idea is to limit exports to the United States and other countries of essential goods from here. Is that it? What I am getting at is a question I have asked many times in the house, namely with regard to nails. In the report that I have here I notice that 365 hundredweight of wire nails were shipped to the United States last year. We have a desperate shortage of nails at the present time and fewer nails were manufactured in Canada last year than the year before.

Mr. McIlraith: I thought I made that point clear in answer to a question a few days ago in the house, but I am afraid I have not done so. As will appear from the answer, the quantity of nails exported is slight. The nail operation to the United States involves a plant where the rod is shipped in from the United States, the wire is cut here, and a percentage of it is returned to the United States. In other words, while it is quite true that there is an export of nails to the United States, there is no loss to the Canadian market. It refers to a semi-finished product imported.

Mr. Fraser: There is between Canada and the United States, with regard to the rods coming in, an agreement to the effect that you must return so much to the United States. Is that the idea?

Mr. McIlraith: No. It is a matter of having the facilities of the plant fully used, and we get some net benefit out of it. There is actually no agreement with the United States on it, but there is quite a close liaison between the steel offices in the two countries.

Mr. Hatfield: Is there any arrangement between the control board in Canada and the control board in the United States with regard to imports?

Mr. McIlraith: The situation is simply this. We have our liaison in Washington, and we have working information and knowledge about each control they have on there. There is no specific arrangement as such, but we have knowledge of all these things; that is, we have day to day knowledge and liaison on such matters as steel and similar products that are crossing the border regularly and come under this legislation.

Mr. Hatfield: I had occasion to use some steel a few weeks ago and made a request to the steel controller, Mr. Harris, here in Canada. He turned me down. I was, however, able to buy that steel in the United States. Is there any arrangement whereby I can import that steel now I have bought it?

Mr. McIlraith: There is close examination before we permit the import into Canada of a product for a use which is prohibited in the United States.

Mr. Hatfield: It is not prohibited in the United States or I would not have bought it.

Mr. McIlraith: I should like to have a look at that particular case again.

Mr. Macdonnell (Greenwood): I want to come back again to a point which interests me and that is the danger—and the parliamentary assistant has not fully satisfied me on this point—that the small man is penalized as against the big man. A reference was made to that point in the evidence. I do not remember the exact words, but the tenor of the argument was that the bigger people, with their larger operation, could probably operate somewhat more economically than the smaller people and that therefore you sometimes had to prefer them over the smaller man. I regret that I have not here with me the exact wording of the argument—I have sent for the book—but that was the tenor of

it. I think that would be a terribly unfortunate thing. I should like to hear something more about it.

Mr. McIlraith: I do not think there is much more I can say about that. It is perfectly obvious that if you are exporting a product and you cut down eighty per cent, a large manufacturer may be able to adapt his plant to the small output for export, and a smaller manufacturer may of course be hurt; but beyond that I have not, in my experience, run into any complaint of the small businessman as opposed to the large businessman. There does not seem to be any difficulty on that score. I am not aware of any.

The Chairman: Shall the clause carry?

Mr. Drew: No, Mr. Chairman. There is a point that arises in connection with the exchange of remarks that has been taking place which I think should receive the attention of the Prime Minister and the consideration of the house.

As I apprehend the practice, there is a well established custom that the minister of a department speaks on behalf of his department, and that there is a special reason for his giving certain explanations and undertakings related to the principle of joint cabinet responsibility. Without in any way questioning the capacity of any individual member to deal with any particular subject, I think a question is now raised that should be considered without our waiting any longer. So far as I am aware, this is only the second department in which the parliamentary assistant has dealt with legislation before the house, and, in the process of dealing with legislation before the house, has been called upon to give explanations and what would amount to undertakings that would, in the ordinary course of events, be regarded as binding the government as to its intention in relation to that legislation.

I submit, Mr. Chairman, that there is a long established reason for ministers giving that explanation, which has no suggestion of a reflection on the capacity of any other individual member of the house, but it does relate to the fact that only ministers can speak for the government. In this particular instance we are dealing with very important legislation. It is apparent that the parliamentary assistant in this instance has taken pains to inform himself in regard to the details of the measure before the house, and he has obviously made an earnest effort to give the explanations which he thinks are appropriate. I submit, however, that he is not in a position to bind the government as to its intentions; I submit also that the government would be free from any measure of responsibility in regard to a statement that he might make. I therefore suggest that the Prime Minister should inform the house as to whether in this instance the parliamentary assistant is to be regarded as speaking with the responsibility of the government; and also whether it is suggested that it is a desirable practice in this house for parliamentary assistants to make statements on behalf of the government as a whole, rather than to follow the longer established practice of having other ministers speak on behalf of the government, if the minister in question is not available at the time.

I think also the Prime Minister should take under consideration the wisdom of having parliamentary assistants make statements on behalf of the government at a time that the minister of that department is available, and that under our well established practice he would appear to be the minister or the member of the house best suited and best qualified to give the explanation.

Another question arises, perhaps of minor importance, but one which it seems may well be settled in regard to matters of that kind. It was my understanding that by long established custom members speak from their own seats, and a question arises as to whether we are to have the practice of parliamentary assistants moving onto the cabinet benches to give to themselves the mantle of some added appearance of authority.

Mr. McIlraith: It is to enable you to hear, a courtesy.

Mr. Drew: Mr. Chairman, I am raising this as a matter of very clearly established parliamentary practice and not, as I pointed out before, with any reflection on any particular member. But questions have already been raised during this session, and earlier sessions, as to the principle of joint cabinet responsibility which is involved in matters of this kind; and I once again place before the Prime Minister the desirability of his clarifying this situation and informing the house as to whether we are now to be regarded as having established the practice that in matters which come before the house on behalf of any department it is the accepted practice to authorize parliamentary assistants to speak on behalf of the department and on behalf of the government.

Mr. McIlraith: I think perhaps I should say something about the remarks made by the leader of the opposition. I do not know just how relevant they are in the committee stage of the bill, but in any event I think I should, out of obligation to all hon. members, make one point clear right at the very first of my remarks. My reason for moving from my

own seat a little closer to the front was twofold. First of all, and above all, it was as a courtesy to all hon. members opposite so that they might hear me a little more clearly. I hope that that courtesy will be appreciated, because it was intended to be a courtesy, and it was done for that reason mainly.

I noted the remarks of the leader of the opposition—as a matter of fact I wrote them down. It was suggested that the movement forward was to give the appearance of added authority. I did not raise any point of order when those remarks were made, and I think perhaps the best thing to do with them is just to leave them as they were uttered. It seems to me there has not been much evidence of a desire to take the appearance of added authority from those who have observed things around here during the last five or six years. And while the new complaint, if I may call it that, comes forward tonight, I do not know that I should say much by way of reply to it.

I know that all hon. members in all parties, including the official opposition, will draw their own conclusions on the point. I am content to leave it thus.

Mr. Drew: I think one point that should be raised is that the hon. member now speaking is not the appropriate member to deal with this subject.

Mr. McIlraith: I note the interruption of the leader of the opposition and my colleague from the adjoining constituency. I know his apparent feeling with regard to it. I am not entirely unflattered by that. As to his earlier remarks about parliamentary assistants giving undertakings and so on, quite a few questions were asked tonight about the bill. As a matter of fact, they seemed to me to be thoroughly relevant, since they had to do with the operation of the act and the bill before the house, but I do not recall a specific undertaking as such requiring to be given, but a great many explanations were asked for. Those explanations were given as fully as I thought was reasonable in the circumstances, and in an effort to answer each point raised.

Now, the doctrine of an undertaking being given when there was none asked is another thing altogether. I recall that at law school, in dealing with the interpretation of statutes, I always held the opinion that the important thing in the interpretation of statutes was what those statutes said, and that the debates in the House of Commons in support of them, while possibly of interest and illuminating, certainly were not the criterion of what was the law of the land. The law, rather, was to be found in the relevant sections themselves. I do not know that there is much purpose in digressing into a discussion of that subject at this time.

Mr. St. Laurent: Mr. Chairman, I think perhaps I should say a word in answer to what is not the first suggestion by the leader of the opposition that the business of parliament in this House of Commons is not properly conducted. It is not the first time the hon. member has suggested that things we were doing may be all right, but that we were doing them in the wrong way. That was one of the very frequent notes sounded when he first came to the house. Recently we have not heard it so frequently.

But perhaps we might not hear the kind of suggestion he made this evening if he read the form of the legislation in which he himself participated. It is not in force for this fiscal year, because the estimates for 1952 have not been adopted yet. But the item in question is couched in the same language as was used the first time the appointment of parliamentary assistants was decided upon, and ratified by the house.

The vote in this year's estimates, proposed to the house is in the same language as has been voted for many years, reads as follows:

> To provide hereby, notwithstanding anything contained in the Consolidated Revenue and Audit Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year.

In previous years this has been part of the statutory legislation of this country, and I suggest that it is apt to be part of the statutory legislation of this country for the fiscal year 1951-52. It provides that the parliamentary assistant is to assist the minister of the crown in such manner and to such extent as the minister may determine, and to represent his department in the House of Commons in the absence of the minister therefrom.

That seems to me to justify the minister in asking his parliamentary assistant to take over the duty of supplying the information that may be required in the discussion of a bill such as this. The fact that the parliamentary assistant to the Minister of Trade and Commerce and the Minister of Defence Production is here, and gave the explanation on second reading of the bill, and the fact

that he is answering questions with respect to the bill in committee stage, should be sufficient proof that his minister has indicated that that is the manner and the extent to which he wished to have his assistance, in this instance, in return for the stipend of $4,000 a year provided in this vote.

I was here during the whole time this discussion in committee has taken place, and it did not appear to me that there was any undertaking being requested. Of course the practice is to have motions submitted by one of the minister's colleagues; because when a minister proposes second reading of his bill, or proposes any forward movement of his bill, he proposes it in the form in which it is submitted; and if there is to be any amendment, then under our rules he is not competent to move it himself.

Until parliament revokes this practice of there being parliamentary assistants, I suggest that the manner in which they have dealt with the business of the departments to which they have been appointed has, so far, been very satisfactory; and that if and when any undertaking is required, such as for instance the undertaking that is given when supplementary estimates are voted, that is always given by the minister of the department concerned. If in the course of the discussion of any of the measures before the house an undertaking were required, the question of its being given could be properly referred, by the parliamentary assistant supplying the information, to his minister, for that undertaking. If it were given by the parliamentary assistant, and were not an undertaking the government was prepared to respect, I suggest the one who had given it would not long remain a parliamentary assistant.

Mr. Drew: Mr. Chairman, the *Hansard* record of what was said earlier will show very clearly that no comment was made which called for the manner in which the Prime Minister proceeded to deal with my remarks at the outset. I am dealing with a question of established practice and principle; and when the time comes that members of the House of Commons are not free to raise questions as to practice, procedure and principle, then indeed we shall have gone a very long way toward defeating the very purpose for which we are now carrying on these discussions.

When the Prime Minister referred to undertakings as specific undertakings, he indicated himself that it would be customary to entrust the giving of such undertakings to a minister. I would point out that this evening we have been dealing with legislation that can hardly be regarded as the ordinary type of legislation for this or similar legislative bodies. We are dealing with something in the nature of emergency legislation, which gives to the government very wide discretionary powers, as has been frankly admitted by the parliamentary assistant now dealing with the measure before the committee.

The explanations given as to the effect of the legislation and as to how it may be employed, and as to what the intention of the government is in regard to it, and the necessity for it, all form part of the pattern of a very loose system of dealing in an emergency with matters of this kind in a manner that ordinarily would not be regarded as acceptable to members of the house.

At such time it would seem that it is desirable for the members of this house to know the extent to which the government is bound by explanations that are given, and that it is also highly desirable that the people of this country and the people whose business will be affected by measures of this nature should also know how far the government is to be bound by statements of this kind. The Prime Minister has referred to provision that is made for parliamentary assistants and he has stated that a parliamentary assistant may be named who, under the direction of the minister, will carry out certain duties on behalf of a department. He has pointed out also that in the provision for parliamentary assistants it is explained that the parliamentary assistant shall represent the department or may represent the department in the absence of the minister.

There is a difference between representing a department and making explanations which amount to expressions of the government's opinion as to how something shall be done, or what the extent and effect of legislation will be. I have raised this point but I do not intend to press it further at this time. I suggest that it would be well when we are dealing with emergency legislation to be careful that we do know that the government is bound by such explanations or undertakings as are given, and it was with that in mind that I raised the question tonight.

We have had other emergency legislation before the house already and we may have more before the session is concluded. I suggest, having regard to the reasons why ministers speak on behalf of the government, bound as they are by a special oath of office and by special traditional responsibilities, that where explanations are to be given which will have great effect upon the business of this country and upon the understanding of the legislation that is being passed in very loose form, but granting very wide powers,

ministers themselves should be the ones to speak on behalf of the government.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Customs officers' duties.*

Mr. Hatfield: It is provided that no goods shall be imported which are supported under the Agricultural Prices Support Act, the Fisheries Prices Support Act, the Agricultural Products Co-operative Marketing Act and the Agricultural Products Act. What about goods imported into Canada from the United States which are supported by the United States government? It might be that the cost to an exporter in the United States would be only 25 per cent of the raw material cost in this country.

Mr. McIlraith: That would not be a matter for import control under this authority but rather for dumping duties under the Customs Act, as I see it.

Mr. Hatfield: Potato starch has been coming in from the United States to compete with the Canadian products and that particular commodity is supported in the United States.

Mr. Macdonnell (Greenwood): I should like the parliamentary assistant to give a further explanation with regard to the new section 4 with its clauses (a) (b) and (c), and also subsection 2. Will he explain just how the section is to operate? This section provides that no article is to be included in the list with regard to imports and then the qualifications are given in the paragraphs (a) (b) and (c).

Mr. McIlraith: I take it that we have reverted to section 1 of the bill.

Mr. Macdonnell (Greenwood): I think there was a misunderstanding.

Mr. McIlraith: This section sets out the authority for applying import control. There is no change except a grammatical change in paragraph (a); paragraph (b) contains no change, while paragraph (c) is new and involves the one new principle in the whole bill, the authority to apply import controls where the production of a product is restricted under legislation other than this bill. Perhaps I should point out that under the defence preparedness program wide powers are given, as I think my hon. friend will agree. There may be demands made on an industry or on materials and supply and this section authorizes the application of import control where the production of a particular product is regulated or otherwise restricted. There is authority under paragraph (c) to control the import of a similar product. When it is viewed in that light I think it will be seen to be quite desirable.

Mr. Macdonnell (Greenwood): Will this subsection apply in the case of a Canadian manufacturer who is forced to carry out a utility form of manufacture with various gadgets left off from his product? I understand that the intention is that such manufacturer would not then be exposed to the import of a similar article from the United States.

Mr. McIlraith: The power to do that, if it were done, would be found in this subsection.

Mr. Hatfield: Does that mean that a person who is prohibited from producing in Canada would not be able to import from the United States?

Mr. McIlraith: It means that if a manufacturer were refused permission to produce a particular type of article under this legislation there would be authority to control the import of similar types of articles.

Mr. Hatfield: If I cannot buy steel in Canada and can buy it in the United States, if there is no prohibition in the United States of export to Canada, will I be prevented from importing that steel into Canada?

Mr. McIlraith: The only quarrel I would have with that is that the example is perhaps not too apt. If the hon. member would take some other manufactured product the example would be better.

Mr. Fraser: Previously the minister mentioned three different lists. Would it be possible to have those in *Hansard*, or are they too long?

Mr. McIlraith: They are much too long, and I understand they were tabled with the report for last year. If there is any desire at any time to have the lists tabled, that could be done. The export list would be much too long to include in *Hansard*. The import list is quite short, covering simply iron and steel products.

Mr. Fraser: Then how about the changes from last year? Would it be possible to put those in so that we could know what they are?

Mr. McIlraith: It would be rather difficult to do that, because they involve some quite small subheadings. To pick them out I think would be meaningless and not helpful to the house. There is no objection at all to having the lists tabled from time to time. If it is helpful to hon. members I can do that any time it is desired.

Mr. Fraser: What I was getting at is the different categories of goods, the different

lines of goods prohibited. Previously, when we had full control, it was difficult for people who travelled to the United States to know just what they could and could not bring back. I think we should have the list so they would know just where they stood. There was difficulty previously. People went over and bought things without knowing they were on the prohibited list. When they got back as far as the border they were told the articles were prohibited, and the people from whom they bought them would not take them back.

Mr. McIlraith: I am inclined to think the difficulty of which the hon. member speaks was under the emergency import control legislation, which was rather different and very much wider in scope.

Mr. Fraser: This would affect them in the same way.

Mr. McIlraith: There is a great difference between the two pieces of legislation. If you examine the authority for applying import controls you will see that they can be applied only to a narrower list of goods. I do not foresee the difficulty my hon. friend envisages. I am aware that it did exist under the other legislation; I quite admit that.

Mr. Fraser: It did; and it caused hardships.

Mr. McIlraith: But it will be remembered that the previous legislation applied not only to capital goods but to a long list of consumer goods. It is not anticipated, nor is it easily foreseeable, that the same difficulty would arise under this legislation. At the risk of coming close to an undertaking, I would be of the impression that there will not be great numbers of items under import control under this legislation.

Mr. Hatfield: If I am a manufacturer of steel products in Canada and cannot buy steel in this country because of the steel controller but can buy steel in the United States, can I bring that steel into Canada and manufacture it here or am I out of business?

Mr. McIlraith: I cannot imagine the situation arising in just the way outlined by the hon. member, because the two steel authorities work in close conjunction with each other, and the iron and steel import control is for the purpose of preventing the importation of steel for a use which is prohibited. Bearing that in mind it is very difficult to understand the anticipated difficulty.

Mr. Hatfield: A man who manufactures in Canada has been refused steel here, but he can buy steel in the United States. There is no trouble in buying steel in the United States today, but are you permitted to import it into Canada to be manufactured here?

Mr. McIlraith: I must correct that last statement. There is the very greatest difficulty in buying steel in the United States. They, like ourselves, have a shortage of steel and other metals, and there is very real difficulty in buying steel there.

Mr. Hatfield: Why should you prohibit the importation of steel products from the United States when there is a shortage of steel in Canada? That is what I would like to know.

Mr. McIlraith: The simple answer is that we do not. We apply import control and grant permits only where the use of the steel is consistent with the steel controls, which are based on the idea of a similar use being made of steel in Canada to that being made in the United States. In other words they are applicable to the extent that steel cannot be used to build certain less essential structures such as places of amusement. There is no general prohibition on the import of steel.

Mr. Hatfield: Is there any prohibition against the importation of steel for the manufacture of automobiles?

Mr. McIlraith: I am not sure if it comes under the order; but whether or not it does, steel for the manufacture of automobiles is in scarce supply.

Mr. Hatfield: We have the iron ore, we have the coal, we have the hydroelectric power. Why is there a shortage of steel in Canada?

Mr. McIlraith: That is rather a large question to answer in the committee stage of a bill, but there are two or three obvious reasons.

Mr. Hatfield: Why not do something about it?

Mr. McIlraith: One of the obvious reasons is that a sufficient number of men in this country lacked enough confidence in our development to enlarge the manufacturing capacity to make steel out of the iron ore, the limestone and the coal which go into its manufacture. This subject rather interests me and I could get off on it; but I think that is the simple answer. They have not had sufficient faith in the future of the country to build the additional capacity required.

Mr. Macdonnell (Greenwood): Without enlarging upon it I would venture to suggest another reason, that we have had demands for steel quite beyond the imagination of most of us, at any rate. However, I rose to ask this question. If in fact there is a situation such as the hon. member for Victoria-Carleton has described, however exceptional it may be, where a man does own steel in the

United States is there anything in our legislation to prevent him from bringing that steel into this country?

Mr. McIlraith: No, not in a general way; but it could be brought under import control, and the import control is only applicable to uses which are forbidden. Let me put it a little more bluntly if I may. I suppose in most countries there is that horrible thing called a black market. I suppose if one found a product in that black market and bought it, the importation of that article conceivably could be prevented under this legislation.

Mr. Macdonnell (Greenwood): I wonder if the parliamentary assistant would carry that a little further. I understood him to say a moment ago that he thought it would not come definitely within the purview of the act; if I misunderstood him he will correct me. It seems to me that is something quite outside the ordinary scope of the act. It seems an exceptional situation.

Mr. McIlraith: The simple and rather short answer to the proposition put up by the hon. member opposite, but which is so harsh I did not want to give it in that way is no. Theoretically I suppose that "no" would not be a complete answer, because as I said it is possible to buy steel in the United States and apply for an import permit when the steel is to be used for a purpose not permitted. It is technically possible, but it is against the whole purpose of the legislation.

Mr. Macdonnell (Greenwood): Why is the answer "no" if it is not covered by the law?

Mr. McIlraith: Well, Mr. Chairman, I am wholly unable to answer why such things as criminals exist in the world today. The point I made was carefully illustrated, was carefully phrased, and was surrounded by the words "in the black market." I do not know what the hon. member for Greenwood understands by the "black market" but I understand that as something outside the law.

Mr. Macdonnell (Greenwood): We are not talking about that.

Mr. McIlraith: I am sorry, but I used that example when I referred to it.

Mr. Macdonnell (Greenwood): That still is not an answer to my question. If in fact a Canadian owns steel in the United States, is there anything in these powers that would enable you to prevent him from bringing it in?

Mr. McIlraith: There is authority, and there is in fact the necessity, for an import permit under this legislation. The import permit would not be granted for steel bought in the United States which was to be used for a purpose prohibited by orders under other legislation.

Mr. Macdonnell (Greenwood): The assistant is importing into my question something which was not there. He has answered this question on the assumption that it would be forbidden by the steel orders. He does not know that, he is just assuming that.

Mr. McIlraith: Well, the particular facts would have to be looked at. The question can only be answered on that assumption.

Mr. Drew: Let us take a specific illustration. It is well known, for instance, that the Krupp firm now has an agent in this country. I believe it is well known to the parliamentary assistant that they may be shipping steel into Canada. In that case it would be necessary for the purchaser here to apply for an import permit. None of the questions that are suggested in regard to importation from the United States apply in that particular case, so far as I am aware, in view of the controls that are exercised at the other end, what would be the circumstances which would guide the nature of the import permit that would be granted to those importing for Krupps under this arrangement?

Mr. McIlraith: I am sure we would be very anxious to get the steel. When we are using the term "steel" I should properly point out that only certain forms of it are brought under control at all. I would say that we would be rather anxious to get the steel into Canada.

I must say that I am perhaps subject to the criticism that, in answering the member for Victoria-Carleton, I got off on the point of importation of steel from the United States. Indeed, that is the country from which a great part of it is imported, and because there was a reference to the United States in the earlier part of our remarks, I perhaps continued my remarks on the premise of that earlier reference.

Mr. Gillis: With regard to the import and export of steel, I find it hard to understand why, at this stage of the game and with the potential steel productive capacity of this country, we should be talking in terms of a shortage of steel and depending upon the United States for that product. This shortage is not something that developed overnight. As the parliamentary assistant and the Minister of Trade and Commerce know, this problem has existed since 1945. The Minister of Trade and Commerce was fully aware of it, and I am not blaming him particularly. Four years ago in this house he announced that the government was prepared to assist

the operating steel companies in Canada if they would expand their plants to take care of the obvious shortage in the future. For every dollar the companies would spend in expansion, the government was prepared to give them a dollar.

At least eight months after making that offer, when the minister was questioned in the house as to how much of that money had been taken up by the three operating steel companies and what their plans for expansion were, the minister reported that Dosco had refused any of it; Algoma did not take any of it, but Stelco did take some and did expand their capacity to a considerable extent. We cannot wholly blame the government in that particular case. What is the matter with the operating steel companies in Canada? They knew the shortage was coming, and they knew they could not supply the market. In season and out of season groups in the country who recognized what this was going to do to the country in the future have been urging upon the federal government, and the provincial government, the necessity for the steel companies to do something about this developing shortage. This was four years ago, yet we wait until we reach a crisis before we do anything about it.

I just came from Nova Scotia. The federation of labour, the labour councils and the unions are now meeting with the provincial government of Nova Scotia, and urging them to urge the federal government to urge the steel companies to expand their plant capacity in Nova Scotia. Everyone has been urging the steel companies for the last four years. It appears to me as though the three major steel operating companies in this country control steel. Whether our requirements are going to be met during peace or war, it is immaterial to them. I believe that the crux of the matter is that the steel companies believe this is an abnormal market. They are afraid that when the defence program is over, and the needs of war are met, they will find themselves with plants on their hands and no market for the product; that is the problem. This talk about import and export of steel is quibbling with the matter, and we have been doing that for four years. The United States is making plans to take care of future shortages by building basic steel plants in eastern Canada now. I always thought that the policy of the government was to assist free enterprise up to the point where it falls down on the job. I believe that statement was made by most of the ministers in this house. Free enterprise has fallen down on the job on the production of steel.

During the last war the Minister of Trade and Commerce built plants all over this country when risk capital could not be found to do it. With the iron ore, coal, and manpower available, instead of quibbling about exports or imports from the United States, why does the minister not issue an ultimatum next week saying that if Dosco, Stelco and Algoma cannot meet the requirements of this country in a commodity that is as basic to our whole economy, particularly now in this developing defence situation, then he is going to do something about it. It would not take the Minister of Trade and Commerce long to throw together a basic steel plant in a part of the country where all the material and the manpower are available. That would be carrying out government policy as announced right after the war: where free enterprise falls down, we take over. I think the time has come to take over and to develop in this country a steel plant that will at least assist in meeting our own Canadian requirements. I think we should tackle the problem in that way. The hon. member for Victoria-Carleton said he wanted a few hundred pounds of steel and could not get it. That is a situation that holds true all over the country. The little fellow has been squeezed out of the picture completely. The big fellow who has enough power behind him will get steel to carry on his normal business; and if he drops off 25 per cent of his peacetime production, he will take up the slack in wartime contracts. But the little fellow who wants only four hundred or five hundreds pounds of steel cannot get it.

I did not want to get into a left-handed discussion of this kind of thing, Mr. Chairman, but it leaves me a bit impatient. We have been screaming about this steel business for the last five years; now we hit the spot where we have not any and we must say, "Please, Mr. Truman, can we have some steel?" That is the situation, in spite of all the potential steel development there is in this country. If free enterprise does not do the job, let us do it ourselves. Let us put a plant up. Free enterprise will move quickly if they find that the government intends to take up that slack as they promised right after the war was over.

I do not get greatly excited about this import-export business. We are just hitting a problem that we ourselves made and we have been sitting in this chamber and neglecting over the last five years. We have bowed to the will of the fellow who is thinking in terms of profits only and not in terms of the requirements of the country for any particular purpose. He is thinking five years

ahead when he may not have a market, when the abnormal market of defence is gone. That is the policy of the present people who control steel in this country. I hope the parliamentary assistant will come to the conclusion that, instead of being held up to ridicule in the house and talking in terms of a few thousand pounds of steel back and forth across the border, we should get down to business and use the resources of this country to do the job that those who have risk capital today appear to be afraid to use. I think it is time to implement government policy and to take over where risk capital fails to meet the requirements of the country.

Mrs. Fairclough: It always seems to be a popular sport in this chamber to impute motives, whatever they may be. I should like to draw to the attention of the committee the fact that in the city from which I come are some of the largest steel plants in this country—in fact, some of the largest ones on this continent. At the present time two of those plants have undertaken huge expansion programs that should come to the notice of this committee. I do not think it is right and proper for any member of this committee to say that the people who run those plants are selfishly inclined when they are investing huge sums, in excess of $30 million, in plant expansion at the present time.

Mr. Gillis: But we have not any steel.

Section agreed to.

Section 5 agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time?

Mr. Fournier (Hull): Now, by leave.

Mr. Knowles: By leave.

Mr. Fournier, Hull (for Mr. Howe) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

MIGRATORY BIRDS CONVENTION ACT

POWERS OF GAME OFFICERS TO SEIZE MOTOR VEHICLES OR AIRCRAFT, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 80, to amend the Migratory Birds Convention Act.

He said: Mr. Speaker, the Migratory Birds Convention Act, which was originally enacted in 1917, implements the migratory birds treaty between Canada and the United States. The treaty is similarly implemented in the United States by act of congress.

[Mr. Gillis.]

The treaty and the implementing acts were intended to preserve the various migratory birds which cross the international boundary each year; and as is well known to hon. members the treaty and its implementing acts have served their basic purpose.

It is not proposed at this time to make any substantive changes in the act. There are, however, a few minor matters which require amendment in order that the act and the machinery established for its administration may continue to perform in the best possible way the functions for which they are intended.

Subsection 2 of section 5 presently provides that persons who are appointed game officers by the minister responsible for the act or who are, as in the case of members of the Royal Canadian Mounted Police, game officers ex officio, hold office during pleasure and have the powers and duties defined by the act and regulations. Legal opinion is that this subsection is unnecessary, and it is therefore proposed to repeal it.

It is also proposed to repeal subsections 5 and 6 of section 5 and to replace both subsections by a subsection to be numbered 4. The purpose of this consolidation is to make it clear that all the provinces of Canada are on the same footing with respect to the appointment of game officers. Subsection 5 in its present form was placed in the act because the province of Ontario was the first province to indicate its desire that its game officers appointed under the Ontario Game Act should also act as game officers under this act. Subsection 6 was later added when other provinces made similar requests. The present proposed consolidation does not alter the scope or effect of these subsections but does provide for uniformity of treatment of all provinces in respect of the appointment of provincial game officers as game officers under this act.

The principal amendment embodied in the present bill is the amendment proposed to section 7 of the act. In recent years it has become clear that, with the increased use of motor vehicles and aircraft in hunting migratory birds, these means of transportation should be specifically included among the articles which, if used in committing violations of the act, can be seized by game officers. I may say that most of the provinces have already amended their provincial game acts to accomplish this purpose; and the amendment now proposed to the Migratory Birds Convention Act was requested by the 1950 conference of federal and provincial wildlife officers, in which the principal game administrators of the provinces took part.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, there was before the house a motion which dealt with certain problems connected with migratory birds. While it would be improper to discuss the subject matter of that motion in relation to the bill now before the house, I would point out that an undertaking was given at that time by the Secretary of State for External Affairs (Mr. Pearson) which keeps alive the possibility of an amendment which goes beyond the amendment contemplated in the bill now under discussion. It is not desirable in the ordinary course of events for two amending bills dealing with the same act to be introduced during the same session, although it can be done. For that reason I would remind the house that an undertaking was given to approach the government of the United States to see whether it would not be possible to have an appropriate arrangement made so that there might be an amendment to the Migratory Birds Convention Act, which would make it possible for the people of the province of Newfoundland to continue, as they did in the past, to shoot certain migratory birds which have been used for food.

Having regard to that undertaking, and having regard to the fact that it did seem more convenient that the amendments be brought in in one bill, if there are to be any other amendments, I would ask the minister if he is in a position to say whether anything has resulted from the approach to the government of the United States, and if it is not more desirable that this bill should stand with the possibility that there might be one amending bill which would embrace those further amendments of advantage to the people of Newfoundland, to be dealt with at the same time as the present amendments are under consideration?

Mr. H. W. Herridge (Kootenay West): I should like to say a few words on these amendments. Although this may be an inconspicuous bill to some hon. members, it is an important bill to the members of this group, because throughout the years the members of this group have always been great advocates of the conservation of our natural resources, and migratory birds are very valuable natural resources so far as this country is concerned. Therefore because the principle and purpose of this bill are to provide for a better conservation of migratory birds in Canada this group gives it its wholehearted support.

I might say before passing on, Mr. Speaker, that I for one am very pleased to know that the minister himself has become somewhat of a migratory bird; that he has been getting around Canada and seeing all these various aspects of the branches of the department which he has the honour to administer. I think it is excellent indeed. In fact, Mr. Speaker, I might say that in British Columbia I have met at least a dozen people who appreciated very much that the Minister of Resources and Development (Mr. Winters) did something that very few ministers do, namely, spent a few days in the interior of British Columbia during December last.

Fortunately for this country throughout the years, Mr. Speaker, there have always been a number of Canadians and a number of Canadian organizations that have been interested in the conservation of our natural resources: forests, water, land, game, fish and things of that kind. Before passing on I do wish to pay tribute to an organization that has done a great deal on the North American continent for the conservation of geese and ducks. I refer particularly to Ducks Unlimited, an organization, Mr. Speaker, which was formed I understand in the first instance by United States sportsmen and supported by many Canadian sportsmen and other Canadians interested in the conservation of our natural resources. This organization did a great deal to develop the protection of migratory birds by the preservation and extension of breeding grounds and nesting places. I understand that around 1934 the migratory bird population, so far as ducks and geese are concerned, was very much reduced, and there was a great deal of alarm aroused in Canada over this reduction of the migratory bird population. But just as the result of a little planning—I would like to point out that up to that time free enterprise had full play, or practically full play, so far as our migratory birds were concerned—since we have had a little planning, a little co-operation, a little regulation we have increased immensely the migratory bird population of Canada, and also the birds that go to the United States.

Mr. Prudham: That was private enterprise.

Mr. Fraser: Absolutely, all private enterprise.

Mr. Herridge: The Minister of Mines and Technical Surveys says that it was private enterprise. Yes, there were a considerable number of private enterprisers who had been infected by the doctrine of conservation preached by people belonging to the group to which I belong.

Mr. Fraser: Oh, now, now; don't praise yourself on that.

Mr. Herridge: Mr. Speaker, I see that I have annoyed the hon. member for Peterborough West. I think his conscience pricks him.

Mr. Fraser: Mr. Speaker, my conscience does not prick me because in this house, five years ago I believe, I mentioned the fact of shooting from aeroplanes. I mentioned that, and said it should not be carried on.

Mr. Herridge: I am glad to hear of the exception which proves the rule.

Mr. Fraser: It is not an exception. You will find many other members around here who have been speaking along the same lines.

Mr. Herridge: I understand that the successful administration of this legislation depends upon the co-operation between the provincial and federal governments. So far as British Columbia is concerned, I understand that that co-operation has been extended and has been very successful.

I should like to say that the game commission of British Columbia, which has done excellent work throughout the years in connection with this act and other acts regulating the conservation of game, has been assisted to a great extent by the rod and gun clubs of British Columbia, which are very well organized now, and which throughout the years have done a great deal to develop public opinion in support of game conservation and the conservation of our natural resources.

Without a doubt, Mr. Speaker, my experience has been—and I have had some considerable experience with rod and gun clubs and fishing and hunting, and things of that sort, living in the country in which I do—that this type of legislation cannot be successfully administered by even the federal or the provincial authorities unless it has the support of, shall I say, a good percentage of people interested in these problems; and that is exactly what has happened in British Columbia. In British Columbia great credit is due to the rod and gun clubs of the province for their co-operation with the authorities and with the game commission, and for their advice and their assistance throughout the years. In fact in British Columbia the game commission depends to a great extent upon the recommendations forwarded to it by rod and gun clubs of that province.

I might say, Mr. Speaker, that the constituency I have the honour to represent has one of the most active organizations of that type in the province of British Columbia. For years these people have worked to build a public opinion in support of the conservation of our wildlife and of our natural resources. That was not so in the early days. In the early days game was very plentiful; fish was very plentiful; wildlife in general was plentiful. As a result of overshooting and overfishing there came a period when the stocks of game, of fish and of wildlife were sadly depleted. Then a small number of people began to take an interest and these organizations were formed. The result today is a very satisfactory administration of our game laws in British Columbia in co-operation with large numbers of people organized, as I said before, in the rod and gun clubs of that province.

Another interesting feature of the development in my province is the interest that has been stimulated among younger people, junior members of the rod and gun clubs. These young people enter fishing competitions, and join in the activities to a great extent of the adult clubs in fishing and hunting under supervision, and are inculcated with the idea of the value of our game and natural resources. It is a wonderful training ground for sportsmanship, and sportsmanship is a basic requirement of a sound and functioning democracy.

I am very glad to see the amendments mentioned in this bill, particularly the one with respect to extending the powers of the game officer to seize motor vehicles or aircraft which had been or are being used in violation of the act or any regulation under the act. I am particularly pleased to say that because personally even in recent years I have seen some rather ghastly things happen so far as game is concerned because we had not a section like this in this act or in similar acts. I have seen American sportsmen come from the eastern United States to our district. They come in a car, or one of those vans, filled with dogs. I have seen them spend days driving through the mountain valleys, with their dogs trained to drive the grouse toward the road. They will go down the centre of the road for about thirty miles or so, and the dogs are trained to drive the birds toward the highway. Those men can sit in their motor vehicle or, if the occasion requires, get out of it quickly, and shoot grouse in wholesale quantities.

The amendment will prevent this sort of thing, so far as the migratory birds are concerned. I have seen power boats used in the shooting of geese and ducks in large numbers. This amendment will remedy that situation.

Only three years ago I saw a light aircraft used to fly around the peaks of some of our mountains, for the purpose of spotting herds of mountain goat which were sheltered on ledges facing the sun, as they usually do in the afternoon. Those aircraft would spot the herds of goat, and then land on a nearby lake. Following that the sportsmen could

go directly up to where the goats were, and shoot them in great numbers.

That is not sportsmanship. This measure would not apply in that case, but I mention it only to indicate the problem we have to face in connection with the conservation of game. In conclusion may I say that this group welcomes these amendments, and we trust the minister and his officials will have every co-operation, as in the past, in giving effect to these improvements in the act.

Mr. W. G. Blair (Lanark): Mr. Speaker, I do not think anyone could complain about the suggested amendments, so long as they will help in the preservation of game. I do not believe the minister intended that this bill should become the occasion for a full-scale debate on the Migratory Birds Convention Act. At the same time we are well aware of the fact that when the estimates are before the committee, and the expenditure in connection with this act is called, it is met by hurried cries of "carried, carried, carried," from the government side, and from all who are anxious to finish the work.

However, I intend to have more to say about the matter at that time. In view of the fact that it may be some time before the estimates are called, I would put this to the minister: I have become aware—and I believe I am not far off the mark—that the migratory birds convention is not being observed by all who are signatories to it. I refer particularly to Mexico, and to some other countries in the south where commercial shooting is carried on. I suggest to the minister that, in view of the fact that there may be discussion later, in which certainly I intend to participate, he should obtain information regarding those countries.

I have been a duck shooter for years. However, last year I called the minister's attention to the fact that the season was altogether too late in our section of the country. Local ducks had gone, with the result that when the season was called we had no shooting of northern ducks. I would agree readily to a closed season if it would do any good, but as I see it—and I have made this statement in the house before—while the provinces are doing a good job of conservation, and doing everything they can to preserve game, all that work is being done at a loss if we preserve the birds in this country only to have them shot farther south.

Anyone who is familiar with duck shooting knows it is much easier to do the shooting in the United States because they know the time, almost to the hour, when the northern ducks will fly into their locality, at which time they will be waiting in the marshes to shoot them.

I still believe however that the department in the United States is trying to do a good job. They have made limitations as to the number of ducks to be taken, and their game wardens have acted efficiently. The trouble begins farther south, however. Before we have any further debate on the Migratory Birds Convention Act, as it may develop when the estimates are before the committee, I would suggest that the minister would do well to make some inquiries—I am sure he has the means at hand to do so—as to whether we are accomplishing all we might accomplish in North America and in the Caribbean countries to preserve game. I am wondering if some attempt could be made to bring those countries within the provisions of the migratory birds convention.

If commercial shooting exists in the West Indies and in Mexico, then let us have that fact out in the open and do something about it. We are not responsible for the administration of law in those countries; but as matters now stand there can be no doubt that they do have commercial shooting, and that we are protecting ducks that we ourselves are not getting a chance to shoot.

I have said I would agree to a closed season, if it would help. I do not think the fault is with the United States, but I do believe we should do something to get the countries I have mentioned under the provisions of the migratory birds convention. In this way we would be doing something to preserve game. However, so long as we protect ducks in our northern areas, while commercial shooting exists in other areas, we will have difficulties.

The ducks from our northern areas fly over here, and a certain amount of shooting is done. I have never found our sportsmen unreasonable; they have never gone in for wholesale slaughter. I believe a good job is being done in the United States, but I still feel that the convention cannot work effectively so long as commercial shooting exists in those other countries. In those southern areas there is a large influx of people during the winter months. They are not opposed to eating canvas backs or black ducks, if they can be obtained or bought—and I believe that is going on. I do not think we will ever accomplish anything until that practice is stopped.

I make the suggestion that, in preparing his estimates, the minister make further inquiries along these lines. We have done and are doing in Canada what we can to clear up this affair; and I believe the United

States are doing something—although large numbers of ducks perish each year from oil slicks on the eastern coast.

The whole situation is changing rapidly, and I do not find myself as optimistic as the hon. member who spoke a moment ago. The duck population is going down. However, I said at the outset I would not speak at length. My suggestion is that the minister get further information as to what can be done with respect to those Caribbean countries in which commercial shooting is permitted. In this way we would be getting down to the root of the matter.

I approve of everything in Bill No. 80. Any means we can take to stop unsportsmanlike practices in dealing with wild or migratory birds is a step in the right direction. I believe the provinces are doing a good job. While I give the bill my wholehearted support and approval, I would leave the suggestion I have made with the minister.

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, large numbers of ducks come to our northern lakes in Manitoba, and on occasion they come quite close to farm lands. One of the great complaints in those areas concerns the destruction of crops adjoining those lakes. I do not suppose that can be helped to any great extent, but I would urge upon the minister that, in conjunction with the provinces, this matter be considered.

I have been told of quarter sections and of sections of land upon which the crops have been destroyed. I am informed however that there are means of inducing the ducks to go to other fields, and I should like to have that followed out more thoroughly. In other words the suggestion has been made, by some people who have given the subject some study, that certain types of crop can be seeded and will become available at about the time the ducks migrate. It is pointed out that the ducks can be induced to go to those places, and thus leave the other crops alone.

Let me suggest to the house that this is a most serious matter in areas closely adjoining lakes. I know of many farmers who have suffered almost complete loss of their crops because of the damage done by the ducks. Therefore any effort that can be made toward helping to relieve the farmers who happen to be so situated is something that should be followed up. I believe that in our section of the province we have as good sportsmen as are to be found anywhere, and I do not think they can be accused of taking advantage of the rules and regulations which apply to hunting. There is one thing I am going to mention and I do it only to bring it to the attention of those who may be guilty of the rather common practice of digging pits in which to hide when shooting geese in particular. Frequently those pits are dug on farm land and then not filled in. This creates a hazard and danger. I am suggesting it here so that what little notice there can be given will be taken by those who make a practice of digging these pits in order to shoot the geese or even ducks. In fairness to the farmer on whose land they go they should fill them in after they are used.

Mr. W. J. Browne (St. John's West): Mr. Speaker, I support the suggestion made by the leader of the opposition (Mr. Drew). On March 14 we had a motion introduced dealing with this very subject. It was rather fully debated and at the conclusion the Secretary of State for External Affairs (Mr. Pearson) promised on behalf of the government that the matter would be taken up immediately with the representatives of the United States to see if the objectives of the motion which received such general support in the house could be achieved. Remembering that that motion was supported by petitions from thousands of people in Newfoundland, remembering the economic importance of it, I think this an opportune time to ask if any progress has been made by the government in arranging a conference with representatives of the United States.

Since that debate took place I have been informed that thousands of the birds we were talking about on that occasion go from the mainland of Newfoundland to the islands of St. Pierre and Miquelon where they are shot in great numbers, because France is not a signatory to this convention. It seems rather absurd that a Newfoundlander should not be allowed to shoot these birds while the inhabitants of these islands only a few miles away can shoot them in such great numbers. Therefore, I support the view of the leader of the opposition and trust that when the minister replies he will make some reference to the discussion we had previously.

Mr. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, in closing this debate I wish to thank all hon. members who have taken part for the contribution they have made. It is quite evident to everyone in the house, and I think it is also quite evident to everybody in the country, that there is the greatest interest in the conservation of our migratory birds. I am quite certain that whatever steps are taken will be taken to that end.

I would refer specifically to the suggestion made by the leader of the opposition (Mr. Drew) and supported by the hon. member for St. John's West (Mr. Browne). Following the

useful debate we had earlier having to do with the shooting of murres or turrs in Newfoundland, the Secretary of State for External Affairs (Mr. Pearson) indicated that we would approach the United States authorities to see what could be done to make it possible for Newfoundlanders to pursue their practice when it was necessary to do so in order to sustain life. I have not had an opportunity since the Easter recess of speaking to the Secretary of State for External Affairs about the problem, but I am quite certain that he has not lost sight of it and that he will carry out the commitment he gave to the house at that time that he would have the matter discussed wtih the proper official in the United States.

I am not at all sure that whatever relief one can contemplate will necessarily be in the form of an amendment to the convention. On the other hand, if an amendment is indicated and agreed upon I am not at all sure that it could be brought forward in time to have it dealt with this session, which many of us hope will not be of too long duration. I would think the practical thing to do would be to proceed with this bill and then at a later date, when it becomes clear as to what action can be taken, to take whatever steps are indicated at that time. I believe that that course will commend itself to the house and I hope it does because I attach considerable importance to having this bill passed at as early a date as possible.

I do not think other hon. members would wish me to make specific reference to the points they raised, but I do wish to thank the hon. member for Kootenay West (Mr. Herridge), the hon. member for Lanark (Mr. Blair) and the hon. member for Portage-Neepawa (Mr. Weir) for their contributions and assure them that their suggestions will be borne in mind.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Repeal.*

Mr. Drew: Mr. Chairman, I want to make just one remark in regard to section 1, which is regarded as the appropriate section on which to make any general comments. I do not wish to take any exception to what the hon. member for Kootenay West has said, because I think everyone is in agreement with the purpose of the amendment. However, I would point out to him that one reason I am so strongly in support of these amendments is that I have had some experience in the working of amendments of this nature. I think it is an extremely healthy thing in this house that every hon. member should display, not only his enthusiasm for the part of the country from which he comes but his general enthusiasm for the country as a whole.

I might point out that this provision is not new. It happens that the dominion government deals with migratory birds whereas the provincial government deals with the ordinary birdlife that comes into their areas. It is now five years since this amendment was introduced in Ontario and I may say that it has worked with great satisfaction. For that reason I am strongly in favour of this amendment. My other remarks were merely to point out that the earliest possible consideration should be given to another amendment which I think is most important.

Mr. Argue: I should like to say a few words on this section following up the remarks of the hon. member for Portage-Neepawa and bring to the minister's attention a situation which prevails in many parts of southern Saskatchewan. Under this bill we seem to be taking steps which are necessary to protect our migratory birds against persons who may take undue advantage of the hunting season, but I think it is also important to protect the material welfare of farmers in certain areas. Great damage is frequently caused to farmers' crops. I know from personal experience of farmers who have lost as much as $1,000 or $2,000 worth of barley over a week end. I know in my area there is seldom a farmer's convention of any description which does not pass some kind of resolution asking that they be given the power to deal with ducks which may threaten the destruction of their crops.

I am bringing this matter to the attention of the minister. I would like his comment upon it, and would ask him to give consideration to anything that might be done to help those farmers protect their fields of grain which are important to the nation and to the individual, and which I am sure no one would like to see destroyed.

Mr. McCusker: There is already provision for that. A farmer whose crop is being destroyed or damaged by ducks may apply to the provincial government and obtain a licence to protect it. That is the situation at the present time.

An hon. Member: In what province?

Mr. McCusker: In Saskatchewan.

Mr. Winters: The hon. member for Assiniboia asked for my comments. They would be in line with those of the hon. member for Regina City. This problem was highlighted by a condition which developed along the Ottawa river and which was brought to the attention of the house on several occasions

by the hon. member for Renfrew North. It came to a head this year. Each year a considerable number of geese were landing on the property of farmers in the area in question, and the matter of how to deal with them was the subject of considerable local controversy. One group felt the geese should be fed, otherwise they would starve. On the other hand the farmers who owned valuable property there were having their crops destroyed and their land rendered pretty well useless. Delegations came to see me representing both sides of the argument. The federal government took the position that fundamentally it was a provincial problem to deal with the geese once they were within the province, but that we would do all we could to help carry out a program in co-operation with the province that would be in the best interests of all concerned.

After a number of years, and after considering all the factors, it seemed clear that the best thing would be to lure the geese somewhere else when they could alight on property not so valuable. Despite considerable pressure brought to bear on the Ontario government to feed the geese where they were in the habit of landing, they decided against that course and we supported that view. We thought the welfare of the farmers in the district must be a prior consideration, and that steps should be taken to lure the geese away in the first place, or to drive them away by scare methods where that was indicated.

Mr. Argue: Does the minister mean farmers cannot obtain permits to shoot the ducks in order to scare them away? It is pretty hard if you can only go out and wave a flag at them. If you shoot a few you may scare the rest away.

Mr. Winters: Farmers may obtain permits to take what steps are necessary. If shooting is indicated they may get permits to shoot.

Mr. Argue: I am interested in getting the particulars. Is that within the jurisdiction of the province?

Mr. Winters: Yes.

Mr. Argue: How early in the season may permits be obtained? Can they be obtained only as soon as the ducks arrive, or can the farmer start taking steps earlier? I do not want the ducks shot before they are even there, but very often they are hatched and raised in the vicinity of a field of barley, for example. Does the farmer have to wait until a specific time of year, or can he start out early in June to take measures to keep the ducks away? If you wait until the ducks get there it may be a little late to apply for a permit. I should like to know the extent of the jurisdiction of the province. If they have plenty of jurisdiction that will satisfy me.

Mr. McCusker: My experience in shooting in Saskatchewan for a number of years is that they usually wait until the ducks have grown before they start killing them off. Ducks do not attack a crop until it is ripening. They do not go after green grain. They want the ripe barley and wheat, and they do not damage oats very much. Any farmer who can prove to the provincial government that his crop is being destroyed can obtain permission to protect it, but he cannot sell the game.

Mr. Knight: I might add that those permits are issued before the regular duck season opens. I would disagree with my colleague from Assiniboia and say that the main destruction to the crops in Saskatchewan is not caused by ducks hatched in the sloughs at the bottom of the fields. It is caused by the birds that come down from the north in their thousands and gobble up the grain just when it is ready to be put in the stooks.

Mr. Browne (St. John's West): In the course of the debate on a resolution introduced by my colleague from St. John's East the Secretary of State for External Affairs had this to say at page 1261 of *Hansard*:

> The act would have to be changed if the purposes of this resolution are to be achieved and, as has been pointed out, that act is based on an international convention. An amendment to that convention would require approaching the government of the United States.

Now we find the act being changed, and there does not seem to be any special difficulty about it. Has the government of the United States approached the government of Canada, or does the government of Canada intend to approach the government of the United States in regard to this matter? There seemed to be great difficulty about the other resolution. Is there any difficulty about this, or has it been done by international arrangement?

Mr. Winters: I imagine we would be out of order in discussing a subject which was disposed of earlier this session. However, on the broader question of whether or not an international agreement is required to effect the amendment now before the house, the answer is no. This has to do with the enforcement of regulations previously agreed to by the two nations concerned.

Mr. Browne (St. John's West): But still it is contrary to the logic of the argument put forward in the previous debate.

Section agreed to.

Sections 2 and 3 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Winters moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

Mr. Fournier (Hull): I suggest that we take order No. 3, which is a non-contentious measure concerning the appointment of auditors for the national railways.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF GEORGE A. TOUCHE AND COMPANY AS AUDITORS

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 6, respecting the appointment of auditors for national railways.

Mr. Stanley Knowles (Winnipeg North Centre): The Minister of Public Works (Mr. Fournier) suggested that we take this bill, despite the fact that it was not announced for today, on the ground that it would be non-contentious. Well, substantially he is correct, but once again I would like to express the view that the job of auditing the accounts of the Canadian National Railways, instead of being farmed out to a firm of private auditors, reputable though this firm may be, should be done under the direction of the Auditor General of Canada.

As the minister knows, we have suggested this a number of times, and on at least a few occasions he has replied to the arguments we have put forward. I may say that these arguments have been put forward, not only from this corner of the house but they were made in a comprehensive and effective speech by the parliamentary assistant to the Minister of Finance some years ago when he was the member for Vancouver North. It seems to us that this job certainly could be done by the Auditor General of Canada, for the amount of business involved with the Canadian National Railways is smaller in terms of the millions and hundreds of millions of dollars that is the case when he audits the accounts for the government of Canada. There is no doubt as to the feasibility of the job being done by the Auditor General of Canada.

So far as we are concerned, the strongest reason for urging that this be done by our own Auditor General is because of the type of report that the Auditor General makes when he audits the public accounts, as contrasted with the type of report that any private auditor makes, and such is the case with the audit made by George A. Touche and Company with respect to the accounts of the Canadian National Railways. When a private auditor audits the accounts of any firm, as I understand it, his job is to make certain that these accounts are in order. He makes sure that there are all the necessary vouchers, and that he is given access to all the various accounts he needs to see to make certain that everything is in order. That is what this company does, and the statement which they make at the end of the year, a copy of which is always furnished to us, is drawn up in the traditional form of auditors' statements. However, when the Auditor General of Canada deals with the public accounts he goes a bit further and deals with matters that, shall I say, at least border on questions of policy. The Auditor General not only gives us a statement as to the fact that he has seen all the vouchers he wanted to see, but he gives us that interesting report that is furnished each year at the end of the big book known as the public accounts, in which he points out any seeming irregularities which he feels should be drawn to the attention of parliament, whose servant the Auditor General is.

I feel that we should have that kind of auditing job done with respect to the work of the Canadian National Railways, and it is for that reason it does seem to me that, instead of hiring a private firm, we should arrange for the auditing of the accounts of the Canadian National Railways, and its various subsidiary bodies, to be done by the Auditor General of Canada. I would be glad to hear from the Minister of Transport (Mr. Chevrier), either at this stage of the debate or when we get into committee, as to whether any further consideration has been given to this matter, and if so what is the result of that consideration.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Auditors.*

Mr. Chevrier: Mr. Chairman, this bill is not an unusual one. As the house knows, it comes up every year, and it seeks the appointment of the firm of George A. Touche and Company as auditors for the Canadian National Railways for the year 1951. The firm referred to have been auditing the accounts of the Canadian National Railways ever since its inception in 1923, with the exception of perhaps one year, so that they are quite familiar with the accounts of the

railway. As a matter of fact, I believe it was George A. Touche and Company who audited the accounts of one of the predecessors of the Canadian National Railways, the Canadian Northern.

Addressing myself to the suggestion made by the member for Winnipeg North Centre, I should say that parliament has provided for the method in which the audit shall take place. The provision is set out in section 13 of the Canadian National-Canadian Pacific Act, 1933, as amended by the act of 1936. In effect it states that a continuous audit of the accounts of national railways shall be made by independent auditors appointed annually by a resolution of parliament and annually reporting to parliament in respect of their audit. What the meaning of that is, I believe, is as clear to the hon. member as it is to me. I think an independent group of auditors—

Mr. Knowles: Surely the Auditor General is independent.

Mr. Chevrier: I think an independent group of auditors means exactly what it says. While it may be true that it does not exclude the Auditor General, there are reasons other than those contained in section 13, why the government has seen fit to continue to submit to parliament an independent firm of auditors, such as the one recommended in this bill. I do not want to repeat what I have said on earlier occasions, because this is not the first time that the suggestion has been made. It has been made on more than one occasion, and there are compelling reasons against it. For instance, the Auditor General would have to set up quite a financial staff of men to do the work which is being done by this firm of auditors, or which could be done by some other firm. Certainly it could not be said that there would be any curtailment of expenditure by the appointment of the Auditor General. In fact, the studies that we have made in our department lead us to believe that the cost would be greater by the appointment of the Auditor General than by the appointment of an independent firm such as is mentioned in the bill.

Another thing that has to be kept in mind is that this is a continuous audit. Whether or not it is done by the Auditor General, it would take him some time to familiarize himself with the various units and establishments of the Canadian National Railways; that is not done overnight. These people have been at it for years. Then again, the Canadian National Railways operates various units outside of Canada in Duluth, St. Albans, Chicago, and other points in the United States which do not come to my mind at the moment. The firm that is mentioned in this bill have offices in these United States cities. The Auditor General would have to establish some such staff in those cities in order to audit adequately the accounts of the railway. Those are the main reasons that come to my mind at the moment and which I think militate against the appointment of the Auditor General. For that reason I must tell the committee that I would have to oppose the suggestion.

Mr. Macdonnell (Greenwood): I rise not to question what the minister has said but to raise this point with him. It arises out of what I think the hon. member for Winnipeg North Centre said, namely that in this case those who receive or should receive the Auditor General's report, and should form a judgment from it, are far different from those who receive the ordinary auditor's report in the ordinary commercial company. I wonder if the minister has ever considered whether, in those circumstances, the auditors might be requested to go perhaps further afield than they would in the ordinary commercial report and whether they might not in some sense do for this house what the Auditor General does in his report at the end of the public accounts. I have not thought the point through; I raise it without much consideration; but it occurs to me that there is force in what the hon. member for Winnipeg North Centre has said in raising the question as to whether we should have some more comprehensive report than the ordinary shareholders get.

Mr. Chevrier: Perhaps I should tell the hon. gentleman that in the railways and shipping committee there is each year a fairly thorough discussion about the independent auditors' report. For instance, I have in my hand their report. Each year there is a fairly lengthy discussion of this report. It contains a list of the recommendations made by the auditors. In addition, there generally follows a discussion of other things upon which in the minds of the committee the auditors should report. The auditors are there and give their reason why they have not reported on them and why in the following year they might do so.

Mr. Macdonnell (Greenwood): And the report of that committee is available to the house?

Mr. Chevrier: Yes, it is.

Mr. Knowles: I just wish to say another word or two. The Minister of Transport sought to make a point out of a section of the Canadian National-Canadian Pacific Act which suggests that this audit must be done by an independent auditor. At that point I

made an interjection—but just in case it did not reach the record I should like to repeat it—that surely that does not exclude the possibility of having the Auditor General do the job. Surely the Auditor General meets the qualification of an independent auditor. He is not in the employ of the Canadian National Railways. He is the servant of the parliament of Canada, appointed under the great seal.

I was interested in what the hon. member for Greenwood had to say just now as to the desirability of having in that independent report, whoever makes it, a more comprehensive kind of thing than we now get, something more like that which we get from the Auditor General when he audits the public accounts. To the parliamentary assistant to the Minister of Finance, I give full credit for the view I am going to express now and I am referring to the speech he made on this matter two or three years ago when he pointed out that any private firm of auditors that made with respect to the Canadian National Railways the kind of suggestions with regard to policy and so on that are made by the Auditor General in relation to the public accounts, or indeed that made suggestions as far-reaching as that to the government, might find itself not always in favour with the government when this appointment is made. That is a suggestion made, as I say, by the hon. member whom I am quoting. My point is that I think we could get a more independent audit by the Auditor General who is the servant of this parliament and who is used to making the kind of report he is making, than we get from a private firm of auditors whose main interest, after all, is in bookkeeping accuracy and that sort of thing.

The Minister of Transport says that we might not save any money by having the audit done by the Auditor General, because he would have to take on additional staff to do the job now being done by George A. Touche and Company. Certainly the Auditor General would have to expand his staff to do this job; and I grant what the Minister of Transport says, namely, that it might cost us just as much to do it that way as to do it the other way; it might even cost more. But surely what we must look at is not just the actual cost of the audit but the results we would get from that audit. It might be worth more to have the kind of audit of the accounts of the Canadian National Railways that we get from the Auditor General with respect to the public accounts.

Mr. Chevrier: With reference to the last point, the question of the result we would get from the audit, let me tell my hon. friend that the report of the independent auditors is made to the railways and shipping committee. There is ample opportunity there to discuss it at length; and if there is any difficulty or any unsoundness about the method of the audit, surely it would come out in the committee and could be given consideration at that time.

With reference to the first point, may I say that I was not attempting to argue that the Auditor General could not be included within the meaning of the section. I was simply saying that parliament had decided that the auditors of the Canadian National Railways should be appointed under that section, namely section 13 of the Canadian National-Canadian Pacific Act.

Mr. Coldwell: I think the minister is missing the point of my hon. friend's suggestion and that of the hon. member for Greenwood. It is not a question of how the audit is done or of how well it is done. The question is that the Auditor General appointed under the great seal, as the hon. member for Winnipeg North Centre put it, and entirely responsible to this parliament, makes recommendations regarding policy. It is not a question of the audit so much as it is a question of recommendations regarding policies that might be beneficial to the railway and indeed to the country. The recommendations there, it is true, are recommendations that auditors generally make relating to the manner in which the accounts are presented, examined and so forth, and that the matter does come before the committee. That is true. But if you questioned the auditors on matters which involved policy, as we are understanding policy in this discussion, I think they would take the position, and properly so, that they were not engaged to lay down policy but that that was a matter for the directors of the railway and of the house if the house decided it wished to amend the legislation under which the Canadian National Railways operate. I think the point has been missed, and I believe that the suggestions made by the hon. member for Winnipeg North Centre and the hon. member for Greenwood are worthy of more consideration than the minister and the committee are giving to them at the moment. I was rather sorry to see the house adopt the motion for second reading of the bill. I think this matter should have been discussed before second reading was given, before we adopted the principle of this bill. I do not say that a change would be made but I think there is involved a principle that is worthy of consideration by the minister and by the railway itself.

Mr. Chevrier: I would not want my hon. friend to think that this matter has not been carefully considered.

Mr. Coldwell: I am not suggesting that.

Mr. Chevrier: It has been considered on more than one occasion. My hon. friend seems to be of the opinion that careful consideration has not been given—

Mr. Coldwell: I would not say that.

Mr. Chevrier: —to the representations made by the hon. member for Winnipeg North Centre and the hon. member for Greenwood. It has been, on more than one occasion, and it was again when this bill came before the government, and we decided, after discussion of the matter, that we would again recommend the appointment of this firm of auditors.

Now, then, with reference to the point he makes concerning policy, the hon. gentleman is familiar with the fact that the Auditor General should not make recommendations as to policy. That is not his province and—there is a better word I am looking for but I cannot find it at the moment—neither is it of the present auditors under this bill.

Section agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the the third time?

Mr. Chevrier: Now.

Mr. Knowles: By leave.

Mr. Chevrier moved the third reading of the bill.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Knowles: On division.

Motion agreed to, bill read the third time and passed on division.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I have spoken to the leaders of the other parties and suggested that we might call order No. 4 on today's order paper, the second reading of Bill No. 76, and have the minister make his statement. I do not think we would have time to complete the study of the bill this evening. I would suggest that that be done if hon. members have no objection.

RADIO ACT, 1938

VARIOUS AMENDMENTS—DEFINITION OF TELECOMMUNICATION—ACCESSION TO INTERNATIONAL CONVENTIONS, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 76, to amend the Radio Act, 1938.

[Mr. Coldwell.]

Mr. Coldwell: Mr. Speaker, I do not think there is anything very contentious in the bill but the minister might explain it.

Mr. Chevrier: Yes; I was going to do that. The purpose of this bill is to carry out and implement the terms of an agreement, in fact it is a treaty, made between Canada and the United States covering several matters in connection with radio. That is, the agreement made between the two countries was made in order to permit, first, pilots who are qualified radio operators to operate radio transmitters installed in civilian airplanes of the other country's registry; second, operators of mobile radio transmitters installed in vehicles used in public service or for commercial purposes in border areas and private persons with radio telephony installed in their cars while in the territory of the other country; and third, amateur wireless operators to use their sets while visiting the other country.

Section 5 of the act of 1938, which provides for the licensing of stations, is repealed by this amendment, and the new section provides for the necessity of a licence in the case of the operation of a private receiving station or a radio station by the making of regulations by the governor in council so that (a) radio receiving sets installed in an automobile or other vehicles and (b) a radio station temporarily in Canada may by these regulations be exempted from the operation of section 5 of the act.

Section 7 of the act of 1938 provides that no one shall be employed as a radio operator on any coast, land or mobile station unless he is a British subject, and also makes provision for the taking of an oath of secrecy. The amendment to that section permits the exemption by regulation of the classes mentioned in the treaty which are (a) radio operators employed on any radio station in Canada or (b) any person who holds a valid Canadian certificate of proficiency or an equivalent certificate issued by the country of which he is a citizen, and (c) is a citizen and resident of a country that grants a reciprocal permission to Canadian citizens.

In other words, the matters I have referred to so far are to implement the treaty entered into between Canada and the United States. There are two other small amendments, one of which is a new one and gives a new definition of telecommunication, and the other amends section 3 (1) (c) of the act by substituting "telecommunication" for the word "radio" which is there now. It is simply to clarify the act and to permit of approval under international agreements of telecommunication regulations, telegraph regulations

and the like. I do not think there is anything contentious in the bill. I think it is all to the good. It was given careful consideration by the two countries and I hope it will commend itself to the house.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*Telecommunication.*

Mr. Coldwell: Is there any particular reason why this amendment should be made at this time? Some of the changes in the bill, the explanations and so on, seem to indicate that perhaps this may be due to some arrangements that are made in broadcasting and so on, between the two countries, that arise out of the present defence arrangement or the international situation. Has that anything to do with the agreement?

Mr. Chevrier: No, it has not, definitely.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

On the title.

Mr. Gillis: Is there not a section 7 to this bill?

Mr. Chevrier: No.

Mr. Gillis: In his explanation the minister made reference to qualifying section 7 of the act. He made reference to countries that have a reciprocal arrangement with Canada. Will the minister tell me whether, when he used the words "reciprocal arrangements with other countries" he just meant Canada and the United States?

Mr. Chevrier: In this particular bill, yes.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up Bill No. 172, to amend the Canadian Citizenship Act. This was read the first time today. Then we will proceed with Bill No. 188, to amend the Yukon Act, the resolution for which was passed this day; then Bill No. 189, to amend the Northwest Territories Act. Then we will move to go into supply, and call two departments, fisheries and labour. Perhaps we will go into the consideration of estimates of labour or fisheries tomorrow.

On motion of Mr. Fournier (Hull) the house adjourned at 10.55 p.m.

HOUSE OF COMMONS

Tuesday, April 3, 1951

The house met at three o'clock.

BUSINESS OF THE HOUSE

ADJOURNMENT FROM APRIL 4 UNTIL 5.30 P.M., APRIL 5

Right Hon L. S. St. Laurent (Prime Minister): If I have the unanimous consent of the house I should like to move that when the house adjourns tomorrow, Wednesday, it stand adjourned until Thursday at 5.30 p.m. The reason is that the President of the French republic will address the members of both houses of parliament in this chamber at 3.30, after which there is to be a reception in the chambers of the Speaker of the Senate.

The program that has been prepared and printed provides that the president is not due to leave this building until ten minutes after five, when the Speakers of the two houses are to accompany him to the front entrance. After the joint meeting in this chamber some time will be required to remove the additional chairs and put it in order for us to proceed. Therefore if I have unanimous consent I move:

That, when this house adjourns on Wednesday, April 4, it do stand adjourned until 5.30 o'clock p.m., on Thursday, April 5, and that standing order 2 be suspended in relation thereto.

This will enable us to get through the routine proceedings and down to the orders of the day, which may then be proceeded with when the house resumes its sitting at eight o'clock.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, it is hardly necessary to say that we would expect unanimous acceptance of this motion. There will, of course, be approval for everything that is being done to indicate the warmth of the welcome we would wish to extend to the head of the French republic, between which and this country there are very close bonds.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

ANNUAL REPORTS FOR YEAR ENDED DECEMBER 31, 1950

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I beg leave to table the following reports, in English and in French:

Annual report of the Canadian National Railways for the year ended December 31, 1950.

Annual report of the Canadian National (West Indies) Steamships Limited for the year ended December 31, 1950.

Annual report of the Canadian National Railways securities trust for the year ended December 31, 1950.

The auditors' report to parliament for the year ended December 31, 1950, in respect to the Canadian National railway system and the Canadian National (West Indies) Steamships Limited.

Copies of these reports are being distributed.

TRADE AND COMMERCE

SUPPLY OF BASIC AND BUILDING MATERIALS—PRIVATE AND PUBLIC INVESTMENT IN CANADA

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, I beg leave to table a white paper on "Supply of Basic and Building Materials in Canada, Outlook 1951", and also one on "Private and Public Investment in Canada, Outlook 1951".

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 190, respecting the Canadian Legion of the British Empire Service League.—Mr. Croll.

Bill No. 174, respecting the Ruthenian Greek Catholic Episcopal Corporation of Canada.—Mr. Maybank.

Bill No. 175, to incorporate the Ukrainian Catholic Episcopal Corporation of Western Canada.—Mr. Macdonald (Edmonton East).

Bill No. 176, to incorporate the Ukrainian Catholic Episcopal Corporation of Eastern Canada.—Mr. Ross (Hamilton East).

Bill No. 177, to incorporate the Mercantile and General Reinsurance Company of Canada Limited.—Mr. Cavers.

Bill No. 178, for the relief of Leah Berniker Berger.—Mr. Winkler.

Bill No. 179, for the relief of Betty Suffrin Sher.—Mr. Winkler.

Bill No. 180, for the relief of Muriel Violet Marcella Barkas Sauve.—Mr. Winkler.

Bill No. 181, for the relief of Lois Christine Flemming Foster.—Mr. Winkler.

Bill No. 182, for the relief of Joseph Napoleon Romeo Moisan.—Mr. Winkler.

Bill No. 183, for the relief of Catherine Veronica Joynt Bragdon.—Mr. Winkler.

Bill No. 184, for the relief of Sarah Alice Thompson Getzler.—Mr. Winkler.

Bill No. 185, for the relief of Grace Andersen Hallam.—Mr. Winkler.

Bill No. 186, for the relief of Edna May Walker Green.—Mr. Winkler.

Bill No. 187, for the relief of Donald George Story.—Mr. Winkler.

(Translation):

FLOOD CONDITIONS

ST. LAWRENCE RIVER EAST OF MONTREAL—SUGGESTED USE OF ICEBREAKERS

On the orders of the day:

Mr. Marcel Monette (Mercier): Mr. Chairman, before you proceed with the orders of the day, I have an extremely important and urgent question to address to the Minister of Transport in my capacity as member for the most highly industrialized county in the province of Quebec.

Is the Minister of Transport aware that the St. Lawrence river, as is the case nearly every year, is now flooding the east end of the island of Montreal and has wrought considerable damage in my county? Does the government intend to do something to cope with that condition?

In order to prevent such disasters in the future, may I suggest that the government should dispatch to that part of the river, each spring, two icebreakers at least in order to break the ice-jam at the onset.

Hon. Lionel Chevrier (Minister of Transport): Mr. Chairman, I wish to thank the hon. member for having given me notice of his question. I may assure him that the Department of Transport is aware of the damages caused by the swelling of the St. Lawrence river at Montreal. As soon as that condition was brought to our attention we immediately dispatched three icebreakers to the scene. The *Ernest Lapointe*, the *Saurel* and the *Lady Grey* are now breaking the ice and according to the latest reports I have received the situation is improving considerably.

The hon. member may rest assured that the suggestion he made in the last part of his question will be taken into consideration by the government.

(Text):

WOOL

PRESS REPORT AS TO EXPORT FROM CANADA TO POLAND THROUGH THE UNITED STATES

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to ask a question of the Minister of Trade and Commerce—of which I have not had an opportunity of giving him notice—concerning a report in this morning's Ottawa *Citizen* with regard to 400,000 pounds of wool which originated in Canada and was being shipped through the United States to Poland. Can the minister throw any additional light on this transaction that was not disclosed in the press report?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I regret to say that I am not able to throw any light on the matter. Our records indicate that no permit was issued in that connection, but further investigations are being made. If I find anything new, I shall be glad to announce it in the house.

CANADIAN CITIZENSHIP ACT

AMENDMENTS WITH RESPECT TO REVOCATION OF CITIZENSHIP, ETC.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of Bill No. 172, to amend the Canadian Citizenship Act.

Mr. Drew: Explain.

Mr. Harris (Grey-Bruce): Mr. Speaker, as forecast in the speech from the throne, it is proposed in this bill to amend the Canadian Citizenship Act to prevent the retention of Canadian citizenship by persons who have renounced their allegiance or shown by their conduct that they are not loyal to Canada.

It is not a lengthy bill; in fact it contains but one section amending certain parts of section 19 of the present act.

Under the Naturalization Act, which was repealed with the coming into force of the Canadian Citizenship Act on January 1, 1947, there was provision, under subsection 1 of section 9 thereof, for the revocation of a certificate of naturalization by the governor in council after the minister was satisfied that the person to whom the certificate was granted had shown himself, by act or speech, to be disaffected or disloyal to His Majesty. This provision was applicable whether the offence was committed in Canada or outside of Canada.

When the Canadian Citizenship Act was being considered, it was decided to make the citizenship of a Canadian citizen, other than a natural-born Canadian citizen, liable to revocation only if the offence of disaffection or disloyalty had been committed outside of Canada, and to make it applicable in Canada only in the event of the naturalized Canadian citizen having been convicted of treason or sedition by a court of competent jurisdiction. These persons had the right to have their

cases considered by a commission appointed under section 19 of the act. In this way their right to have a hearing was fully protected.

In recent years it has been found that a number of naturalized Canadian citizens have returned to the countries of their origin with the obvious intention of remaining there permanently and of severing their allegiance to Canada. Under present legislation, their citizenship can be revoked only after a period of not less than six years' residence outside of Canada and failure to maintain substantial connection with Canada.

In some cases a number of naturalized persons have asked, while still in Canada, to have their certificates of naturalization or citizenship cancelled on the ground that they no longer wish to retain Canadian citizenship. There is nothing in the present legislation covering this type of disaffection.

So far my remarks have had reference to the revocation of the citizenship of persons other than natural-born Canadian citizens. At present a Canadian citizen by birth loses his citizenship only on the voluntary acquisition of a foreign nationality. Very serious thought, however, has been given to the question of the revocation of the citizenship of persons, whether naturalized or natural-born, who take an oath or make an affirmation or other formal declaration of allegiance to a foreign state, whether they were residing in or out of Canada at the time of taking such action.

In view of the conditions which I have stated, and for obvious reasons of security, it is deemed desirable to introduce certain new grounds for revocation of citizenship.

Under present legislation, revocation may take place only if the naturalized Canadian citizen has been residing outside of Canada for a period of not less than six years and has failed to maintain substantial connection with Canada. The proposed amendment provides for revocation after a residence of two years in a country of which the Canadian citizen was a national or citizen at any time prior to his becoming a Canadian citizen or being naturalized in Canada. This would allow more speedy disposition of cases where naturalized persons return to their country of origin and lose substantial connection with Canada.

There is, further, an extension of the present provision for revocation for disloyalty. At present, revocation is possible where a person out of Canada shows himself "by act or speech" to be "disaffected or disloyal" to His Majesty or, if in Canada, is guilty of treason or sedition. The latter phraseology, especially, is too narrow. It does not, for instance, cover persons convicted of offences under the Official Secrets Act. It is proposed in this amendment to allow revocation for disaffection and disloyalty out of Canada, and for persons in Canada who are found guilty of sedition, espionage, treason or similar offences.

Subsection 3 of section 1 of the bill provides for the revocation of the citizenship of all categories of citizens whether naturalized or natural-born.

There is no substantial change in paragraph (a) from the present legislation, which provides for the revocation of the citizenship of a person who, by a voluntary and formal act other than marriage, acquires the nationality or citizenship of a foreign country, whilst in Canada.

Paragraph (b) of subsection 3 is new. It provides for revocation in the case of persons who take an oath or make an affirmation or other formal declaration of allegiance to a foreign state; this would apply whether the persons were in or out of Canada.

There is, finally, provision in paragraph (c) of subsection 3 for the revocation of the citizenship of those persons who make declarations renouncing their Canadian citizenship. This amendment would have the effect of legalizing the action of a person who renounces his Canadian citizenship, whether in or out of Canada.

The government is of the opinion that the amendments to the Canadian Citizenship Act which are proposed in this bill are essential to the welfare and security of Canada. I wish to make it clear, however, that the rights of any person, the revocation of whose citizenship might be considered under any one of these proposed amendments, are fully protected under that part of section 19 of the citizenship act which provides, upon request, for a formal hearing by a commission constituted for the purpose by the governor in council. It is not proposed in this bill to deprive a person of his citizenship without granting him his right to have his case considered by this tribunal.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, this bill, so far as it goes, makes it possible to deal with certain acts of disloyalty, but it does not deal effectively with many of the things that are being done by people who have come to Canada, have become naturalized Canadians and are now abusing the rights of that citizenship in an effort to undermine our democratic system. I shall support the bill before the house because the terms are good so far as they go. It is appropriate, however, in dealing with the principle now under consideration, to point out the advantage of going a great deal further; because the

government itself could put forward appropriate amendments, if they were considered advisable, to carry the application of the bill to a wider field.

As has been pointed out by the minister, a number of people who have come to Canada have become naturalized and have then returned to their own country with the apparent intention of staying there. I am not objecting to their loss of citizenship. I should think that under those circumstances the loss of citizenship would be almost automatic. There is, however, a consideration that should be borne in mind. Some of those very people are now returning to Canada more completely disillusioned about communism—and we know it is communism that is under consideration—than anyone else in this country. I suggest that we should not disregard the possibility that some of the most effective exponents of our free democracy may be those who have mistakenly returned to the slave states and have seen what is actually going on there at the present time. That, however, is an observation that would apply only to a limited number. I must say that I am much more concerned about those of other than Canadian birth who have come here and been naturalized and are staying here and seeking to destroy our system, than I am with those who leave; in fact I think we should welcome the departure of many of those who come and do this.

It would seem to me that when an amendment is being considered which will widen the possibility of denying the rights of citizenship of those who leave Canada, or those who make declarations that amount to disloyalty to Canada or the abandonment of their citizenship, we should also consider the advisability of widening the basis upon which citizenship may be withdrawn.

I would of course wish that we were discussing this on a very much wider basis than it can be discussed upon the second reading of this bill. What I would prefer to be discussing at the present time is an amendment to the Criminal Code dealing effectively with communism in this country under a properly defined section of the code. In saying that I wish to make it perfectly clear that neither in my remarks now nor on any other occasion have I ever suggested that communism should be dealt with by name. That would not be effective. What I am suggesting is that the activities designed to undermine our democratic system in the service of a foreign power can be defined and should be defined in an amendment to the Criminal Code, which would apply to everyone, whether born outside of Canada or within our own boundaries. That, however, is not the subject now under consideration, and I therefore confine my remarks to possible amendments to the Canadian Citizenship Act, and the withdrawal of the citizenship which has been extended to those who have come to Canada and who leave here.

There are many people who have become naturalized Canadians who will not come within the amendments now before us. Let us take some of the examples. At the present time there are weekly publications in different parts of Canada which are published in languages other than English or French. They are generally described as foreign language newspapers. I am referring to those of the foreign language newspapers which are regular and vigorous advocates of communist doctrine. I might say that my remarks would apply with equal force to any publications which advocated what might be regarded as nazi, fascist or any other non-democratic doctrines. However, it is communism with which we are mainly concerned at the moment.

Men who have come to Canada and have been naturalized, and through that naturalization have gained the rights of free citizens of Canada, are week by week doing their utmost to undermine the confidence and the faith of newly-arrived citizens of this country by holding up to contempt and ridicule those institutions upon which we rely for the preservation of our freedom, and are making attacks on all those who are seeking to maintain the vigour and the strength of democracy itself. These people, given the rights of citizens, freely urge the support of those against whom young Canadians are fighting at this very hour. If that is not treachery, I do not know what can be described as treachery. Nevertheless it does not come within the legal definition of treason contained in the Criminal Code.

I am sure that in the Department of Justice there are those who are competent to draft an amendment to the Criminal Code which, without using the word "communism", or "fascism", or "nazism", or any other definitive doctrinaire word, will at the same time define with clarity disloyalty to Canada of that kind.

I believe that people who are doing that should be dealt with in the manner that is contemplated by the amendments now before us dealing with those who leave Canada to go back to their native land, or dealing with those who are convicted under laws now in force. To me it seems strangely inconsistent that we should be, on the one hand, awaiting a budget which call for the expenditure of $1,600 million for defence—defence against

only one possible enemy—and yet at the same time dealing with that enemy and his representatives in our midst with such gentleness and with such reluctance to recognize the danger for what it really is.

As I said before, I can only, within the terms of this act, deal with the citizenship of those who have come from other lands and become Canadians by naturalization. But the people who are trying to destroy democracy in Canada include within their ranks many of those who have obtained citizenship in that way.

Across this country there are communist organizations trying to undermine faith in Canadian democracy in many ways, not only through foreign language newspapers, but by means of the moving picture, by means of publications sold quite openly, and by other devices long employed for affecting people's minds and people's loyalty.

As the Department of Justice well knows, there are moving pictures in circulation in this country which have no other purpose than to spread propaganda in support of communism. In many instances that is being done by those who were born in other lands, have come to Canada and are now citizens of this country. There are also others within the same category who are running schools for young Canadians where disloyalty is the purpose of everything that is done. There again it should be possible to deal effectively with such people, just as effectively as with those who leave Canada to go back to the country to which these people are now expressing their loyalty.

I would urge the minister to give consideration to extending those definitions still farther. While it is true that there is not an amendment to the Criminal Code now before us, it is possible to introduce a definition of conduct of that kind within the Canadian Citizenship Act itself, which could be dealt with by the courts. If the Department of Justice is not prepared to put before this house an amendment to the Criminal Code, then I suggest that an amendment such as I have mentioned be introduced to the Canadian Citizenship Act; that a penalty be provided under which those guilty of conduct of that kind can be brought before the courts, and, if there is a conviction, citizenship should be lost in accordance with the procedure outlined in the amendments now before us.

I do not think the Minister of Justice (Mr. Garson) will question my statement when I repeat that I believe the officials of the Department of Justice do regard themselves as competent to draft such an amendment; because I am under the impression that he has such an amendment actually drafted, although he has not yet been prepared to put it before the house. I mention that only with the thought that it is most commendable that a condition of this kind should have led to the preparation of such an amendment. I hope that if an amendment to the Criminal Code is not made at this time, a further amendment to this act will be introduced when the bill is in committee.

In the event that anyone might suggest that others in the house should propose the amendment, my answer would be that if an amendment of this kind is to be effective it should be one put forward by the government. Administration is just as important as enactment; and if the administration of an amendment of that kind is to be effective, then such amendment must be in terms the government will carry out.

While I approve the amendments so far as they go, and will support them, I believe that the time has come for us to act in accordance with the scale and magnitude of the task we are undertaking, and that an emergency which calls for the type of legislation the government has already presented to the house for purposes of defence is one which should call for legislation that will deal more effectively with these traitors in our midst.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, in the speech from the throne it was announced that there were to be certain changes in the citizenship act. One or two of us perhaps had our own fears as to what those changes might be; but, having seen the legislation I can say now and at once that we are in agreement with what appears to be the purpose of the bill. After all it is only reasonable that when an individual renounces his citizenship he should officially lose it. It is only reasonable that when someone affirms allegiance to another country he should lose his citizenship rights in Canada. There can be no objection whatever to that.

However, there is a vital principle in the bill which I suggest requires some clarification from the minister, and should be discussed to some extent. We are told that an individual loses his citizenship when he is convicted in some court of competent jurisdiction of any offence involving disaffection or disloyalty to His Majesty. Those are fairly sweeping terms. I remember well that when the original citizenship act was before the house there was much discussion about a section similar to the one I have indicated. One of the things upon which members of all parties insisted at that time was that there should be equality of treatment for all Canadians, no matter in which

part of Canada they might live. It is conceivable that under this legislation there may not be that same equality. Appeal is to be permitted to ten different courts in the ten provinces. It is possible that the judges presiding over those courts will range from men of a most liberal turn of mind to those of the most reactionary. It is possible we may have ten different standards of disaffection; it is possible we may have ten different standards of disloyalty. In effect what we shall have will be ten different standards of Canadianism. That is something I would deplore, because it is the intention of all of us to try to secure equality of treatment for all.

There is another matter which has been discussed before, and which some conceive to be an aspect of discrimination between those who are natural-born Canadians and those who have adopted Canada as their home. There are those who feel that the degree of punishment for the same offence should be precisely the same, and that the most serious punishment one could inflict upon anyone would be to take away his citizenship. That is the punishment meted out only to immigrant Canadians.

I am an immigrant, but I must say I view the situation in a somewhat different light. I came here of my own free will. I came to Canada because I wanted to. I knew what my rights of citizenship and my obligations were going to be. I knew what my duties and privileges were going to be; and I was determined, so far as humanly possible, to live within the law of the land. I am convinced that from my point of view, and that of many others, no more serious hurt could befall one than to lose his citizenship. Nevertheless I believe that if an immigrant comes to this country and willingly and knowingly violates the law so that he is guilty of treason, he should lose that citizenship. There are others, among my colleagues, who were born in Canada, who would disagree with me.

The question arises as to exactly what disloyalty is. There are members of the house who advocated that Canada should be a republic. They would want to do away with the monarchy. They would abolish kings, and all the pomp and circumstance we associate with courts and kings. I disagree with them on that. However, I maintain they are entitled to their opinions, and if their opinions were to have the support of a majority I would accept the decision, as a good democratic citizen.

But is that being disloyal to His Majesty? Would one be disloyal if he were to advocate the setting up of a republic? Is there disaffection there, or is there disaffection when, during the Easter recess, I go back to my constituents and raise the very devil about what the government is doing or is not doing? It is conceivable that under certain governments that might be regarded as sowing disaffection. On the other hand we must remember that during the thirties there were Canadian citizens who went back to nazi Germany and who, after serving a year or two in the German forces, came back to this country. In my opinion those men were traitors; yet the legislation was not adequate enough to cover them then. It is possible we have the same condition today among those who acknowledge allegiance to soviet Russia. In my opinion those people are also traitors in just as great measure.

What we want above all is to safeguard the citizen from the growing encroachment of government. I do not think that encroachment can be helped; it is one of those things which will happen. But it means we have to be doubly sure to see that the citizen is protected. It may be said: Well, after all, we have a minister who is a man of honesty and integrity, and upon whom we can depend. That may be so. I should be quite content to take the minister's word that he will carry out this legislation as honestly and faithfully as he can. But there is no guarantee that a minister of a similar calibre is going to follow him.

I recall the history of the 1919 strike in Winnipeg, when we had a somewhat different type of minister at Ottawa—and I am referring to Mr. Arthur Meighen. I remember well that on the occasion when ten Canadian citizens were arrested in Winnipeg and thrown into Stony Mountain prison, Mr. Meighen sent a wire to Winnipeg which read as follows:

> Notwithstanding any doubt I have as to the technical legality of the arrest and detention at Stony Mountain, I feel that rapid deportation is the best course, now that the arrests have been made; and later we can consider ratification.

That was a most iniquitous thing to do. What guarantee is there that under some other minister it might not happen again? What protection is there for the citizen? That is what we are particularly interested in.

I remember during that same general strike in Winnipeg, when Mr. J. S. Woodsworth, the founder of this party, was thrown into prison for four or five days because he had the audacity to quote from the book of Isaiah in the streets of Winnipeg. That was then considered to be sedition. At times hysteria grows in any country until it becomes a serious menace. We hope that something like that will not happen again but we have to safeguard against it. Where the courts decide

that an individual has been guilty of disaffection or disloyalty the minister is to have the last word as to whether or not that citizen will lose his citizenship. As I said before, there is no more serious circumstance that could befall any Canadian.

The minister has the right to decide, and it is no reflection on the minister when I say that all of us who are elected members of parliament know what it is to be the victim of political pressures and political urges. While I am content to leave this right with the minister, I am not content to leave with him the right to have the last word. We suggest for the earnest consideration of the minister, partly as a safeguard for himself and partly as a safeguard for those who might be accused, that the individual should have a final right of appeal to the Supreme Court of Canada. That court is above all political pressures. That court is impartial. Let that court decide whether or not the individual should suffer the most grievous penalty of losing his citizenship. Were we to do that, then I think we would be restoring some of that equality for all which we desire. I hope that the minister will give this suggestion his most earnest consideration.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I do not usually take part in a debate of this kind, but to me these amendments are very simple. A man cannot be a citizen of two countries and be honourable and honest with both, just as the old book says that you cannot serve two masters. If a man is found to be using language, either in the press or vocally, that shows his disloyalty to Canada, he has no business to be a citizen of Canada. If he becomes a citizen of a foreign country, why should he want to be a citizen of Canada at the same time? I do not think we need to spend much time discussing these amendments, because they are so simple.

But I do know of one difficulty that is faced by a man who lives in the city of Fort William, which is considered to be made up of intelligent people. This man has raised a family but has not been able to obtain Canadian citizenship. I have always thought that after a person had been in Canada for twenty years, and had a good character, there would be nothing against his becoming a citizen; but this man has found that he cannot become a citizen of Canada unless he can answer all the questions.

I know a man who has lived thirty years in Canada and has reared a family that is a credit to Canada. They are all good athletes, good students and good university men, and yet the father is not able to be a citizen. I realize that these amendments do not cover such a situation, but I hope the minister will find a way to overcome difficulties of this kind.

Mr. David A. Croll (Spadina): Mr. Speaker, I rise to support the bill and to make a few remarks pertaining to it. So far as I can see, the chief purpose of the bill is to relieve a very few people of rights and privileges which by their own actions they indicate they do not value very highly. I say there are but a very few. I take this opportunity to reassure the great masses of new Canadians whose citizenship is cherished by possession that there is nothing in this bill that in any way prejudices their status.

As I say, the bill deals with two small groups of minorities. The first group consists of those who returned voluntarily to their native country to resettle and who endeavoured for their own purposes to retain some of the advantages they had gained by Canadian naturalization. What they want is dual citizenship; they want a privileged position. I cannot say that I have much sympathy for them. Dualism has been resolved in this country and we cannot tolerate it abroad. They cannot have it both ways.

No matter what inducements have been offered, no matter how rosy the picture was painted in order to get them to return to their country of origin, they automatically accepted life according to the dictates of the existing regime in that particular country, and the principal effects of such life, including a police state and forced labour, were well known to the most innocent of them. It scarcely seems reasonable for them to expect that their Canadian naturalization will exempt them from some of the unpleasantnesses that they found when they returned to the country of their origin. I imagine that they supplied more than their share of headaches to those countries as well as to ours, and this bill will reduce those headaches from six years to two years.

I said that there were two groups of people covered by this bill with whom I had little sympathy. If I have little sympathy for the first group, I have none at all for the second. They are the people who sought and acquired the privileges and responsibilities of Canadian citizenship but who are really the servants of another state. In the course of that service they have betrayed the Canadian state. When their offence has been proved I can see no justification for their continued enjoyment of the citizenship which they have acquired, a citizenship which, by the way, not only gives them a fair trial and just sentence.

Because some of the persons involved in the recent espionage cases were foreign born,

a regrettable shadow of suspicion has fallen inevitably on a large and intensely loyal section of the community. I say inevitably, because in all times of international stress there are suspicions that arise, and there is a flaming and a fading of tensions from time to time. I should like to repeat what I said on April 9, 1946, and I quote:

> There have been those whose loyalty has wavered, who have imagined, in their confusion and in their woolly thinking, that there is a higher loyalty than that to Canada; who have not rated their acquired citizenship on so exalted a level as most of us have placed it. Recently we have been shocked to our very roots when we have had to face up to unpleasant realities which upset our comfortable and complacent thoughts and habits. There is no need to be alarmed. There is no point in hysteria, and there is no reason for losing our perspective. We have been tough with our enemies from without. We only need apply the rule of law in order to be tough with our enemies from within. That is what the law is for.

I went on to say:

> Let me say a further word about loyalties. It is well that we look to the structure of our own nest before we inquire too deeply to see who has fouled it. Loyalty is a coin with two sides. On the obverse is the attachment of the citizen to the state; on the reverse are the service and inspiration which the state gives to the citizen. I have no use for traitors or for those who accept the protection and benefits of the state and then sell it down the river. I entertain no belief that loyalty can be divided, so much to the state and so much to another organism. To me, as to other members of this house, treachery in all its forms is despicable, and the oath of allegiance is not double talk.

About all I can do at the present time is broadcast the reassurance that disloyalty is the rarest kind of exception; that those who have won their citizenship through risk and labour tend to cherish it at least as highly as those to whom it has come as a birthright. But in the opinion of many the disloyalty of one reflects upon the integrity of the many. For this and other reasons I believe new Canadians as a whole should welcome this measure, which is designed to penalize and discourage betrayal. All those who have spoken already have indicated that they approach such legislation with one eye to the special dangers of the moment and the other upon the preservation of the traditional freedoms. One of those freedoms, of course, is the right to advocate social and economic changes; and most of us, no matter what our own views, will champion the right of the other man to express his. The house will note that paragraph (f) reads:

> . . . if in Canada, has, by a court of competent jurisdiction, been convicted of any offence involving disaffection or disloyalty to His Majesty.

Hon. members will realize that a court will deal with this problem. To indicate that there is an awareness in high judicial places of what is going on in this country and in the world, I want to quote from a great judge and a great Canadian, Mr. Justice Ivan C. Rand. Speaking in Toronto on March 30 he delivered the annual lecture sponsored by the Hillman foundation, established in 1946 by the amalgamated clothing workers of America in memory of the late president of the union, Sidney Hillman:

> Mr. Justice Rand stressed the duty of judges to protect the nonconformist "against popular clamour, against any sort of subservience to that clamour or the betrayal from any quarter of our inheritance.
>
> Our liberties are largely the accomplishments of such men. North America has been born of rebellion, rebellion in government, in church, in social organizations."

He went on to say:

> The courts were constantly faced by the problem of determining the boundaries of individual freedom —the point at which individual action threatens the general security.
>
> This could be determined by application of the rule of law, as opposed to the rule of man's despotism. It was insufficient to define freedoms without granting them to every citizen. The rule of law was the uncompromising rule of principle as against expediency.

He went on further:

> Freedom of speech was also threatened by the discovery that it often was not exercised in good faith. Deceit had become an instrument in the propagation of an ideology, raising questions of the greatest difficulty in determining the point at which liberties must give way in order to maintain the wider security.

It is obvious to everyone in this house that the chief targets of this bill will be the communists. It is important, however, to make it very clear that the section is directed against them not because they are advocates of Marxism but because those it penalizes have become agents of a foreign state. It is one thing, for instance, for a man to attempt to convince his fellows that living conditions in the city of Omsk are better than those in Oshawa. That strikes me as a legitimate undertaking, though a bit foolish and I would presume rather thankless; but it is altogether different for a man to give his full devotion to another state and actively conspire against the country from which as a citizen he claims protection and all the benefits it may have in store for him.

Under this bill men will not be punished for their political beliefs but rather for their political treachery. I believe this bill is intended to make it very tough for traitors, which is as it should be.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, I feel that I must say a few words on this bill. I cannot help feeling that it must have been with the greatest reluctance that a Liberal government felt it necessary to introduce a bill along these lines, just as it must be with the greatest reluctance that Liberal members will feel it necessary to

support it. I think one could safely change the word "Liberal" in that sentence to "Canadian" and it would still apply.

As the leader of the opposition (Mr. Drew) has so well pointed out, that we are faced with legislation of this kind at the present time is entirely due to the activities of those whom we lump together under the name of communists. The principle of this bill is not new, but the principle in the original bill is becoming broader all the time. Despite our hatred of communism and all it stands for; despite the danger which communism presents to us, we must not lose sight of other dangers that may be even more alarming. There is a great deal of talk throughout the country, and justifiably, about subversive activities. I rather wish we heard less of the word "subversive" and more of that very plain word "traitor" which was used a moment ago by the hon. member for Spadina (Mr. Croll), because that word leaves no doubt whatever as to what is meant.

Because one sees dangers in the principles which underlie this necessary bill, that in no way means that one has the slightest sympathy for those subversive actors whom I prefer to call traitors; and I trust that we in this house may continue to separate the two sides, one the necessity of combating that sort of activity, and the other the necessity of protecting those things in our own mind which are our main justification for opposing totalitarianism in all its forms. I was born and brought up in Canada in the days when we were British subjects and proud of it. I was brought up to regard the fact that I was a British subject as one of the most remarkable attributes which I could ever have; one of my privileges and one which imposed consequent duties.

In recent years the term "British subject" has become, for most of us, "Canadian citizen", and the same love of the term and respect for its implications I hope applies. There are those who have become Canadian citizens voluntarily. Perhaps they are entitled to more credit than I am. I did not become a Canadian citizen voluntarily but by an act of God. Those who have come to us from other shores have become Canadian citizens by their own choice. I assume the majority of them also place a value upon their Canadian citizenship, although most of us have taken occasion from time to time to regret that we did not emphasize that value sufficiently at the time we allowed them to acquire citizenship.

What I am leading up to, Mr. Speaker, is that I have, we all have, the greatest sympathy with the need and intent of this bill. There is not one of us who is not going to say "aye" when it comes to voting on the measure which is at least partially intended to protect this country against its enemies. But there is, sir—let us admit it—building up in this country a mass fear. Please note that I deliberately did not use the word "hysteria". I do not think there will be built up in Canada a mass hysteria, but a mass fear is being built up in this country. I am a victim of it. I believe that, to a greater or lesser extent, we all are. It is a fear to some extent of the unknown, which is a very dangerous fear because that type of fear is catching. It is, therefore, quite possible that we may fall into a trap and be carried too far. I do not want to lay myself open to a charge of international disrespect, but I suggest there are cases in the world today of mass hysteria from which we might take some lessons.

My purpose in speaking at this time in connection with a bill which takes away something from the individual is to urge upon the minister, the Prime Minister (Mr. St. Laurent), and the government of Canada that the greatest care be taken in the administration of this act. I know that hearings will be held in every case before a man can lose his citizenship. Mr. Speaker, what I hope not to see is dozens of hearings across the country because some well-intentioned individual thinks that someone else is not as loyal as he should be. None of us will object if we proceed expeditiously and relentlessly against those who are guilty, but heaven protect us from a wave of witch-hunting. We are not ready for it now, but I honestly fear that this wave of what I call mass fear might bring us to the position where we were almost ready to indulge in a witch-hunt, and that would be a great calamity in itself.

I believe, Mr. Speaker, and I believe that Canada believes in the principle that it is better for some guilty persons to escape than for one innocent person to suffer when he was not guilty. It is the innocent person, not the traitor, with whom I am concerned in connection with the broadening of these powers for taking away Canadian citizenship once lawfully acquired. I would say to the government, and through them to those who will administer this act as well as to those who may be considering amendments to the act: Do not make it too easy to deprive a man of his citizenship, because for once I agree with the member for Winnipeg North (Mr. Stewart): there is nothing that we can give of greater value than Canadian citizenship.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, in the beginning I should like to associate myself with the remarks of the

hon. member who has just taken his seat (Mr. Applewhaite) and to say that, like him, I hope and believe that we shall not give way to hysteria or witch-hunting, the evils of which he has not exaggerated in the least. I should like also to associate myself with what was said by the member for Spadina (Mr. Croll), and to join with him in saying that I hope what we call new Canadians will not regard this as in any way derogatory to their status. I would even go beyond what the member for Spadina said. I believe that we will find in many new Canadians a prizing of their citizenship perhaps far beyond the value which those of us who have always been Canadians attach to it. I have met many new Canadians who have made me feel that if there was the same devotion to this country on the part of a large number of the old citizens, it might be a much better place.

It was only today that I carefully read this paragraph in the speech from the throne, and I observed the use of this wording:

> Appropriate amendments to the Canadian Citizenship Act will be introduced to prevent the retention of Canadian citizenship . . .

It is only today that I realize the use of the word "retention" is intended to indicate that it applies to those who have received it and, therefore, not to natural-born Canadians. It is with regard to that general question that I should like to make a few comments along the lines taken by the leader of the opposition (Mr. Drew), as to whether notwithstanding our approval of this bill we might not like to see something wider dealing with the situation.

I observe that when we debated this question a year ago I quoted a remark made by the minister of external affairs which he had made during the summer of 1949. At page 2130 of *Hansard* for May 3, 1950, I find the following:

> He . . .

That is the minister of external affairs.

> . . . told the Montreal Rotary club the domestic threat of communism must be met . . .

Here are his words.

> . . . "by strengthening, if necessary, our Criminal Code, against actions which threaten the security of the state.

I quote that and I remind you, Mr. Speaker, there was a reference to the Criminal Code made this afternoon by the leader of the opposition. I wish to stress what we have stressed before, that we are not advocating a witch-hunt. We are not advocating any attempt to penalize people for what, in Japan, they called dangerous thoughts. The only thing we are talking about is overt acts. The point we question is whether the code is adequate. Having regard to the fact that nothing has been done since the minister of external affairs made that remark, I think it would be relevant to ask the Minister of Citizenship and Immigration (Mr. Harris) to tell us this afternoon whether, in fact, the government has decided that nothing along that line needs to be done.

There is another thing that is a good deal in my mind, and it came out in the debate a year ago. I do not think communism would be nearly so dangerous if it only appealed to evil people, people whom we ordinarily characterize as undesirable. The thing that bothers me about it—I attempted to bring this up a year ago—is that it has a strange appeal to people whom, from many points of view, we must concede to be high-minded, good people, however completely misled they seem to be. I quoted at that time briefly, and I will quote again, from a book called "The God that Failed", and which brought out what I think is a fact and what I think accentuates our danger. I quote briefly from page 6 of the introduction which was written by the well-known English leader Crossman. Speaking of the intellectuals—and there were six intellectuals who contributed to this book—he asked this question:

> How could these intellectuals accept the dogmatism of Stalinism? The answer is to be found scattered through the pages which follow. For the intellectual, material comforts are relatively unimportant; what he cares about is spiritual freedom.

And again Crossman says:

> —the communist novice . . . wearied and worried by the privilege of freedom—getting relief by subjecting himself to the canon law of the Kremlin.

I read that quotation to the house partly because it called up to my mind an incident that happened to me a short time ago when I was visited by one of what I suppose you would call the followers of Mr. Endicott. He and a couple of other people appeared at my room one day and I had a short talk with them, and remonstrated with them for what seemed to me to be the extraordinary folly of their attitude. I might have been occupying my time more profitably, I expect. When they raised the question whether we were justified in holding the views we do hold about Russian despotism, I said: "What do you make of the case of Czechoslovakia?" One of these young men said to me: "Would you be surprised to know that I was at a demonstration in Prague last summer? We were all together, students, police and others, and we were celebrating in honour of peace. What would you think about that?" I said: "I would think it was one of the finest bits of arranged propaganda that I had ever heard of in my life." There you are, Mr. Speaker. There were young men, perhaps more or less sincere, who had been completely taken in by that propaganda.

I have another thing here that I want to read to the house because it indicates the kind of thing that is going on and which to me makes it much more serious than it would be, as I said a few minutes ago, if it was the kind of thing that appealed only to the hard-boiled people of the type that we always regard as undesirable, who are selfish and who are ready to break the law for their own ends. I hold in my hand a publication called *The Frontier*. It is a new publication. I do not know much about it. I think it is a respectable publication. I think so partly perhaps because the issue previous to the one I hold in my hand argued that we should have regard to the common-sense laws of economics when we were thinking about the various social measures that we should pass. That seemed to me to be a sensible remark. Perhaps I am therefore predisposed to regard this as a sensible publication. It is called *The Frontier*, "a Christian commentary on the common life". Here is the monthly letter, February, 1951. It has some things to say about communism and its appeal which I present to the house because I have to confess that I was extremely slow to believe that communism had in it the danger that it has. I was slow to believe that the kind of people one meets and finds agreeable, and with whom we share many common thoughts, could have a department of their life in which they were able to do things which to me were almost incredible. I read briefly from this publication:

> Current Christian literature about communism, including some that comes from missionary societies and notably from China, has a good deal to say about its revivalist power. Converts to communism, especially the young, embrace it with a zeal and ardour, for the works as well as the faith, that often greatly impress Christian observers. They see college students, boys and girls at school, and unlettered workers responding to the appeal of what they believe is a message of world salvation and undergoing a new, severe discipline with complete self-abandonment.

Then I skip a few lines and continue:

> But it is also important to get this fact of communist fervour in perspective and not to be romantic about it: for it remains true that what is propagated as a messianic faith marks the bid of a minority for political domination, and only a minority within that minority consists of sacrificial zealots and idealists. George Orwell wrote—and he had some first-hand knowledge of the matter—that a revolutionary is oftener than not a social climber with a bomb in his pocket.

I have thought it worth while to mention this because it seems to me that those of us who find it difficult to believe the kind of things that go on should remind ourselves occasionally of such facts as what I have just read. I always remember a German refugee, who had become a Canadian citizen and who had a profound loathing of the nazis, saying to me in June, 1940, just when the war really broke out: "Regard nothing as fantastic". By that he meant we could expect almost anything to be done. He was thinking particularly of sabotage. Incidentally, I have always thought that we owe a great deal to the police during those subsequent years for the fact that so little was done. But I mention that because I think it comes back to the point that I raised at the outset: whether in fact there is a broader situation here that we have not wholly dealt with. A phrase was used this afternoon, I think by the hon. member for Spadina (Mr. Croll), referring to these people as agents of a foreign state. I confess that to me it is often unreal—something I have to pinch myself to remind myself of—that no doubt one is meeting every day and, for all one knows, perhaps eating at the same table with—I am not referring to the House of Commons—people who might be described in that phrase. I therefore say to the minister, it seems to me that what is being done is sound, although there may be points of detail that should be amended. But I put to him this broader question, and it is really the same question put by my leader: Is he satisfied and is the Secretary of State for External Affairs (Mr. Pearson), whose words I quoted although they are now more than a year old, satisfied that nothing further needs to be done beyond this rather minor and limited action which is now being taken?

Mr. E. G. Hansell (Macleod): Mr. Speaker, I would not rise and speak in this debate unless I thought I had something to contribute to it. In that respect I fancy that I am the same as those who have already spoken on this bill. Much has been said this afternoon in respect of certain phases of citizenship rights which prove perhaps to be disloyal to His Majesty the King. It has always occurred to me that the time to nip disloyalty in the bud is before the bud begins to bloom. In that respect I therefore think that we have reason to be particularly careful as to the type of people or, shall I say, the attitudes of the people to whom we grant citizenship. I am quite cognizant of the fact that the government has safeguarded this matter to some considerable extent in its present legislation. I have, however, one suggestion to make in respect of that particular matter. I know of course that a person coming to this country from some other country cannot just suddenly pick up and become a citizen. There are certain rules, regulations and procedures to follow, and he should not be given his citizenship until it is pretty well proven to the authorities that he is worthy to become a citizen. My suggestion, however,

is that there should be a number of citizens who sponsor the application of one desiring to become a citizen. I would go slightly further. I would suggest even that the application be given some notice in the press. I would go so far as to say that the names of those who are sponsoring the application should appear in the notice. I would go one step further and say that those names, together with the applicant's name, should appear not only in the official publication, which is the *Canada Gazette,* but in some more widely circulated periodical, preferably the daily press in the particular community in which the person lives.

The reason I am making these suggestions is that I do not think one who may be accused of disloyalty or disaffection is perhaps entirely to blame. A man is in a sad state of affairs when he has no friends. I am of the opinion that his friends, and particularly those who would have to sponsor his application for citizenship, must bear at least part of the responsibility of what might turn out to be disloyalty or disaffection.

I am passing that suggestion on to the minister. I notice that during the debate he is taking notes, and I should like to have him express his views in respect of the suggestion.

As I see the bill there are just one or two further comments that I would care to make. One is respecting the fact that when disaffection has been proved the person loses his citizenship. I should like to dwell on that for just a moment. To me, and to the most of us, citizenship as Canadians is a very precious thing. On the other hand I should like to venture this rather modified observation. What advantages are there in citizenship? That may be a rather striking observation, but let us examine it carefully. A person comes to this country. He enjoys the courtesy of Canada by being able to stay in this country; and just so long as he behaves himself he is permitted to stay. He can invest his money; he can go into business. Under certain conditions he can seek employment, and he can enjoy all the rights of citizenship except perhaps the right of the franchise and the right to hold public office.

Looking at it in that way I am wondering whether the loss of citizenship is such a great penalty to impose upon one who is disloyal to the country. Just what would it matter to him anyway? Therefore I am inclined to agree with the leader of the opposition (Mr. Drew) that some more drastic steps should be taken to deal with those who are disloyal, or, in the words of the bill, are convicted of an offence involving disaffection to His Majesty, or which might be interpreted as disloyalty to our particular way of life. I recall as an illustration of what I am talking about carrying on an election campaign.

Some of us have been through a number of elections. I recall that in this particular campaign I had one man who was a particular opponent of the position which our party took. I am not saying that he was an opposition candidate. I do not want to leave that impression. No, he acted purely within what I would suppose to be his rights, namely, the right of any citizen to be able to express himself as our right of free speech gives him. But he followed me to some of my meetings. He tried to cause trouble. He was a vigorous opponent of what I was trying to proclaim. And after the campaign got well under way, in fact it was almost terminated, I began to wonder whether or not the chap was going to decrease my expected majority. I began to get a little bit disturbed. Someone came to me and said: "Oh, Hansell, you do not need to be afraid of him. Why, don't you know that man is not even a Canadian citizen." I was rather surprised at that. I do not mean to imply now that he came from some—oh, well I will put it this way. The gentleman was an American. He was farming in our part of the country and had farmed there for a good many years. It was taken for granted that he was a Canadian.

I found that he was not a citizen and never intended to become a citizen; yet here he was taking all the advantages of citizenship, even to entering into the position of influencing public opinion in an election campaign.

Mr. Coldwell: And breaking the law.

Mr. Hansell: Well, he did not vote, of course.

Mr. Coldwell: He must not take an active part in an election.

Mr. Hansell: Well, he was taking part to the extent that he was supporting one of the other candidates. I just cite that as an illustration. I am not going to say that he broke the law. I am not going to say that he did anything particularly harmful. He was just a little bit better able to campaign than some other citizens in that particular community may have been, that is all. I am only pointing to the illustration to show that even though a person is not a citizen of Canada he can enjoy all the rights of citizenship perhaps with the exception of the franchise and the holding of certain public offices.

I go a step further and say that what will make citizens really proud of their citizenship is to make effective in Canada our

particular way of life, so that the citizens of Canada can enjoy the freedom we profess, and enjoy it with that standard of prosperity and quality of living that this country, with its vast wealth and with our free democratic concept, is able to give its citizens.

Before taking my seat I wish to make only two further observations, and I make them on the basis of what was said a short time ago by the hon. member for Winnipeg North (Mr. Stewart). He delivered what I considered a most excellent speech, one with which I agree almost one hundred per cent. I cannot say I agree the full one hundred per cent because, of course, he does not belong to my party. For that reason I shall have to depreciate my agreement with him to the extent of a fraction of one per cent at least.

However, he did bring out a point in connection with the interpretation of disaffection. I fear that there is a weakness in the measure in that respect. After all, under this measure a minister of the crown will have the final decision. I do not suppose this government would be guilty of what I am about to suggest, and I am quite certain the minister would not, but the interpretation of the section could be broad enough to hold a club over the head of any citizen who might oppose vigorously some principle or policy His Majesty's advisers might be pursuing.

I recall the early days of the movement this group represents. During the days from 1930 to 1935, when we were proposing monetary reform and were exposing the iniquities of this burdensome debt-creating monetary system, some of our opponents were so bitter that they declared publicly some of us should be locked up because we were proposing things that would upset entirely our whole economic system.

Some may smile. I see the Minister of Justice (Mr. Garson) smiles, and I hope he does so because he believes such a proposal to be ridiculous. I thought he was going to answer and say that he did think it was ridiculous; however, he remains silent. Therefore I shall say for him that it is ridiculous.

We can say what we like about communism and about those people who are now at the head of the peace movement but I am convinced that some of them are conscientious in their approach to the problem. They lean over backwards in their pacifism, and they have been imbued with the ideas they now pursue. Whether it be they or whether it be other persons who are opposed to the status quo, such people are going to be looked upon with some suspicion. Who knows but that the interpretation of this section involving disaffection might not be so wide that it would affect the free expression of our people. I think the minister might give some consideration to that point—and no doubt he has, because he would not be presenting the bill if he had not.

I shall conclude by supporting the suggestion of the hon. member for Winnipeg North that there should be some final court of appeal, even to the extent of appealing a decision by the minister. Such a course would remove the matter completely from the political arena, and would leave it with our courts, so that justice could be rendered on the merits of any particular case. I support the hon. member in his suggestion, and I hope the minister will express himself in regard to it.

(Translation):

Mr. Pierre Gauthier (Portneuf): Mr. Speaker, it was stated by an hon. member opposite that it would have been difficult for the Liberal party to ask this house to enact this kind of legislation. As far as I am concerned, had I been a member of the cabinet, I should not have hesitated to ask the house to enact it, chiefly because I am a staunch believer in Liberal principles. I would have been pleased to suggest to this house that the facilities which are given people from abroad to enter this country and to enjoy the rights of Canadian citizenship are too great and ought to be curtailed, for in certain cases, one may question those people's intentions.

I think this is an excellent bill, and I have no objection to conferring upon the hon. the Minister of Citizenship and Immigration (Mr. Harris), or the governor in council, the prerogative or authority to decide to whom this amendment to the Canadian Citizenship Act shall apply.

Those who in this house or elsewhere advocate a distinctly Canadian flag and national anthem are often considered as faddists. But such is not the case. In fact, those symbols have a very deep meaning for the Canadian citizen, and especially for the person who wishes to become a Canadian citizen. They help him understand how proud he must be of the privilege of Canadian citizenship. It is our duty to show these new Canadians the value of the privilege of being a citizen of a country like Canada and there is no better way of showing that than by having a national flag and a national anthem. Such symbols would make them prouder of being citizens of this great Canada because, even if our population is not large,

we belong to a country whose unlimited resources can make it one of the greatest in the world. Besides, in the matter of exports our country ranks third and we can surely improve our position in other fields if all our citizens, by birth or naturalization, understand the value of this North American country.

I fail to see how this legislation could interfere with certain freedoms. I have always felt that freedom should not be granted equally to good and to evil. To those who enjoy Canadian citizenship, who believe in one philosophy or other, whether it be historic liberalism, Marxian socialism or what is called Fabian socialism, I say that a doctrine which is bad overseas is equally bad in Canada. To those who ask for the privileges of Canadian citizenship and who use these same privileges in an effort to destroy our public men and undermine our institutions, I say they have no right to those privileges.

We all seek to enhance the prestige attached to Canadian citizenship. We must therefore prevent anyone from outplaying Canadian authorities in certain fields, philosophy, in particular.

I congratulate the government for introducing this bill in the house. It certainly is justified. I feel we should thank our leaders because those who have long been unafraid to raise their voice against Marxist communist ideologies now see their warnings seriously heeded. I would even like the bill to be more drastic. In my opinion, those who leave this country under the pretext of returning to the paradise in which they were born should be compelled, before they are allowed to come back to this country, to go through a certain period of probation so as to prove that their mind is now free from the ideologies which first drew them back to the land of their birth, and that they will not again engage in activities detrimental to Canadian citizenship.

I would like the bill to go further. I may seem radical, but I believe that evil should not be permitted to operate freely and equally with good. A doctrine that is bad overseas is equally bad in Canada.

I am sure that the public will accept this amendment to the Canadian Citizenship Act. I dare say that a large proportion of our people who understand how right we are in asking that restrictions be applied to certain individuals will rejoice in the fact that the government is taking all necessary means to ensure that Canada is never faced with what many, even today, consider to be only an imaginary threat but which is a real danger, since the enemy is on the prowl, waiting for the proper moment to pitch into us, if I may be permitted that common expression. I hope the public will realize that our fear is not imaginary, for we see only too clearly the methods and the means used by Marxist communist propaganda to preach that doctrine in our country, almost openly. It is a danger that we must ward off once and for all. It is not a mere threat, but a real and immediate danger.

[Mr. Gauthier (Portneuf).]

(Text):

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, one of the reproaches of democracy in our country as well as in many others is that so little value is placed upon the privilege of citizenship. It may be because we make citizenship so easy to obtain. It may be that in the case of those who are born in this country something may still be lacking in the inculcation in minor years of an appreciation of the duties as well as of the privileges of citizenship. It may be that, in the case of those who acquire citizenship in Canada through the machinery of the citizenship act, we have not been as careful as we should have been with respect to the preparation of such persons, both for admission to Canada and then in turn for admission to the privilege of Canadian citizenship.

I have been pleased with one note that has run through this debate, as it ran through the debate on the introduction of the citizenship act in the 1946 session, that we in this parliament are now beginning to reflect the desire and purpose that throughout Canada a higher value shall be placed upon the possession of Canadian citizenship. It seems to me that if we achieve that end we shall have contributed not a little to the strengthening of the basic bulwarks of democracy in Canada.

There is one other note that has been sounded in this debate this afternoon which, it seems to me, was timely and proper. I refer to the concern that citizenship shall not be taken away arbitrarily from those who now possess it. There are so many dangers in interfering with freedom of expression that this parliament, as the champion of the freedoms of Canadians, must be most alert and vigilant that nothing be permitted, if

we can prevent it, by the way of infringement upon the right of free expression which is one of the great embellishments and privileges of Canadian citizenship.

I am sure that the house received with pleasure the reassurance of the minister when introducing the bill this afternoon as to the intent of the department in administering the provisions of the act. There may be something lacking in section 19 of the act, and properly reference has been made to this fact this afternoon by several hon. members who have spoken. It is true that under section 19 of the act no citizen may be deprived of his citizenship without a hearing before a commission, if he desires an inquiry by a commission. We have in section 19 the clear provision that such a commission shall be presided over by a person appointed by the governor in council who holds or has held judicial office. That is a salutary provision, and undoubtedly is a most valuable safeguard in connection with the exercise of the powers under section 19 of the act. Of course, it will apply also to the amendments under consideration today. However, there are one or two features of that right which I think the house might well consider. For instance, attached to that right to a hearing before a commission is the proviso that, if the governor in council thinks fit, instead of being held by a commission any such inquiry may be held by the superior court of the province in which the person concerned resides.

That immediately raises the question whether it might be better to have these inquiries held by the courts. The suggestion was made this afternoon that in any event, even after one of these inquiries by a commission, it should be open to the person concerned to carry an appeal to the courts. It would be interesting to learn in connection with the inquiries held to date under section 19 (4) of the Immigration Act, how many have been held by appointed commissions and how many by the superior courts of the provinces. No doubt the minister has some statistics on the point, and I hope that at some stage of the debate he will give the house that information. It seems to me that with language like this in the act there could be no objection on the part of the government to providing either that all inquiries shall be held by superior courts or that there should be the right of appeal to the courts before an executive order is made by the minister depriving any individual of his precious citizenship.

As to the amendments themselves, Mr. Speaker, I am bound to say that the bill before us is of much more meagre proportions and much narrower effect than I for one had expected. I re-examined the appropriate paragraph in the speech from the throne to which the minister made reference this afternoon in moving second reading, and found these words:

> Appropriate amendments to the Canadian Citizenship Act will be introduced to prevent the retention of Canadian citizenship by persons who have renounced their allegiance or shown by their conduct that they are not loyal to Canada.

Unquestionably many members of this house placed an interpretation upon that paragraph which is not borne out by the bill now before us; either that, or there has been some change of purpose on the part of the government in the intervening two months. Certainly the impression that went abroad was that the amendments the government proposed to introduce would be more rigorous and far-reaching than those we find in the bill. As a matter of fact the scope of this bill is quite narrow. It will be observed in the first place that it amends only one section of the citizenship act, namely section 19. It applies, of course, only to naturalized, and not Canadian-born citizens. Even within those narrowing confines the bill purports to confer the power of cancellation of citizenship upon the minister in only two cases, broadly speaking. The first case is that of the citizen who has taken up residence abroad under circumstances which indicate that he is transferring his domicile back to the land from which he first came. The second is the case of the individual who has been convicted of an offence involving disaffection or disloyalty to His Majesty.

May I just dwell on that latter provision for a moment. I should think the house would require, either from the minister or from the Minister of Justice (Mr. Garson), some elucidation of those words "offence involving disaffection or disloyalty to His Majesty", particularly in comparison with the language of the present act, which is different. In the present act the conviction which is a ground for the deprivation of citizenship on the order of the minister is conviction of treason or sedition by a court of competent jurisdiction. At first blush one would say the words "offence involving disaffection or disloyalty to His Majesty" would cover more ground than treason or sedition, but I think the house will wish some clarification of the words in this amendment. What offences are involved there apart from those already covered by the present act, treason or sedition, and the other that comes to mind, namely, an offence under the Official Secrets Act? I think the house will desire that information from the minister.

There is one observation of a detailed nature I think might properly be made in connection with these provisions. What is to follow when the minister has made an order cancelling the citizenship of any individual who has offended the provisions of section 19? One immediately asks, does it involve deportation? Well, under the present citizenship act, of course, no question of deportation is involved. In all fairness, I suppose under the amendments one would say that where the individual has resided outside Canada for two years in circumstances which suggest that he does not intend to return, no possible question of deportation arises. Even there, however, it might be a nice question if that individual returned and sought to enter Canada. He could not enter as a Canadian citizen, but he might contend that he was a resident of Canada. There is nothing here touching his status under the Immigration Act, it seems to me. It might be well worth the time of this house to consider what further incidents should attach in a case of that kind, where in a clear case an order has been made taking away the citizenship of an individual who has left the country.

But let us take the other case, in which the individual has been deprived of his citizenship because of conviction of an offence involving disaffection or disloyalty to His Majesty. Suppose it is not a conviction of the serious offence of sedition or the even more serious offence of treason, but on a charge under the Official Secrets Act. What happens after he has been convicted and sentenced, and served his term? There are provisions in other legislation in regard to deportation, but it seems to me this house ought to include within the ambit of its consideration of a measure of this kind the question of what is to follow in such a case.

I refer to section 41 of the Immigration Act to see what light it may throw on this question of the right of a citizen who has been deprived of his citizenship under this act by order of the minister because of having committed one of the offences which are grounds for deprivation, to see what may be the position of such a person under this section of the Immigration Act. Section 41 has remained in its present form, without amendment, since 1928. It took that form in that year by amendment of the previous section which goes back to 1919. The language of this section, it seems to me, offers an interesting comparison with the language of the amendment now before the house. It reads:

> Whenever any person other than a Canadian citizen advocates in Canada the overthrow by force or violence of the government of Great Britain or Canada, or other British dominion, colony, possession or dependency, or the overthrow by force or violence of constituted law and authority, or the assassination of any official of the government of Great Britain or Canada or other British dominion, colony, possession or dependency, or of any foreign government, or shall by word or act create or attempt to create riot or public disorder in Canada, or shall by common repute belong to or be suspected of belonging to any secret society or organization which extorts money from, or in any way attempts to control, any resident of Canada by force or threat of bodily harm, or by blackmail; such person for the purposes of this act shall be considered and classed as an undesirable immigrant.

Then follows a provision dealing with the machinery attaching to his being classified as an undesirable immigrant and the right of deportation provided by the act.

One naturally asks how this language, in the view of the Department of Justice, compares in breadth with the language of the amendment; in other words, where the offence involved is disaffection or disloyalty to His Majesty. Does it follow from the terms of section 41 of the Immigration Act that every citizen who is deprived of citizenship because of the conviction of an offence involving disaffection or disloyalty to His Majesty, immediately becomes subject to deportation, or is it the view of the Department of Justice that the language of section 41 of the Immigration Act is not as broad in some respects as the language of the new clause to which I have just referred? I think, Mr. Speaker, particularly having regard to the note sounded by the leader of the opposition (Mr. Drew) in his speech today, that this question of what follows, so far as the individual is concerned, the order of the minister depriving him of his citizenship is one of high importance. If the effect of the order is simply to deprive a man of his citizenship and leave him free to exercise all the other privileges enjoyed by persons in this country, it may be that we shall have fallen short of taking the steps that ought to be taken in the light of an offence so serious as that involved in disaffection or disloyalty to His Majesty, particularly in dangerous times like those in which we are living.

The minister may say that is not a matter for the citizenship act. That may be, Mr. Speaker, but it certainly is a matter that ought to be considered when we are addressing ourselves to an amendment of this kind. I well recall that in 1946, when the bill embodying the citizenship act was under debate in this house, the relationship of many of the provisions of the bill to those in the Immigration Act received very careful consideration in the house. It was the subject of a protracted debate.

One wonders, for instance, in considering this provision, about such cases as the one we have been reading about in the newspapers lately, the case of Freda Linton, now

I believe Mrs. Freda Linton Alexander. If after her residence in the United States she is now being returned to Canada, a question will naturally arise. If she was born in Canada—I do not know whether she was—it is obvious the provision in this bill could have no application to her. If, on the other hand, she was born outside of Canada and acquired citizenship in Canada, and is now to be brought to Canada before this present legislation comes into effect after more than two years in the United States, is this legislation going to have any application to her? It would be interesting to know whether her return, under some compulsion from United States authorities, would have the effect of depriving the minister of any jurisdiction under the language of subsection (d) which applies to residence abroad of not less than two years. If Mrs. Alexander is returned to Canada in this way, what is to be the effect of this section in such a case? As I say, I do not know whether Freda Linton was born in Canada, but I think that her imminent return, as we read about it in the newspapers, may raise some interesting questions as to the effect of subsection (d).

I observe also, Mr. Speaker, that we are not informed by the government as to what, if anything, is to be done in the case of those persons who are travelling abroad under Canadian passports which have been procured by false pretences or under improper representations. You will recall, Mr. Speaker, that that subject was the basis of one of the important recommendations of the royal commission on espionage in 1946. We have heard very little about any attempt on the part of the government to give effect to that important recommendation. It seems to me that the use of a Canadian passport obtained by a person who, born abroad, has obtained citizenship in Canada and obtained a passport by false pretences, should be carefully considered, as to whether that ought not also to be made a ground for the revocation of citizenship. We know that there have been abuses of passports granted by the proper Canadian authorities.

I share with those who have expressed themselves this afternoon a concern that no citizen of this country should be arbitrarily deprived of his citizenship by executive action or decree. It would be a situation fraught with the greatest danger for Canadian citizens if it were open to any minister, by irresponsible or ill-advised action, to deprive a Canadian citizen of this very high privilege and possession, Canadian citizenship, apart from a clear offence against the provisions of the act.

It may be, Mr. Speaker, that the enactment of legislation of this kind will have a salutary effect, not simply in giving power to the minister to enforce a rigorous measure against persons who commit offences against the act, but also in dissuading persons from committing such offences. It may be that this measure will exert a little more restraint upon those who do not value adequately the high possession of Canadian citizenship, and do not show His Majesty that loyalty which is properly required of every Canadian citizen, and everyone who enjoys the protection and benefits of living under the laws of Canada.

One may be pardoned in conclusion for expressing, as others have done in this debate, amazement that there are still some people in Canada who are prepared to place a lower value upon Canadian citizenship, freedom under Canadian institutions and Canadian laws, a part in the precious Canadian heritage, than the subscription to a foreign doctrine that is based upon a denial of God, a denial of the right of the individual to freedom, and the right to worship God in his own manner according to his lights.

It simply fills one with amazement that people who have lived in Canada, and who have acquired this great privilege of Canadian citizenship, should still be prepared to place that citizenship in jeopardy by preferring to follow a foreign ideology whose political direction with all its revolutionary purposes is directed from the Kremlin today, an ideology which demands—as we well remember from the evidence taken before the royal commission on espionage in 1946—a higher loyalty than the individual or citizen owes to his own country, regardless of what that country may be or his rights and privileges in it. Yet that is the political essence of this foul doctrine which some people in Canada, even after living here, even after acquiring Canadian citizenship, are still prepared to value more highly than their rights in this country.

Where cases are proven of offences of that kind, Mr. Speaker, there should be no delay in applying the law according to its full rigour. There should be no hesitation in enacting rigorous laws in this parliament and in calling for rigorous enforcement of those laws, as long as we safeguard the rights of the individual by permitting him to go to the courts, in order to assure him that there will be no arbitrary application of the laws or arbitrary decision under the laws simply because parliament gives to the minister a right to revoke citizenship in the case of an individual. There, it seems to me, is the proper course that ought to guide parliament in a case of this kind. Let us maintain the

right of the individual to go to the courts in order that there may be no arbitrary exercise of executive power, but in defining the offences which give rise to the power to take away from people rights of which they have proven themselves utterly unworthy, I for one would not hesitate for a moment in asking parliament to proceed to enact rigorous laws and in calling upon the government for the rigorous enforcement of the laws so enacted by parliament. It seems to me that while this bill goes a little distance in that direction, it is not one that really carries us very far toward coping with the broader problem with regard to those who are showing themselves daily to have much more love for and loyalty to this foreign ideology directed by the government of another country than they have for freedom and for Canadian institutions. I hope that some time the government, as the leader of the opposition (Mr. Drew) called upon them to do, will give the house an opportunity of dealing with legislation in proper form—with proper safeguards of the rights of the individual, with proper protection of his right to go to the courts—dealing with this question of disaffection and disloyalty that we are seeing expressed in many forms in many places in Canada today.

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

On section 1—*Loss of Canadian citizenship.*

Mr. Drew: Before passing from section 1, I think it would be appropriate that the minister should indicate whether there is in fact any thought in the minds of the government that they will proceed under any other legislation to deal with communists or similar activity in this country. I think it is appropriate that this information should be before the members of the committee because, whether rightly or wrongly, at the time of the speech from the throne there was a good deal of comment in the press which placed a wider interpretation upon the reference in the speech from the throne to this legislation than the bill now before us justifies. In many newspapers across Canada there was the suggestion that the government at last were going to come face to face with this issue and that they were going to pass from the stage of twilight peace to some measure of reality in facing what they regard as an emergency in other cases but as not so much of an emergency apparently in this. For that reason I think that, before we pass from this section which calls for general remarks, we should know whether the government at this session intends to introduce any other legislation pertaining to communist activity in this country.

[Mr. Fleming.]

Mr. Harris (Grey-Bruce): As the leader of the opposition has indicated, the press comment at the time the speech from the throne was delivered speculated on what the particular reference to the citizenship act might mean. Nevertheless, it must be obvious, and it is obvious from what he has just said, that to be effective and to do what he recommends, any amendment to the laws of this country would be made by the Minister of Justice through the Criminal Code or through some other form of statute. The citizenship act is confined to the granting and the revoking of citizenship; and in my opinion it should not be the vehicle of any other form of legislation to apply to a particular group of people. Under those conditions, Mr. Chairman, I suggest that our consideration this afternoon is related to the present amendment to the citizenship act. If the government should at any time decide to take the action that the leader of the opposition suggests should be taken, I am quite sure that notice of it would be given on the order paper in the normal manner, and would reach the house in that manner.

Mr. Drew: I do not think that the remarks made by the minister in any way meet the situation. The act we have under consideration, and particularly the amendments included in this act, become a vehicle for bringing under the effect of this act other legislation such as the legislation to which I have referred and which I have suggested should be adopted. The section before us for consideration would provide that where an offence had been committed under the Official Secrets Act or under the Naturalization Act, and the courts had found anyone guilty of an offence under those acts, then under this act the governor in council could deny continuing citizenship to those who had been guilty of that offence. It is for that very reason that I have suggested that we should know at this time whether it is intended to introduce an amendment to the Criminal Code which will deal with those activities related to communism or any similar foreign invasion of our rights by the methods that are best known to us in relation to the communist party in this country at the present time. If something is not to be done to deal with those activities, then this act is substantially inadequate to deal with the major activities of communists, either of Canadian birth or of foreign birth, who are seeking to destroy our democratic processes at this time.

If, on the other hand, there were to be another act dealing with this subject, then this provision would be very much more effective, and could have much wider consequences. It was with that thought in mind

that I asked the question; and I did observe that the minister very correctly pointed out that the introduction of an amendment to the Criminal Code would be done by the Minister of Justice. I think it would be proper, if the government has reached a decision, that the Minister of Justice should indicate to us now whether any amending legislation along that line will be introduced. I would point out before I sit down, in the hope that the Minister of Justice can indicate that something of that kind is to be done, that it was not only the press which drew conclusions which went beyond the apparent intention of the government. There was before this house a bill introduced by a private member, which would deal with certain aspects of communist activity. It will be recalled that when that bill was called on the order paper the hon. member who had placed the bill before the house stated that he did not propose to proceed with it at that time because of his expectation that the government did intend to deal with this matter as indicated in the speech from the throne.

I need not do more than point out that the hon. member who was putting forward this legislation perhaps had better opportunity than I have to know the views of the government in regard to some matters which are discussed elsewhere than in this house. For that reason I think it would be appropriate that we should know before we pass from this first section of the bill whether the Minister of Justice has any thought of introducing legislation along that line.

Mr. Garson: As I had thought that the leader of the opposition was aware, we have each year brought down in this house amendments to various sections of the Criminal Code. There seems a disposition on the part of some hon. members here to think that the government, or some members of the government, have a fixed idea with regard to these matters of dealing with communism and subversive activity, but I can assure the leader of the opposition that that is not the case; and that in our annual task of considering the various amendments to the various sections of the Criminal Code, which we think should be introduced under the circumstances that are applicable in that year, we do consider, and are considering at the present time, sections such as sedition, treason and the like. At the present moment I am wondering myself whether that was the draft that my hon. friend referred to this afternoon.

The law officers of the crown, in the ordinary routine course of their duties, are working on draft amendments to the Criminal Code; but I hasten to add that the fact that they are so working does not mean that all or any part of such a draft will necessarily emerge finally as a piece of legislation recommended by the government to the house.

Mr. Drew: Legislation if necessary, but not necessarily legislation.

Mr. Garson: The words are my hon. friend's. I do not think that I would even necessarily agree with his meaning.

It is a matter of the most elementary knowledge of any member of any legislative assembly that government policy originates sometimes in the minds of the ministers and sometimes in the minds of ranking civil servants and others who pass the suggestions on; and that in the course of considering changes of policy it may be necessary, in order to crystallize views upon it, to secure a draft of these ideas in the form of an amendment to an act; and then that draft is considered. I am not suggesting that this practice is being followed in respect to the draft amendment to which I referred a moment or so ago. Such a draft may be considered first of all by a committee of civil servants, and then get to a committee of the cabinet, and finally to the cabinet itself. It is not until it has been considered by the cabinet, and until the cabinet has reached an opinion upon it and it is brought into the house as a matter of government policy, that it is something for which the government is responsible.

Wishing to be as helpful as I can to my hon. friend I really do not think that the government in this case, or in any other case, is called upon to say at the present stage what decision it will reach with respect to Criminal Code amendments which have not yet come before the government for consideration, but which are in the course of preparation and will come before it in due course.

As soon as that decision is reached I shall be very happy to introduce the Criminal Code amendments bill in the ordinary course. At that time my hon. friend will have the opportunity of debating the provisions of that bill. If the bill does not contain the provisions which he desires, then he will have the opportunity of reproaching us for not having included them when we come to consider the estimates of the Department of Justice. I am afraid that beyond that I cannot help my hon. friend very much.

Mr. Stewart (Winnipeg North): During the debate on second reading I, on behalf of the C.C.F. party, offered to the minister a suggestion which had as its intention partially the safeguarding of the individual and in part the safeguarding of the minister. It was, that in a situation where an individual has his citizenship taken from him on the decision

of the minister, this individual should have the right to appeal to the Supreme Court of Canada. Would the minister care to comment on that suggestion?

Mr. Harris (Grey-Bruce): I have a number of comments to make on the debate as soon as I can get the opportunity. Dealing with the one point raised by my hon. friend and followed by the hon. member for Eglinton, there is in section 19 an alternative manner of revoking citizenship. The process begins with a notice to the citizen that it is the intention of the minister to revoke his citizenship for stated reasons. Upon the receipt of that the citizen can then request a hearing before the revocation commission. Under certain circumstances the governor in council may, instead of having that hearing before the commission, have it before a judge of a superior court. I am informed that that procedure has not been taken in the past, but that all the hearings have been before the commission.

When the commission hears the evidence, including that of the citizen, they make a recommendation to the minister, who then may or may not revoke the citizenship. I also want to assure the committee that in no case has the citizenship been revoked when the commission recommends that it should not be revoked. In other words, the minister has accepted the recommendation of the commission not to revoke citizenship in every case. I may go further and say that there are cases in which the citizenship is not revoked despite the recommendation of the commission.

If my hon. friend thinks that when this commission makes its recommendation the minister should then make a decision and that thereafter there should be an appeal to a judge of a superior court, I suggest that it is a new thought, and one which was not brought before the house during the debates of 1946.

I think it must be obvious that the very existence of the commission, comprised, as it is, of a judge, and several citizens, indicates that they would protect the citizen, quite as much as would a normal judicial proceeding in court. For that matter I think there are many citizens who would prefer to have it done in that way, rather than with the publicity which would attend a court. Nevertheless we can give consideration to the suggestion. I do suggest however that this body is quite as impartial as one would obtain in any other proceeding, and I doubt if a further appeal is necessary to protect the citizen.

Mr. Fleming: Would the minister indicate in how many cases inquiry has been held by the courts as compared with the number of inquiries held before commissions?

[Mr. Stewart (Winnipeg North).]

Mr. Harris (Grey-Bruce): As I said in the course of my remarks, we have never employed courts.

Mr. Fleming: Never employed them?

Mr. Harris (Grey-Bruce): No.

Mr. Stewart (Winnipeg North): Does a citizen who is in danger of losing citizenship have the choice of deciding whether his case shall be reviewed before a commission or before a superior court?

Mr. Harris (Grey-Bruce): I believe I can answer that by saying that no request for hearing before a superior court has come to our attention. If a citizen were to make a request, and to give good reason for it, I could see that consideration should be given to it —subject, of course, to the convenience of the court, and many other matters of that kind.

Mr. Fleming: It still rests with the governor in council to decide whether a man shall have the right to appear before the court or commission.

Mr. Harris (Grey-Bruce): That is right.

Mr. Fleming: Then, Mr. Chairman, as I requested during my remarks on second reading, may I ask for some elaboration of the expression in paragraph (f) "any offence involving disaffection or disloyalty to His Majesty" as compared with the language of the present act, and the expression, "convicted of treason or sedition." Is there anything more involved in the expression, "any offence involving disaffection or disloyalty", than in the expression "treason or sedition", apart from offences under the Official Secrets Act? If so, what are those additional offences?

Mr. Harris (Grey-Bruce): Perhaps this is a matter which should be passed upon by the Minister of Justice. The fact is however that we have in mind the Official Secrets Act. We are not aware of any other act at the moment which would come within the meaning. There may however be acts of espionage which would not come within the Official Secrets Act—although I think it is fairly broad. But the expression "disaffection or disloyalty" is known to all acts dealing with citizenship, and the revocation of it. It is taken directly from the United Kingdom act, and is employed there. As the hon. member knows, it was employed recently in revoking the citizenship of Dr. Fuchs. That kind of disloyalty and disaffection is what we have in mind.

Mr. Pouliot: Mr. Chairman, this bill is for the revocation of citizenship, in certain cases. It does not affect civil rights at all, because an alien has the same civil rights as has a

full-fledged Canadian citizen or British subject. As it does not deprive anyone of civil rights, I wonder if it would not be more simple to check the list in the hands of the Royal Canadian Mounted Police setting out well-known communists, and then pass an order in council to deprive them of their public rights, and to deprive them of their Canadian citizenship—because they are not worthy of enjoying it.

In these times we hear a great deal about fundamental freedoms and human rights, for scoundrels. Honest men have been accused unjustly, men who could not defend themselves successfully before the courts. Yet we hear long tirades from Mrs. Roosevelt about scoundrels, the scum of the earth, who come here and, in the name of British justice, ask to enjoy fundamental freedoms and human rights. Yet they are the ones who advocate the denial of human rights and freedoms to others.

Why should we be so lenient with those people? It would do them no harm, it would not give them a toothache if they were deprived of Canadian citizenship. They should never be allowed to enjoy or exercise it. That is simple; it is not complicated.

Mr. Macdonnell (Greenwood): Would the hon. member explain what he means when he refers to being deprived of public rights?

Mr. Pouliot: To be deprived of public rights is to be deprived of citizenship. My hon. friend, who is a learned jurist, knows very well that public rights go with citizenship. Aliens cannot exercise them. If my hon. friend were an alien he could not run for parliament. A public right given to a communist means that he can run for membership in the House of Commons, that he can vote at municipal elections, that he can run for office in a city council, a provincial legislature or anything else. He could even be appointed to the bench.

Some hon. Members: Oh, oh.

Mr. Pouliot: Well, that is logical. I do not see why we should be so considerate of those people who try to undermine the pillars of our Canadian society. "Human rights and fundamental freedoms"—I am sick and tired of hearing that all the time in the house, because it is for the benefit of communists who have no other purpose than the broadening of legislation for their own benefit.

When the Department of Citizenship and Immigration is so hard on Count de Bernonville, I do not see why Tim Buck is not expelled from Canada and deprived of his citizenship. This I cannot understand. And there are others in Montreal, including Guy Caron, who are enjoying full Canadian citizenship, although they are well-known communists.

Surely there is something wrong there. Then, there is something in the bill that does not suit me. The suggested wording of section 19(2) is as follows:

> The governor in council may, in his discretion, order that any person shall cease to be a Canadian citizen if, upon a report from the minister, he is satisfied that such person has, when not under a disability,
>
> (a) when in Canada and at any time after the first day of January, nineteen hundred and forty-seven, acquired the nationality or citizenship of a foreign country by any voluntary and formal act other than marriage;
>
> (b) taken or made an oath, affirmation or other declaration of allegiance to a foreign country; or
>
> (c) made a declaration renouncing his Canadian citizenship.

According to what has been written about communism, as we see it in books and periodicals, a communist is a man who has no allegiance to His Majesty the King, or to the chief of state or to anyone who is not a communist and a vassal of Moscow. It is easy to understand that. Therefore it is not on the report of the Minister of Citizenship and Immigration that the government should act, but on the report of the Minister of Justice to the Minister of Citizenship and Immigration, giving him the list of names of avowed communists in the files of the Royal Canadian Mounted Police. Is that fair enough? That is my suggestion. I do not intend to move an amendment, but I do suggest that if there is injustice to anyone he should be given the right of appeal to the minister or notified, as the minister said a moment ago, of what proceedings are about to be taken.

I challenge any communist to deny that he is a supporter of Stalin. I challenge him to deny Stalin in public. Whether he is under oath or not means nothing because they do not believe in an oath even though their heads are covered. I hope that some action of this kind will be taken, if not now at least tomorrow. Hundreds of communists are enjoying special privileges in this country. The government knows what communism is and it has no sympathy for them. Why should these people be treated like newborn babes who are wrapped in cotton and bathed in olive oil? No one should be afraid to act with regard to communism and to stop it it at the earliest possible moment.

Mr. Stewart (Winnipeg North): This afternoon the hon. member for Skeena enunciated what I thought was an admirable doctrine. He said that he would rather see two or three guilty individuals go free than one

innocent person punished. I revert again to this subject. The minister has outlined for us the steps which can be taken by an individual to protect himself. I am not so much concerned about what will happen while the present minister is minister because I think his conduct is exemplary. He has been generous in his treatment of many cases. But I am concerned about what some other minister may do. That is why I want to see all the protection possible given to the individual, even though he may be guilty. I want to see him get all the protection to which he is legally entitled, and much more so if perchance he should be innocent.

That is why I suggest that the individual should have the right of appeal to the Supreme Court of Canada and not to the higher court of a province. The stripping away of citizenship is a most serious thing indeed. Would it not be fairer and perhaps wiser to give the individual the alternative of stating whether he wants to be heard by a commission or by a superior court?

Mr. Harris (Grey-Bruce): To begin with, almost all countries follow the commission practice. It is a more informal procedure and does not burden the courts with cases which in many instances would remain on the list for two or three years before being heard. I think I can show my hon. friend that it does do justice to the citizen concerned. While I have not been in the house all the time, I do not think that any complaint has been made in the house since 1947 about any case handled by a commission.

One can argue that the judiciary is the best body to decide all questions of this kind. That may well be, but I think the committee will agree that if we removed that decision to the courts there would be members of this house who would feel that we had made a mistake. They might argue that the place to debate citizenship, how it can be gained and how it can be lost, is here, and that the minister should be responsible to the members of this house and through them to the people of Canada as to whether citizenship should be revoked. That is why we retain the present system. I think it is a good system and unless my hon. friend can point to errors in it I think we should continue with it.

Mr. Herridge: I should like to ask the minister a question in connection with clause (d) of section 1 which reads:

> (d) has, since becoming a Canadian citizen or being naturalized in Canada, been for a period of not less than two years ordinarily resident in a foreign country of which he was a national or citizen at any time prior to his becoming a Canadian citizen or being naturalized in Canada and has not maintained substantial connection with Canada;

[Mr. Stewart (Winnipeg North).]

Can the minister say what is meant by the words, "substantial connection with Canada"? Would it be considered to be a substantial connection with Canada if a person who was going to another country wrote to the Secretary of State and informed him that he intended to be away for two or three years or something of that sort?

Mr. Harris (Grey-Bruce): There is a procedure laid down by the regulations whereby an individual may notify the local office of the Canadian government in the country to which he goes or leave word in this country as to his intention to return. If my hon. friend will turn to section 18 he will see that certain types of occupations are stated not to affect a man's status in that country. I shall be glad to send a copy of the regulations to my hon. friend.

Mr. Pouliot: It is natural that great importance should be given to evidence as to the place of birth of an individual, but there are times when the individual must rely on what is said by his relatives as to his place of birth. I know of a man who has been successful in this country and is now giving employment to a number of people. He has been here for thirty or forty years. I wonder if the Department of Citizenship and Immigration would be disposed to grant citizenship when there is doubt as to the place of birth?

Mr. Harris (Grey-Bruce): The answer to that question is contained in section 11 under which the minister is given some discretion with respect to questions of fact. If my hon. friend will draw the case to my attention I shall be pleased to consider it.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

HUTTERIAN BRETHREN CHURCH

The house in committee on Bill No. 7, to incorporate the Hutterian Brethren Church—Mr. Viau—Mr. Dion in the chair.

On section 1—*Incorporation.*

Mr. Weir: Mr. Chairman, on the various occasions this bill has been called I have asked that it stand. I am obliged to the hon. member for St. Boniface for his courtesy in permitting that to be done. This bill was introduced in the Senate, where it was referred to the private committee and finally passed. In this house it has also been con-

sidered by the private bills committee, where it was thoroughly looked into. As far as I know no question has been raised with respect to it in either committee. Having asked that the bill stand on previous occasions, however, I thought I should give some explanation.

The people who are seeking the incorporation of this religious order are a particular sect who live for the most part in Manitoba and Alberta. In Manitoba they are located mainly between Winnipeg and Portage la Prairie; and to be even more precise, for the most part they live in the municipalities of Cartier and Portage la Prairie.

These people follow a strict, communal type of life, entirely different to anything else we have experienced in this country, and they follow that type of life religiously and conscientiously. Perhaps they can be best likened to a hive of bees, except in the matter of their thrift. They live in colonies, with a common dining room and common living quarters. Theirs is a common income, with no one being paid individually. But the time comes when each colony, which may number fifty families or more, finds it necessary to expand, and they swarm out wherever they can secure new property. In this area to which I have referred I believe there are something like twenty of these Hutterite colonies, located in the very best farming district in the province, and naturally when they expand they remain as close as possible to the existing colonies. Only last week I had the privilege of seeing a map of that area showing the Hutterite colonies, and it was somewhat alarming to say the least to see how they have expanded there. I am bound to say that if this goes on, in the course of time they might very easily acquire all the property in that district.

The point I am making is that while these colonies now have in the neighbourhood of 70,000 acres, their expansion would mean the acquisition of more property, which would make it almost impossible for those following a different sort of life to remain in those communities. Collectively the Hutterites are a large organization, and are good financial risks. As a result they are able to purchase large tracts of land, and in so doing they completely upset the community life. They dislocate the schools and other community enterprises. More than that, the neighbours do not find it congenial, to say the least, to reside close by. The result is that sooner or later these people acquire the properties of their neighbours as well.

My reason for asking that this bill stand on the various occasions it has been called is largely due to a very deep concern that has been expressed by the non-Hutterites of all classes in the community where these people have become established. Some two years ago these non-Hutterites formed themselves into a loose type of organization and made representations to the provincial legislature, requesting that steps be taken to bring about a larger measure of control, though I do not like to use that word. They asked that something be done to assist in bringing about a better relationship between the people who follow our way of life and the Hutterites. Certain things were done, but fundamentally little progress was made. I mention this in order to indicate that there is a very real concern in that area of Manitoba regarding these people. And we are not alone in that concern. I believe our friends in Alberta had a similar experience, and took certain steps to meet this very situation. One of the things Alberta did was to require that no new colony should be established closer than forty miles from an existing colony. I am bound to say I have a large measure of sympathy with that proposition. These people have shown no indication of any desire to be pioneers. As I said a moment ago they have resources, and being a collective corporation they are able to obtain credit and purchase land as a private individual cannot do. In other words, they are a good credit risk for anyone who wants to sell them property or do business with them.

I say that the Alberta government, in my view at least, took a rather reasonable course. I do not think it hurt the Hutterites at all, because I think it was to their advantage since it gave them an opportunity to see what they could do in other lands that were neither so fertile nor so well established as those on which they were residing. As an indication that I am not alone in raising some apprehension over this particular matter, I refer to a speech made in this chamber one or two years ago by the member for Calgary West, who was much more critical than anyone else I have heard in connection with these people.

The fact is that these people have no desire to become assimilated in this country. They follow their own religious beliefs. They do not want to educate their families, and they just do not want to pioneer or do anything except to live their own lives in their own easy way. We may say that is a perfectly sensible course to pursue. However, I do not believe any of us would feel that our country was developing or making much progress if everyone in it were a Hutterite. I have never known the children of the

Hutterite colony to go to high school. I have never known one to enter any profession, that is they never become lawyers, doctors or anything of that kind. It may be their way of life, but I am bound to say that to me at least it does not give much confidence for the building of citizenship among those people.

I refer again to what I indicated a moment ago, that they have no desire to become assimilated with other people. Now that is what causes the apprehension among those people who are residents of the same community. They would regret exceedingly to see these people, who have not assumed the full rights of citizenship—incidentally they do not vote except in municipal elections to a limited extent—secure any advantage at this stage. As I said a moment ago, they do not appear to be prepared to assume the full rights of citizenship as we understand such rights in this country. It is for that reason that my friends, largely in my own constituency have expressed so much concern over a course of action taken by this body to acquire federal incorporation. I have done my best to satisfy them that this bill does not provide any encroachment by these people; that it is no different, in the main, from legislation that is provided for other religious organizations.

I confess that I am not a lawyer, nor am I an expert at reading legislation that is presented to us. We have however taken advantage of the opportunity of getting free legal advice. This bill has been reviewed by some of my lawyer friends, without cost to anyone. I think I am able to say to the member for St. Boniface that this bill is in conformity with similar legislation that has been introduced in this house for the incorporation of other church organizations, and on that score alone I have no intention of delaying the passage of the bill. But I do want to take this opportunity of reciting a few things in connection with these people to indicate why there is this measure of concern about them, and why we should exercise a measure of caution when dealing with a class of people who are not prepared to become assimilated in the way of life that we recognize in this country.

So far as the bill itself is concerned, any comparison I have been able to make of it with similar legislation that has been introduced into the house concerning other church organizations does not reveal that it is out of line at all. Just in passing I would say these people have a perfect right to introduce what is contained in section 6. These people have always been conscientious objectors. I understand that they have felt some concern over that principle of their religion because they fear others might attempt to cloak themselves under the mantle of the Hutterite Brethren church. For that reason, as I understand it, the main purpose of this bill is to get definitely established who can become a member of the Hutterite church. I think we will subscribe to that immediately, and hope it will work out to their advantage as well as to the advantage of the rest of the people of Canada.

In looking over the bill some of my friends did express a good deal of apprehension with respect to section 7 which has to do with the power to acquire and hold property. I might say that the fear in this regard was that federal incorporation might mean these people could combine their collective resources, and thus become a great monopoly to acquire properties and other things of that character without limit. I am assured that that is taken care of under our provincial laws having to do with property and civil rights, so I do not think we need to have any apprehension in that regard. I only mention that for the sake of the Minister of National Revenue and the Minister of Finance, and to urge them to look over matters of this character to see that it is not a means of cloaking an organization of this kind under the guise of a religious organization, thereby avoiding income tax.

The only other matter to which I wish to refer is what I assume to be the governing clause. It is contained in section 10 which says:

> . . . the exercise of the said powers shall in any province of Canada be subject to the laws of such province as to the acquisition and holding of lands by religious corporations, in so far as such laws apply to the corporation.

I take that to be the governing factor in connection with this bill, and if it is I am quite satisfied to have it go through as it is. Perhaps I should mention one other thing. The member for St. Boniface paid high tribute to these people in introducing the bill, as did the hon. senator who introduced it in the other place. I am obliged to them for that, and I do not quarrel with the observations that they made. I believe I can say I have been a little closer to this problem than either of those gentlemen. I do not say that in a critical sense at all, but I should like to suggest to them that, in spite of the good qualities they have attributed to these people, there are many little irritations, not of great importance in themselves, which from time to time arise. It is perhaps because of their method of living which irritates our own people in those particular districts. I refer again to their method of doing business. They purchase largely on a wholesale basis, and strange to say they can usually get ample

credit to do so. Everything that they can, they make themselves. They make their clothing, their boots and shoes.

Consequently you can understand how there is a good deal of displeasure with regard to these people in the local communities that are affected. I think that one of the mistakes that we made in our own province was with respect to the question of education. These people do not believe in educating their children. Our mistake was that we did not require them to attend our public schools as other children did. They have, for the most part, lived within our school laws; but being a community, being really little towns in themselves, it has been convenient to locate the schools on their properties. Consequently, there has not been the opportunity for the children of these people to get out and take advantage of outside education; and I think they are the losers by it.

One could say other things regarding these people. I rose only for the purpose of voicing a serious feeling on the part of the people in the communities that are affected. They are apprehensive over the growth and the expansion of these colonies. They realize and recognize immediately that it is upsetting the ordinary community life as we have recognized it in our development from the first time this country was opened up. While I am not one of those who say that these people have not the right to follow whatever religious faith they choose to follow, none the less I think that there should be a greater recognition perhaps on the part of our own province of the particular problem that has arisen because of these people. I said a moment ago that I had a good deal of faith in or support for the action taken by the province of Alberta in requiring that these people should not create a new colony any nearer than forty miles from an existing colony. I said that I thought that was to the advantage of the Hutterites themselves, and I believe time will bear that statement out. If these people would go out farther afield and become more or less pioneers, I would think they would be appreciated more than they are.

But in connection with the efforts that were made by this same committee to which I referred in the province of Manitoba, immediately any suggestion was made that there should be a curtailment of freedom or any thought of an attempt at restricting their religious faith, naturally the hue and cry went up throughout the country that we were interfering with human rights and fundamental freedoms or whatever you may call it in that regard. Even the press of Manitoba took that line and pressed it severely. I want to say to the press of our own province that if they had to depend on the Hutterite people for their circulation, they would soon find that it did not amount to very much; because I will venture to say that there are not a dozen daily newspapers from the city of Winnipeg sold in all the Hutterite colonies in the province of Manitoba. Likewise there are no radios or musical instruments—nothing that we look upon as cultural necessities in our way of life.

Perhaps I have said enough at this stage. I am obliged to the hon. member for St. Boniface for not pressing consideration of this bill until those who were particularly interested—and I think that is democracy—had an opportunity to have it carefully reviewed and to be assured that there was no undue advantage being taken by federal incorporation of this group of people at this time.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

On section 7—*Power to acquire and hold property.*

Mr. Weir: I wonder if the hon. member who is sponsoring this bill would be good enough to give me assurance as to its meaning and purport in so far as the acquisition of property is concerned vis-à-vis taxation and so on.

Mr. Viau: As members of the committee will know, clause 7 is the same as that in all bills incorporating all religious groups in this country, be it the Roman Catholic Church, the Anglican Church or the United Church, or even in the three bills we have before the house right now concerning the incorporation of the Ruthenian Catholic Church, and the Ukrainian Catholic Church in the different parts of this Canada of ours. As to the wording, that the corporation may purchase property, section 1 which was passed specifies that this is a bill for the incorporation of the Hutterian Brethren Church hereinafter called "the corporation", and specifies that all the property will only be property held by the Hutterian Church in the province of Manitoba or the province of Alberta. It has nothing to do with personal properties held by the Hutterites, as those come under provincial laws.

Mr. Weir: In the similar section of at least one other church incorporation bill there was a little difference in the wording following the word "corporation" in the fortieth line. In the other bills use was made of the phrase "ecclesiastic and eleemosynary." Those are not in this section in the same way that they are in the other sections that I looked up. I

was wondering if the explanation for its being phrased differently arose out of the rather unusual type of organization that these people have. In other words, there is no thought of these people going out in the missionary field and attempting to bring in adherents, other than their own people, to this religious faith. Am I right in that?

Mr. Viau: I have not before me copies of the other bills incorporating other religious groups of this country; but I well remember the word "ecclesiastic". It refers to the rank held by members of the churches, in the Roman Catholic Church, the Anglican Church or the United Church, which rank is not held by any members of the Hutterite Church.

Mr. Carroll: Did they take up arms in the last war?

Mr. Viau: With respect to the taking up of arms either by the Hutterites, the Mennonites or any Anglo-Saxon religious group who claimed certain exemptions during the last war—and there were a good number of them in the last war—the Hutterities did claim certain exemptions.

Mr. Carroll: Do they all take the same grounds?

Mr. Viau: No. There were a certain number of Hutterites who joined the armed forces in the province of Manitoba in the last war.

Section agreed to.

Sections 8 and 9 agreed to.

On section 10—*Application of mortmain laws.*

Mr. Weir: I hope the committee will not think that this is developing into a little argument between two members from the same province in connection with this bill, because I assure you there is no argument about it. But what I should like to ask here is the amount of property that is set aside as church property for the purposes of the church alone. I am given to understand that in Manitoba it is a half section of land, three hundred acres belonging to the church and twenty acres as a cemetery. If that provision is made generally to church organizations who are prepared to go out and do missionary work and carry on other activities in connection with their religion, as generally promoted throughout the country and elsewhere, may I point out there is no desire and not even any thought on the part of these people of going beyond their own farmyards, so to speak. I realize, let me say immediately, that this comes within the scope of provincial jurisdiction having to do with property and civil rights. But if we have granted to other religious organizations a half section of land, if I am properly informed, as part of the church property in itself, then there might be good grounds for suggesting to our provincial legislature that with these people being more curtailed in their activities, steps might be taken to reduce the amount of land they could have as part of their church property.

Mr. Viau: I appreciate the remarks made by the hon. member for Portage-Neepawa. When he refers to the Hutterites as citizens, perhaps I agree with him in that respect, but in respect to the church property which is now being held by any religious group in the province of Manitoba, that property is subject to municipal and provincial laws. That is also true with respect to the number of acres which can be held by a church for a church establishment within the province of Manitoba. That is subject to the close scrutiny of the municipality where the church is established. If an amendment is to be placed before the municipality, or if the city bylaws are changed, it is subject to revision by the provincial legislature, and as such if the amount of land which could be held by one church is in excess of the amount held by other religious groups in the province of Manitoba, then our provincial representatives could express their criticism of the excess land held by the Hutterites in the province of Manitoba.

Section agreed to.

Sections 11 to 15 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SECOND READINGS—SENATE BILLS

Bill No. 149, for the relief of Rose Pap Bernstein.—Mr. Winkler.

Bill No. 150, for the relief of Albert William Stone.—Mr. Winkler.

Bill No. 151, for the relief of Yvette Barnaby Shang.—Mr. Winkler.

Bill No. 152, for the relief of Minnie Engle Fitleberg.—Mr. Winkler.

Bill No. 153, for the relief of Carol Elizabeth Chute Levesque.—Mr. Winkler.

Bill No. 154, for the relief of Lillian Cohen Turner.—Mr. Winkler.

Bill No. 155, for the relief of Georgina Catherine Christie Savage.—Mr. Winkler.

Bill No. 156, for the relief of Irene Bourgeau Morin.—Mr. Winkler.

Bill No. 157, for the relief of Anne Cohen Bialer.—Mr. Winkler.

Bill No. 158, for the relief of Josephine Gibson Clark Mayou.—Mr. Winkler.

Bill No. 159, for the relief of Henry John Lawrence.—Mr. Winkler.

Bill No. 160, for the relief of Grace Shirley Kraminsky Levy.—Mr. Winkler.

Bill No. 161, for the relief of Bella Rashkin Deutsch.—Mr. Winkler.

Bill No. 162, for the relief of Gladys Eliza Cartwright Jones.—Mr. Winkler.

Bill No. 163, for the relief of Grace Helen Potts Worall.—Mr. Winkler.

BRITISH COLUMBIA TELEPHONE COMPANY

The house resumed, from Friday, March 16, consideration of the motion of Mr. Applewhaite for the second reading of Bill No. 116, respecting British Columbia Telephone Company.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this bill is described as an act respecting British Columbia Telephone Company. It provides for amendments to the act which set up that company quite a few years ago. The main amendments will be, in the first place, to increase the capital from $25 million to $75 million; in the second place, to make certain changes in the provisions covering preference shares; and finally, to give the company the power to pay a commission on the sale of its shares.

I am opposing the bill in its present form for several reasons. I believe that the people of British Columbia are not getting a fair deal in so far as telephone rates are concerned; that the telephone users in our province are not adequately protected now, and that their position will be worse if the bill passes in its present form. Parliament has a responsibility to protect the people of British Columbia, and I ask for the most careful consideration of the bill by my fellow members.

It is significant that the Vancouver city council passed a resolution unanimously, asking the members from that city to oppose this measure on two grounds: In the first place, because the council believe that an excessive increase in capital is being sought, and second, they believe that under the company's present act there is no protection against unreasonable charges which are levied against the British Columbia Telephone Company by its parent and affiliated companies. In other words, the Vancouver city council believe that the British Columbia Telephone Company is being milked by its parent company in Montreal, and by the parent company of the Montreal company, which is an American corporation, with headquarters in Kansas City. All the time the people of British Columbia have to feed the cow by way of paying the full rates.

I use the words "the people of British Columbia" not the words "the people of Vancouver" advisedly, because this company and its affiliates own over 90 per cent of the telephones used in that province, and of course they have a monopoly in all of those areas. I believe that all of the communities in our province endorse the stand taken on this bill by the council of the city of Vancouver. Last year there was a hearing before the board of transport commissioners of an application by the company for an increase in telephone rates. At that hearing the city of Vancouver was represented by counsel; also the cities of Victoria and New Westminster, the municipality of Burnaby and the Union of British Columbia Municipalities, and the provincial government. All of these bodies appeared opposing the application of the telephone company for an increase in rates.

The city council now ask that the increase of capital be kept to a reasonable amount. This bill seeks an increase from $25 million to $75 million, which means that the capital would be trebled. But that is not the whole picture. In 1947, just four years ago, the company obtained an amendment in the House of Commons which increased the capital from $11 million to $25 million. So that if the increase now sought becomes law it will mean that within four years there has been almost a sevenfold increase, from $11 million to $75 million.

I submit, Mr. Speaker, that in this bill the company is asking too much. At the rate hearing last year it said that it had large expenditures to make on capital account. There is no doubt that there will have to be a great deal of money spent in the years that lie ahead. I understand the evidence was that it would require about $10 million a year, by way of new capital expenditures, until the year 1952 which would mean a period of three years, and that there would be further expenditures in later years. The sponsor of the bill, upon introducing it in the house, said the company would require $10 million a year for ten years. I rather think that was an exaggeration. The annual reports for the years 1949 and 1950 show that the company has spent something like $8 million in each of those years. I would point out to hon. members that because of shortages of materials there will probably be a good deal of difficulty in these years lying ahead to get the necessary supplies. I doubt very much whether it will be necessary or, in fact, possible, to spend as much as $10 million a year.

British Columbia Telephone Company

However, let us look at the picture showing the money to be spent on capital account. In the treasury now there remains $5 million. In other words only $20 million of the $25 million has been issued. If this increase of $50 million is granted there will then be $55 million available to issue as shares. But the ratio of share capital to the bonded indebtedness in financing by this company is approximately 40 to 60. In other words where they raised $40 through the issue of shares, they raise $60 by issuing bonds and other securities of a similar nature. So that if they have $55 million in share capital available to issue, they would have $82,500,000 to be raised by way of bonded indebtedness. This makes a total of $137,500,000 which would be available for capital expenditures, if the bill is accepted in its present form.

Even at their own figure of spending $10 million a year, the increase they are now asking would be good for from fourteen to twenty years. I would point out that in addition there is approximately $17 million in a depreciation reserve, which would also be available for capital expenditures. I say that fourteen to twenty years is too long a time for the company to go, without being required to come back to parliament.

And it is so important that parliament should have some check on companies of this kind. There is no check by the provincial government. The company is incorporated under a dominion act, and is not subject to regulation by the provincial utilities body. The only groups which have any power of regulation are right here in parliament, and also in the board of transport commissioners. So I say there is great value to the people of British Columbia in the requirement that the company must come before parliament at fairly frequent intervals.

Always the situation is that the people pay the shot. In the long run, any increased expenditures have to be paid by the telephone users; and those users are entitled to all the protection they can be given by parliament. The present bill asks for too much at one time. It means that there will be much less control by parliament—in fact there will be no control for from fourteen to twenty years. It means there will be no control by the cities and municipalities of British Columbia. And those corporate bodies are always at a great disadvantage in trying to fight a utility company such as the British Columbia Telephone Company.

I know very well that there is need for a pretty close check on the company, because when in 1947 they applied for the increase from $11 million to $25 million I thought I had worked out a pretty good method of making sure that there would not be an application for an increase in rates in the immediate future. When the bill was before the house for second reading I asked for an undertaking from the then hon. member for New Westminster, who was sponsoring the bill. *Hansard* of that time, where the undertaking is recorded, reports my words as follows:

> I understand that the hon member has been authorized to give assurance to the effect that the company has no present intention of applying for an increase of rates and will not make any such application unless compelled to do so by extensive changes in conditions.

Mr. Reid answered, "That is my definite understanding". In so stating he was acting in perfectly good faith for he had been authorized by the company to give that undertaking. Then I went on to say:

> That assurance is clearly worded and contains a statement to the effect that an application will not be made unless the company is compelled to do so and then only by reason of extensive changes in conditions. If the hon. member for New Westminster is prepared to give that assurance on behalf of the British Columbia Telephone Company I for one shall have no objection to the bill passing.
>
> Mr. Reid: I am authorized to do so, and it is my definite understanding.

That was in May of 1947. In June of 1949 the company launched its application for an increase in rates. When the representative of the city of Vancouver pleaded before the board of transport commissioners that it should take into consideration conditions only since 1947, and attempted to read this undertaking, he was met by a vigorous protest from counsel appearing for the British Columbia Telephone Company—a distinguished senator; mind you, he was acting for the company, and representing them most efficiently. I have here a quotation from what he said to the board of transport commissioners: "I didn't know my learned friend was appearing on behalf of parliament." The company took the position that what was said in parliament had nothing to do with the situation, and that it was not any of the board's business. The deputy chief commissioner of the board, who was presiding, took the same position, and simply brushed aside the representations made by the city, and the undertaking which had been given in the House of Commons. Therefore I repeat that I for one think there should be some fairly definite curb on this company in that they should be required to come back here at frequent intervals so that the people of British Columbia will at least receive that amount of protection.

The Vancouver city council also asked protection against unreasonable charges by affiliates, all of which charges have to be paid

by the telephone users. In order to explain that I must give hon. members the picture of the family tree of this company. It was founded by west coast pioneers and they deserve great credit for establishing this company. Some of the descendants of those pioneers are still with the company. In fact the president, Mr. Gordon Farrell, is a son of one of the key men of the early days of the company. I believe that it is well run, efficiently managed and has a very efficient staff.

For many years it was controlled in British Columbia with local men having all of the direction of the company and no decisions being made outside of the province. However, in the 1920's control was acquired by a Delaware corporation known as the Associated Telephone and Telegraph Company with headquarters in Kansas City. It holds control of the British Columbia Telephone Company through Anglo-Canadian Telephone Company of Montreal which owns 60,000 of the 80,000 common shares. For a long time, in fact until last year, Anglo-Canadian Telephone Company owned all of the issued common shares. Last year, however, 20,000 common shares were sold to the public and although the par value of the shares is $100 they brought $139. Dividends of eight per cent have been paid on the common stock for many years. Only the common shareholders vote. Preferred shareholders have no vote in the affairs of the company. Therefore Anglo-Canadian Telephone Company and through it Associated Telephone and Telegraph Company have been able to control the company although they only hold a small portion of the issued shares, there being a large amount out by way of preference shares.

Anglo-Canadian Telephone Company also controls other telephone companies in British Columbia. It controls Chilliwack Telephones Limited, Mission Telephone Company Limited, both of which are in the riding of the hon. member for Fraser Valley (Mr. Cruickshank), Kootenay Telephone Company Limited and Northwest Telephone Company. These are smaller telephone companies operating in different parts of the province. In addition to controlling these local companies Anglo-Canadian also controls a company known as Canadian (B.C.) Telephones and Supplies Limited, and another one known as Dominion Directory Company Limited. These are companies operating in the province, and in effect operating in conjunction with British Columbia Telephone Company. They are affiliated companies, and I propose to deal with them at some length.

In the hearing before the board of transport commissioners last year it was disclosed that Dominion Directory Company Limited, which is owned by Anglo-Canadian Telephone Company, has a contract with the British Columbia Telephone Company whereby on all advertising contracts for the directory the directory company receives 35 per cent commission. It does not do the printing of the telephone directory. I understand that subsidiary companies of the Bell Telephone Company print their directory, but in British Columbia there is this contract with the directory company. The profits of the directory company go directly to Anglo-Canadian Telephone Company. In other words, British Columbia Telephone Company is being milked in that way, and the telephone users of our province are expected to pay the shot. The board of transport commissioners were not interested in that arrangement. They said it was purely a question of management.

Then the supply company to which I referred a few moments ago, namely, Canadian (B.C.) Telephones and Supplies Limited, purchases all supplies for the British Columbia Telephone Company, instals exchange equipment, and executes repairs. For that it is paid at a set rate. For example, on purchases it gets a commission of five per cent. Incidentally purchases by the telephone company in some cases at least are from other affiliated companies. I believe, for example, that Phillips Electrical Works Limited of Brockville is an affiliate, and much of the equipment is purchased from that company. The profits of the supply company also go back to Anglo-Canadian Telephone Company in Montreal.

Then there is a licensing contract directly between Anglo-Canadian Telephone Company and the British Columbia Telephone Company under which one per cent of all operating revenue of the company in British Columbia goes to Anglo-Canadian in Montreal. I must take a little time, Mr. Speaker, to explain that contract, so I move the adjournment of the debate.

On motion of Mr. Green the debate was adjourned.

Mr. Speaker: It being nine o'clock the house will resume the business that was interrupted at six o'clock.

CANADIAN CITIZENSHIP ACT

AMENDMENTS WITH RESPECT TO REVOCATION OF CITIZENSHIP, ETC.

The house resumed consideration in committee of Bill No. 172, to amend the Canadian Citizenship Act—Mr. Harris (Grey-Bruce)—Mr. Dion in the chair.

On section 1—*Loss of Canadian citizenship.*

Mr. Gauthier (Sudbury): Mr. Chairman, I am not going to speak on wheat. While the bill is under consideration I think that the government should be made aware of the serious responsibilities involved in the return of certain people to Canada after leaving this country a short time ago. I should like to cite a few articles before asking the minister a question at the conclusion of my remarks. In this evening's edition of the Ottawa *Journal* an article appears headed, "Says Yugoslavians returned to Canada to work for Stalin". This story comes from Sudbury, the riding I represent in this house, and goes on to say:

Peter Borovich, leader of the Yugoslav colony here, protested today the return to Canada of men he said are avowed communists.

Borovich declared that Sam Lazich, whom he described as the former Sudbury leader of the communist party, is returning from Yugoslavia after going there four years ago. He said the federal government is "criminally soft and stupid . . . to readmit people of the very same kind as those who are killing Canadians in Korea."

Borovich claimed the return of the Yugoslavs is being financed by the communist party and by communist-dominated national groups. The Canadian government "is rescuing Lazich from Tito so he can work for Stalin in Canada."

"The Yugoslavs who left Canada were the most rabid communists in the country," Borovich said. ". . . they were no good to this country and never will be".

I know the man who made that statement. Mr. Borovich is a hotelkeeper in my city; we have been in the same business there for many years. I do not know if Sam Lazich is the man I think he is, but if so he was an outstanding communist in my district. I want to tell hon. members that the first communist candidate ever to get nomination papers in this country got them in my district, which was then Nipissing, in 1930. We have many communists in our part of the country, but not all the people there are communists; and I would not want to make that statement without qualifying it further by saying that not all foreign-born people in this country are communists. There must be at least 40,000 of these people in my riding, and I know them well. This statement by Peter Borovich, who is a responsible citizen, is very strong. Knowing Pete as I do, being a hotelkeeper and probably with a couple of beers under his belt, he would make the statement as strong as possible. But I always found that Borovich used his best judgment when he had a couple of beers.

At this point I would like to read to the house what was said by the present Prime Minister, then Secretary of State for External Affairs, when these people left Canada to go to Yugoslavia. I hope the lawyers will listen, because this is a legal position. I am glad I am not a lawyer; perhaps I would be in jail if I were.

Mr. Pouliot: You may not be a lawyer, but you have a natural legal sense.

Mr. Gauthier (Sudbury): The Prime Minister had this to say when he was asked as to the status of those Yugoslavs who returned to their country on this so-called patriotic call; it can be found at page 3370 of *Hansard* for 1947, under the heading "Canadians leaving for Yugoslavia—position of naturalized citizen leaving Canada".

The legal position of an alien leaving Canada is governed by the Immigration Act which provides that an alien acquires Canadian domicile "only by having his domicile for at least five years in Canada after having been landed therein." He loses his domicile by "voluntarily residing out of Canada with the present intention of making his permanent home out of Canada and not for a mere special or temporary purpose."

Thus a Yugoslav citizen, regardless of the length of time he has lived in Canada, will lose his right to re-enter Canada if he goes to Yugoslavia with the intention of making his permanent home in Yugoslavia. Should he change his mind and wish to re-enter Canada, he would have no right to re-enter Canada and would have to apply for admission as any other prospective immigrant.

Moreover, if he should be readmitted to Canada, he could not count his previous stay in Canada for the acquisition of Canadian domicile. In order to become a citizen of Canada he would, after his return, have to remain in Canada for five years.

The legal position of a Canadian citizen by naturalization leaving Canada is governed by sections 20 and 21 of the Canadian Citizenship Act. Section 20 reads in part as follows: "A Canadian citizen, other than a natural-born Canadian citizen . . . ceases to be a Canadian citizen if he resides outside Canada for a period of at least six consecutive years," subject to various provisos. Section 21 provides *inter alia* for cancellation of citizenship by order in council if a naturalized citizen "out of Canada has shown himself by act or speech to be disaffected or disloyal to His Majesty."

It is important to note that a warning appears at the back of the current Canadian passport, which reads as follows:

"Canadian citizens by naturalization certificate or citizenship certificate should bear in mind that unless under the laws of the state to which they originally belonged or by the provision of a treaty, they have ceased to be subjects of that state, their certificates have no effect within its boundaries nor can the good offices of His Majesty's representatives be extended to them there."

There is quite a bit more to the statement, but I am not going to read more of it. I am going to use this as the basis of a question which I hope the minister will answer during this debate. However, I want to say that sometimes I have been accused by people in my district of receiving the support of the communist party in elections. That statement has been made in literature put out by other parties in this house, that sometimes the Liberals were hooked up with the communists. Let me tell those people what I

have said publicly in every campaign in which I have taken part, and I have taken part in elections in this country since 1925. If I have to depend upon the support of communists to get to the House of Commons, I do not want to be a member of this house. We know communism has no place in our system, and there should be no pussyfooting in stating our position on this matter. I never pussyfoot on anything, certainly not on communism.

In conclusion I would like to ask the minister to answer this question at the proper time. Before their departure these people showed that they were propagandists for the communist doctrine, whether in my part of the country or elsewhere. If they are readmitted and continue their communist activities, has the government any laws under which they may be deported, or are we going to have to pass another bill? I say we should deport them if they continue their communist activities. You may not pay much attention to what Pete Borovich has to say, but I know he is one of the outstanding leaders of the Croatian people in Canada, and he knows what is going on among them; I am positive of that. If Pete Borovich believes that some of these fellows are coming back, under instructions of some communists in another country, and crying for Canada to take them back then these people may become embarrassing to our country. I hope and believe that the minister and his officials will do everything possible to check on these people since they have been over there before they are readmitted to Canada.

Mr. Fleming: Mr. Chairman, the matter just raised by the member for Sudbury has an interesting bearing on a point I raised this afternoon, and on which I think it is now fair to ask the minister to make a statement. Paragraph (d) of the proposed new subsection refers to a period of not less than two years during which a person who has been born outside of Canada and has become a Canadian citizen goes back to reside in the country from which he came. If this bill is adopted now, does an absence from Canada hitherto qualify within the provision of this paragraph (d), or is the interpretation that is being put upon this paragraph that the two years commence running only from the date on which this bill comes into force?

The question has point, I think, in relation to the case I cited this afternoon of Freda Linton. I do not know whether Freda Linton was born in Canada—probably the minister has information on that point—but if she was born in Canada then my illustration has no bearing. If she was born otuside of Canada and acquired citizenship here, then it will be very interesting to see how this legislation is going to have application to her case. We are told she has been residing in the United States in recent years, and is now being deported from the United States to Canada. Is her return to Canada, under some compulsion from United States authorities, going to have the effect of breaking this two-year absence—in her case more than two years—so that the section would not have any application to her?

In the case of those persons who were born in Yugoslavia to whom reference has been made by the member for Sudbury, of course if they did not acquire Canadian citizenship before they departed from Canada, then this bill has no bearing on their case. To the extent to which some or all of them had acquired Canadian citizenship before their departure in 1947, it will be interesting to know now whether this legislation is to be interpreted as having any application to them, in view of the fact that it is presumed they are now returning. I think the committee would be glad to hear a statement from the minister on this point, Mr. Chairman.

Mr. Pouliot: Before the minister answers, if I may be permitted, there is something I should like to say in this connection. It concerns the loss of Canadian citizenship. No mention is made of British citizenship. How can the minister deprive a British subject of citizenship, and prevent him from running in municipal, provincial, or federal elections?

Mr. Fleming: He does not have to be a Canadian citizen to run in those elections.

Mr. Pouliot: I am just saying that. Here is a man with British citizenship. He may come from any part of the British commonwealth or empire. He comes here, runs in an election and is immune. The minister cannot deprive him of Canadian citizenship, because he has none. However, he has the same privileges as if he had his Canadian citizenship. This shows the absurdity of dual citizenship. I say that purely from a legal point of view.

When the bill was passed originally, I said to the minister who was sponsoring the bill that dual citizenship was sheer nonsense. Naturally, I meet some people here in Ottawa who say they are British subjects and do not care about Canadian citizenship. Others, from Mr. King down, have taken Canadian citizenship and have remained British subjects. I should like to know what the minister can do in such a case? What can he do about a man who comes here from any part of the empire, and who is a well-known communist? How can he deprive him of his

British citizenship? So long as he has it, he has full public rights.

Mr. Green: Under the Immigration Act he can be kept out.

Mr. Pouliot: But they are not kept out. They come in, and they come in in bulk. We had some very sad examples amongst the scientists who came from various places, and who were in the spy network. This may be good legislation, but I do not see how it can be operative because of this contradiction that exists in the law itself. If the law was drafted that way, it was to appease the imperialists who sit in parliament. They opposed a definite change which would have permitted the minister to safeguard national unity in Canada.

Suppose a man who is a communist or who belongs to groups that are affiliated to the communist party—they are all alike and are well known—comes along. I might mention that an important capitalist periodical of the city of Toronto, to the knowledge of everyone, boosted Tim Buck two or three weeks ago. I understand that such a periodical could have boosted Tim Buck if he had paid the regular advertising rates. How is it that men who are supposed to have a good head on their shoulders give such advertising to such a well-known communist?

Mr. Green: What paper was that?

Mr. Pouliot: If my hon. friend is not au courant, then I shall not reply to him.

Mr. Green: Is not what?

Mr. Pouliot: Well informed about it, because he knows all. It is a large paper in the city of Toronto, and it is a capitalist one.

An hon. Member: The Toronto *Star*.

Mr. Pouliot: No, I do not mean a daily, I mean a periodical. It was well known. It is a fine picture and shows Tim Buck looking like a dignitary of the Hutterite church, a nice old gentleman. This periodical is read in all the barber shops, on the cars, trains and everywhere. People read it as propaganda for Tim Buck, given to him by the capitalist press. It is nonsense. What is the use of passing legislation when the owners of such periodicals are so silly as that? If the member for Vancouver-Quadra does not know about it, he may ask his leader and he will be informed about it.

Mr. Green: I believe I read the article myself. I recall it now.

Mr. Pouliot: Perhaps that periodical has not such a large circulation in British Columbia, but it has in central Canada. I should like the minister to be kind enough to answer that question and to tell us how we shall deal with

British subjects who have been living in Canada for some time and who have never taken Canadian citizenship, and if the act applies only to those who have taken Canadian citizenship by the usual pledge. My intention in rising now is to remind you, Mr. Chairman, and the members who sit in the committee at the present time that the communists are men who believe in the denial of everything. A nihilist is a man who is indifferent, who does not believe in anything. These men believe in the negation of everything. In the first place, years ago they were called nihilists—nil means nothing—and they were creating disorder. They were guilty of murder in Europe. Afterwards they called themselves anarchists; then they called themselves communists, and they take other names. I hope that the government will see to it that these men who belong to those parties are exposed and that they are deprived of public rights. To make myself clear about it, may I say that I do not want them to have public rights that will permit them to run in municipal, provincial or federal elections of any kind. If what I have suggested is done, there will be fewer riots and disturbances of any kind in this country.

Mr. Harris (Grey-Bruce): To answer the hon. member for Eglinton first with respect to Freda Linton Alexander, may I say that my understanding is that she is a natural-born Canadian citizen and as such is entitled to the provisions of this act, so that when she goes to the United States and becomes subject to deportation, we must accept her back here, whether or not we should like to have her here. My understanding is that if a charge was laid against her it was dropped. In any event, she was not convicted. So far as I am aware, there is no criminal offence marked up against her. I also want to advise my hon. friend that she has in fact returned to this country and that it is an academic question whether she can come back or not.

With respect to my friend the hon. member for Sudbury, I can well understand his desire to have this question cleared up, having in mind the particular interest of the people of his riding in some of those who left to go to Yugoslavia. As I understand it, there are three classes of persons who may have taken part in the movement back to that country in 1947. There are those who were aliens at the time they went back; that is, persons who, while in Canada, had not attained citizenship. Such a person, upon his return to Yugoslavia, placed himself in the position in which he was when he first came to Canada; that is, he would have to apply as an immigrant for admission to this country. Under

those conditions, if he wished to return now, he would have to conform with our regulations and we would exercise that care and caution which we exercise in the case of every person from a foreign country seeking to be admitted to Canada. Then they might have been persons who were natural-born Canadians. They might also have been persons who were naturalized Canadian citizens. In that case they are admissible to Canada as citizens of this country. Perhaps my colleague the Secretary of State for External Affairs might have more information as to this matter than I have. But they being admissible for that reason, we would not be in a position to refuse it unless there are other grounds such as perhaps those he might indicate. When they return to Canada, they return with the status they had when they left; that is, Canadian citizenship. It might be that complaints would be made against them for their conduct abroad, which would bring them within section 19, subsection 1 (d), which refers to action abroad:

(d) if out of Canada, has shown himself by act or speech to be disaffected or disloyal to His Majesty...

I think we ought to judge these people as best we can on the circumstances as we can ascertain them, as to whether or not there has been a genuine desire to return to Canada in disillusion or whether in fact they may be persons who are coming for the purposes mentioned by the hon. member for Sudbury. I am quite certain, however, that no one would expect us to grant to a person who would come back as a confirmed exponent of principles that are contrary to our democratic processes one thing more than the law permits. I had my attention drawn only today to this article in the newspaper. For that reason I should like to have further time to consider the question asked by my hon. friend, in order to see if other light could be thrown on the subject.

Mr. Green: The minister did not answer the question as to time asked by the hon. member for Eglinton.

Mr. Fleming: I was coming to that. The minister has dealt with one aspect of my question. He has indicated that those who return to Canada now, so to speak, beat the gun on this present amendment. They have ceased to be residents in a foreign country under the provisions of paragraph (d); but that does not answer the whole question. What about the effective date from which the two-year period is calculated as running? If this bill comes into force now, is the minister going to assert jurisdiction in the case of persons who have been absent from Canada two years prior to the date on which the act comes into effect or is he going to say that the two-year period begins to run from the date on which the act comes into effect?

Mr. Harris (Grey-Bruce): I forgot to answer that part of the question, Mr. Chairman, which was also asked by the hon. member for Sudbury. I am informed that the wording of paragraph (d):

(d) has, since becoming a Canadian citizen or being naturalized in Canada, been for a period . . .

and so on, in fact relates to any two-year period since first he became a citizen of Canada, and for that reason we could exercise jurisdiction to have an inquiry made under that section as to whether or not this person had maintained substantial connections in Canada. But you will notice that under section 19 it is discretionary; that is, it is not an absolute loss of citizenship such as you have under section 18. Therefore the governor in council would, I should think, bear in mind the reason I mentioned a moment ago as to the genuineness or otherwise of the desire to return, and any other consideration which might enter into the question of whether these people should be deprived of their citizenship.

Mr. Fleming: There is another matter I raised this afternoon in discussing this bill on second reading, and on which I would ask the minister to comment now. It had to do with what happens to persons who are deprived of citizenship under the provisions of this amendment. I asked about the position of such persons under the Immigration Act, for instance, in relation to the whole question of deportation. Without going over the ground again, Mr. Chairman, I just point out that as to persons who are abroad now perhaps the question of deportation does not arise, but the question of re-entry might well arise. They might assert that they are residents of Canada even though they may have lost their citizenship. As to persons who are deprived of citizenship by reason of the commission of an offence, or on one of the other grounds mentioned in the clause, I think it would interest the committee very much to know what is the position of such persons in Canada immediately upon being deprived of citizenship. Are they entitled to remain and enjoy all the other benefits and protection of Canadian laws and Canadian residence even though they are no longer citizens?

Just in passing, this illustration occurs to me, because illustrations give point to some of these questions which are in our minds. There was a gentleman who was a member

of this house in the last parliament for a session or two, who was convicted of an offence under the Official Secrets Act, and was sentenced to a term of six years' imprisonment in the penitentiary. I suppose that term will be expiring before very long.

Now, Mr. Fred Rose presumably comes within the provisions of the new clause (f). He has been convicted obviously of an offence involving disaffection or disloyalty to His Majesty, and therefore I ask whether his Canadian citizenship can now be revoked by the minister under the provisions of this section. I think the committee would be interested in a comment of the minister on that situation, and as to the position of such a person with respect to continuing to reside in Canada and enjoy the benefit of residence and the protection of our laws today even though he has lost his Canadian citizenship.

Mr. Harris (Grey-Bruce): The position is clearly set out in the section of the Immigration Act that my hon. friend read this afternoon; that is, those persons who can be deported under sections 41 and 42 of the Immigration Act are persons who have been convicted of the offences set out in those sections and by reason of committing those offences are designated undesirable persons and subject to deportation. It happens that the exception in sections 41 and 42 is an exception in favour of a Canadian citizen, so that those sections do not apply to a person who is a Canadian citizen.

My understanding of the sections is this, that if a person is convicted of an offence involving disloyalty and disaffection, and thereby loses his citizenship, he does not at the same time suffer the further penalty of deportation, because the act having been performed while he was a citizen he is exempted under section 41. However, if he subsequently commits any of the acts mentioned in sections 41 and 42 he then becomes subject to deportation, because he is not at that time a Canadian citizen.

Nevertheless it ought to be clear that when a person is accepted as a Canadian citizen after residing here five or more years deportation does not follow too easily upon an offence under sections 41 and 42. The other country of which he was a national or a citizen before becoming a Canadian citizen might possibly object to the subsequent deportation. That is a matter which has to be arranged on every occasion.

Mr. Fleming: I thank the minister for his statement. I think it will come as a conclusion easily followed that, as the minister has said, if the offence was committed while the individual in question was a citizen, section 41 cannot apply to him even though subsequently he has lost his Canadian citizenship, because the opening words of section 41 are: "whenever any person other than a Canadian citizen advocates in Canada the overthrow of", and so forth. It seems to me, Mr. Chairman, that this discussion on this amendment has been a very useful discussion indeed. It has shed light on more subjects than the Canadian Citizenship Act. I think it has shed light where light needs to be shed on some of these provisions of the Immigration Act as well as perhaps—

Mr. Harris (Grey-Bruce): May I interrupt just a moment? The speech from the throne forecast amendments to the Immigration Act, which will be before the house in due course.

Mr. Fleming: I am glad to be reminded of that, Mr. Chairman, and I hope that the amendments to which the minister has just referred will be amendments that will strengthen the provisions of such sections as section 41.

This afternoon I drew attention to the difference in language between section 41 of the Immigration Act and the language of the present amendment. In section 41 we have a long enumeration of offences which describe a person as an undesirable immigrant for the purposes of that act and render him liable to deportation. In the view of the law officers of the crown, how do these compare with this shorter but rather inclusive expression, "offences involving disaffection or disloyalty to His Majesty"? Which is the broader provision, because some interesting results might flow from the difference?

Mr. Harris (Grey-Bruce): I am sure that my hon. friend would not expect me to go into great detail as to every offence which might come within the use of the words "disaffection and disloyalty"; but most of the offences under section 41 are of the nature that might very well be so considered. For example, it is considered a matter of disaffection and disloyalty if one advocates the assassination of, or attempts to assassinate, an official of the government of Great Britain, of Canada or of the various British dominions; but I am not prepared to discuss in detail the precise definition of section 41, nor for that matter of disaffection and disloyalty since it is obviously directed to a type of offence which goes beyond treason and sedition, but stops far short of those offences which were very properly mentioned with some degree of apprehension by the hon. member for Winnipeg North Centre and the hon. member for Skeena. The words "disaffection and disloyalty" do cover any act such as treason,

espionage, sedition, offences under the Official Secrets Act, or some similar act directed against the welfare and security of the state.

Mr. Fleming: I wish to clear up this point I raised. In his comments on the effect of the Immigration Act and the proposed amendments the minister has not, I think, fully clarified the point that I was raising with respect to the application of this question to cases like that of Mr. Fred Rose.

I cannot, of course, anticipate, and I do not expect the minister to, the amendments to the Immigration Act that may be introduced, but I do think it is a fair question to ask if these are going to be tied in with the kind of amendment that we have before us at the present time in connection with this Canadian Citizenship Act? It would seem to me that is a very proper question to ask in the light of the discussion here today, because it seems that we are going to have anomalies otherwise where people are deprived of citizenship in this country but are free to do all the kinds of things that we most disapprove of, and for which we are seeking to punish them by the enactment of measures of the kind now before the committee.

Mr. Harris (Grey-Bruce): If there were no amendment to the Immigration Act, such as we have discussed, the position would not be altered from what it is at the present time. The annual report of last year shows that we revoked the citizenship of 219 citizens. Some of them, admittedly, were not in this country; they were people abroad. But there are persons in Canada whose citizenship has been revoked, and who are still here in what might be described as a stateless nature, but who nevertheless are persons who are not committing any crime against our laws. For that reason they are not subject to deportation under section 41. Whether or not we amend that section in due course, there will be persons in Canada without Canadian citizenship who may have been here long enough that their own country might not accept them back, upon deportation. I do not think I should go further in suggesting what amendments there would be to the Immigration Act, until they are brought down.

Mr. Knowles: Could the minister give a breakdown of the figure of 219? How many were out of Canada when citizenship was revoked, and how many were in Canada?

Mr. Harris (Grey-Bruce): I do not think the annual report gives it, and I would have to get the details from the department.

Mr. Knowles: Has the minister any notion as to what the percentage might be?

Mr. Harris (Grey-Bruce): No, I have not.

Mr. Drew: Before we leave this section, may I say that the discussion has been helpful in clearing up a number of points in connection with the Canadian Citizenship Act, and the purpose of the amendments before the committee.

I am sorry the Minister of Justice is engaged elsewhere because, before leaving this subject, I would have wished to point out to him that I was quite aware of the general amendments to the Criminal Code, but that this particular amendment is something of a special nature—that is, the amendment which was under consideration.

The adequacy or otherwise of the amendments now before us will very largely be determined by whether or not there is other legislation which does make it possible to deal effectively with communists in this country who are actively seeking to undermine our system. Commendable though the intent and purpose of these amendments may be, this is a very limited attempt indeed to deal with an extremely important subject at a time when we are told the very survival of our nation and of our civilization is at stake.

The minister has explained that 219 citizenships were revoked last year, of which some were already out of Canada. This is but a small fraction of the number of the people who are actively engaged in this country today in subversive activities not now satisfactorily covered by any existing law. I am not only concerned with the possibility of dealing with those born outside of Canada and outside the British commonwealth; I am concerned about the possibility of dealing effectively with citizens who were born in this country. In fact I think the citizen who was born in this country, and whose traditions were anchored here long before the others came, is a worse offender than the man who comes here and perhaps must learn something of our traditions.

I do however wish to follow the remarks made this afternoon by the hon. member for Spadina, when he placed some emphasis upon the loyalty of the overwhelming majority of those who have come here from other countries. It would be the desire of every member in the house to understand that nothing said here would create any impression that members of the House of Commons, in any party, have in their minds the thought that there is any lack of loyalty on the part of those who have actually made the decision to become citizens of this country. In fact, the very choice they have made in many cases creates a more conscious sense of vigorous loyalty than may perhaps exist in the minds of those who accept as a matter

of course the privileges they possess as citizens of this country. Nowhere will one find more vigorous expressions of loyalty to Canada and our great institutions than in the gatherings of those people who are truly loyal to Canada, to our democratic institutions, and to the ideals we are seeking to advance in our daily lives. They, I believe, are the very ones who would welcome most warmly some evidence that it is going to be possible to deal effectively with those who are seeking to implant in Canada a kind of life that they know only too well, from their own associations, and which they know in a way we do not quite understand. Those people who have lost fathers and mothers, brothers and sisters or wives under this vile form of despotism are the ones who know best how far we should be prepared to go in preventing any of that type of activity being carried on here in Canada.

Before we pass on from this discussion of citizenship, may I once again emphasize my belief that it is very important that we have a law which will define this offence, not only so that offenders may be dealt with, but so that there may be evidence of that very concern which has been expressed, that no man shall be deprived of his rights as a citizen, except under the law.

That is happening today. The government of this country has stated, with some display of satisfaction, that it has removed from employment those suspected of communist activities. If people are going to be deprived of the right to earn their livelihood, and to be deprived of that right by the most important employer in the country, then I say that first of all there should be an offence that can be defined. I say we are actually inviting that very disregard of the right to employment and citizenship that we are saying we should preserve, when the government of the country, as the main employer, says, "We are dismissing these people because they are communists; but we cannot define 'communist activity' or activities of the nature that should be dealt with in this way."

I think it would be agreed that there have been few people more vigorous than I have been in condemning communism. But I certainly believe the government of this country should be the first to see that, if people are going to be deprived of the most basic of all rights, namely the right to work, and if they are to be deprived of the privilege of maintaining themselves and their families by their work, there shall be a real offence defined by law.

[Mr. Drew.]

We want to establish the rule of law, and the government should be the first to insist upon it. So, in passing from these remarks on citizenship, at which time I had hoped we might have had some assurance that there would be an amendment to the Criminal Code to deal with this subject in a wider field, I once again seek to impress upon the government my belief that if there is something which in the view of the government should deny to a man the right to employment, then the government should decide to instruct the officers of the crown to define that very offence with which they are dealing.

Mr. Croll: I would draw the minister's attention to a person who under the act would be deportable to a country behind the iron curtain and we would suppose that the country would refuse to accept him. Would the minister tell us what happens under those conditions?

Mr. Harris (Grey-Bruce): I wonder if I might be permitted to answer that on anything affecting the subject of immigration, rather than citizenship.

Mr. Fleming: There is one point I was asking the minister about earlier, and I have to come back to it because it is not fully clear to me. Dealing with the case of Mr. Fred Rose by way of example, again this touches on the effect of this act with respect to acts committed before it. With respect to paragraph (d) the minister has indicated that absence from Canada before this new amendment comes into effect will be treated as absence from Canada within the terms of paragraph (d). If we look at paragraph (f) we see that conviction for an offence involving disaffection or disloyalty to His Majesty is also a ground for deprivation of citizenship. Is a conviction for such an offence prior to the coming into effect of this act one for which the minister may exercise the right of depriving that individual of his citizenship after the act comes into effect?

Mr. Harris (Grey-Bruce): It is my impression that the period of two years referred to in paragraph (d) being a period of time is subject to interpretation to apply as it says to any period after the person became a Canadian citizen or was naturalized in Canada. On the other hand, paragraph (f) reading "if in Canada, has, by a court of competent jurisdiction", and so on, relates to the future and not to the past.

Mr. Fleming: In other words, Mr. Fred Rose was convicted of such an offence as is mentioned here, namely, one involving disaffection or disloyalty to His Majesty, and

because his offence was committed prior to the coming into effect of this act the minister will have no right thereunder to deprive him of his citizenship because of that conviction?

Mr. Harris (Grey-Bruce): Mr. Chairman, I am informed that the section has no retroactive effect. I do not know whether there are any other acts in Mr. Fred Rose's career which might make him subject to losing his citizenship, but in so far as that conviction is concerned I am informed it does not come within paragraph (f).

Mr. Croll: The hon. member for Eglinton asked a question concerning a man who had been absent from the country for a period of two or three years previous to the coming into effect of the act. He wanted to know whether this act would affect him or would the period run, and if I recall correctly the minister indicated that once we passed the act the period would then have started to run from the time that he left the country originally. I was not sure of the answer. The minister now says that it has no retroactive features. That in effect is a retroactive feature, is it not?

Mr. Harris (Grey-Bruce): Perhaps the hon. member misunderstood me. I made it clear that I thought under paragraph (d) the two-year period can be, as it says, any two-year period since the person became a Canadian citizen. Therefore it could apply to any two-year period prior to this but paragraph (f) does not relate to any past conviction.

Mr. Pouliot: The bill mentions that evidence must be presented as to disaffection or disloyalty to His Majesty. There must be some evidence of disloyalty or disaffection to establish that a man should lose his Canadian citizenship. Anyone may be a communist without showing exterior signs of disloyalty or disaffection to His Majesty. I wonder how one could proceed against those communists or subversive elements who do not give any exterior evidence of their disloyalty or disaffection to His Majesty and the royal family?

Section agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read a third time?

Mr. Fraser: Next sitting of the house.

Mr. Fournier (Maisonneuve-Rosemont): By leave.

Mr. Blackmore: Next sitting of the house

Mr. Fraser: Next sitting of the house.

Mr. Fournier (Hull): Next sitting.

YUKON ACT

AMENDMENT TO INCREASE THE NUMBER OF MEMBERS OF THE TERRITORIAL COUNCIL

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 188, to amend the Yukon Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

Sections 1 and 2 agreed to.

On section 3—*Coming into force.*

Mr. Fraser: Just a minute. You are going too fast.

Section agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read a third time?

Mr. Fraser: Next sitting of the house.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR ELECTED REPRESENTATION IN TERRITORIAL GOVERNMENT AND APPOINTMENT OF JUDICIAL OFFICERS

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 189, to amend the Northwest Territories Act.

Mr. Macdonnell (Greenwood): I wish the minister would say a little more than has been said on previous occasions as to what, on the face of it, seems a rather odd arrangement of government. I am not going to make too heavy weather about it. It seems in a way a curious half-and-half approach to self-government, and I should like to hear a little more about it.

Mr. Winters: Mr. Speaker, the principal purpose of the bill is to give the population of the Northwest Territories elected representation in the territorial government by providing for the election of three members in a council of eight. The other five members will be appointed. The details are set out in the bill and explanatory notes. I should like, however, to say something about the recent developments in the Northwest Territories which have led the government to propose the changes embodied in the bill.

Northwest Territories Act

When the provinces of Saskatchewan and Alberta were created out of the Northwest Territories in 1905, the remaining portion of the territories, although large in area, contained a very small population and was of limited economic importance. The Northwest Territories Act, 1905, therefore provided that the territories should be administered by a commissioner acting under the instructions of the governor in council or the minister of the interior, and that a council of not more than four persons might be appointed by the governor in council to assist the commissioner in the administration of the territories. Until 1921, however, no council was appointed, and during these sixteen years the commissioner of the Northwest Mounted Police acted as commissioner of the territories.

In 1921, consequent upon the increasing public interest in the territories arising out of the discovery of oil, the act was amended to provide for a council of not more than six. In the same year the deputy minister of the department of the interior was appointed commissioner of the territories, and six councillors were appointed, all being senior officials of federal departments having an interest in the territories. The system thus inaugurated in 1921 has continued to the present time, the sole change being that since 1947 a resident of the Mackenzie district of the territories, who is not a government official, has been appointed a member of the council. This change was a first step towards giving the residents of the territories representation on the council.

Generally speaking, the original population of the territories was Indian and Eskimo, the Indians being largely confined to that portion of the Mackenzie district lying south of the tree line, and the Eskimo population to the Arctic coast of the Mackenzie district and to the Keewatin and Franklin districts. In 1941 the population of the territories was 12,028 divided among the three districts by races as follows:

	Mackenzie	Keewatin	Franklin
White (including half-breed) ..	2,119	86	85
Indian	4,322	3	9
Eskimo	863	1,302	3,239
Total	7,304	1,391	3,333

Since 1941 the increase in gold and pitchblende mining, the development of commercial fishing on Great Slave lake, and the opening up of the southern part of the territory by the Mackenzie highway, have resulted in a very substantial increase in the permanent white population. The estimated population of the territories at the end of 1949, compiled from the most reliable sources available, indicates that the population by races at the end of 1949 was as follows:

	Mackenzie	Keewatin	Franklin
White (including half-breed) ..	5,525	53	120
Indian	4,220	3	9
Eskimo	1,627	1,525	3,057
Total	11,372	1,581	3,186

In recognition of the substantial increase in the permanent white population of the Mackenzie district, the residents of that portion of the Mackenzie district lying east of the 109th meridian of west longitude were given representation in this house in the last redistribution of seats.

The government considers that the time has now arrived when provision should be made for elected representation in the territorial council. A fully elected council and its logical corollary, an administration located within the territories, seems to be a proper objective at which to aim. I do not feel, however, that it would be wise to achieve it in one step. To begin with, the territories are still greatly dependent upon the financial support of the federal government. Thus, in the fiscal year 1947-48 some $7,758,865.20 was spent in the territories from federal funds, while the revenue accruing to all federal departments from the territories was only $640,323.44 or about 8 per cent. Similarly in the fiscal year 1948-49 some $9,778,646.20 was spent in the territories from federal funds, while the revenue accruing to all federal departments from the territories was $719,-517.98; and in the fiscal year 1949-50 some $7,963,388.72 was spent in the territories from federal funds, while the revenue accruing to all federal departments from the territories was $720,073.90 or about 9 per cent. I should think the people of Canada generally would expect the people of the territories to be capable of bearing a larger share of total government expenses in the territories before they can reasonably expect to have a fully elective council.

The present proposal, by conferring upon the population of the territories the opportunity to elect three members of the territorial council, will, I hope, be a step toward ultimate fully elected government. The length of this transitional period will depend upon factors affecting the rate of development of the population and resources.

There are several other minor amendments in the bill, which are fully dealt with in the explanatory notes. I will only mention one of these. It is proposed to add to section 34 of the Northwest Territories Act

a subsection giving to the governor in council power to appoint officers for the due administration of justice. At the present time section 10, subsection 1, paragraph (1) of the act gives to the commissioner in council authority to define the powers, duties and obligations of sheriffs; but paragraph (j) of the same subsection specifically excludes from the powers of the commissioner in council authority to appoint such judicial officers. The volume of judicial business in the territories now makes it necessary to appoint sheriffs. The proposed amendment provides the necessary authority for their appointment. This will bring the Northwest Territories Act into line with the Yukon Act, section 57 of which confers a similar power upon the governor in council.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Dion in the chair.

On section 1—*"Council"*.

Mr. Macdonnell (Greenwood): I am grateful for the statement by the minister, which added a great deal to our knowledge, but there are still a few points of interest I would like to raise. In the first place I take it that while the minister refers to certain communities like Yellowknife and so on, there is no municipal organization; or perhaps the minister will answer that point later, because I am going to ask several questions. I was interested and greatly surprised to learn the very small revenue coming from that area, and I noted the remark by the minister that we might hope and perhaps expect it to increase. I suggest that he might give us a little more information on that point. Then can anything be said as to the wishes of the local people, and their feeling about this?

I am putting several questions while I am on my feet so we will not be bobbing up and down. Is there any analogy in the situation here to that which existed when the provinces were set up in 1905? Of course this community is immeasurably less developed than the southern portion of the area was, but can the minister say anything more on that? One other thing is this. Could the minister outline a little further just how this composite body will work? I think I understand much better than I did before his feeling that we not only have to move gradually but that at the moment we have to keep what I suppose may be described as a certain control through the appointed majority, until they have worked into the way of managing their own affairs. I wish he would say a word or two more as to just how the mechanism works; that is to say, can he give us a little more information as to the familiarity of those here with the territories. Something was said about that last night. How does the minister visualize the co-operation between the elected and non-elected representatives? Can anything be said as to the method by which the election is to take place? I do not think he has indicated to us anything about the voting qualifications.

Mr. Winters: Mr. Chairman, during the past summer, 1950, I took the opportunity of visiting the Northwest Territories and the Yukon. I spent as much time in both territories as I was able to do, and visited as many of the centres of population as possible as well as a number of outlying areas. I was quite impressed with the sense of responsibility of the people living in the north, and the great pride they are developing in the territories. Many people were asked about this matter of government, and I came to the conclusion that the time had come to extend some privileges to them in electing representatives to the territorial council. I believe that the feeling of the local people is that this is a step in the right direction. It is natural to expect that they feel the government should go the whole way just as quickly as it can. Undoubtedly there are people in the Northwest Territories who are of the opinion that there should be a fully elected council at the present time, and that this measure does not go far enough.

On the other hand I think the body of responsible opinion there is that, so long as the taxpayers of Canada are paying the great bulk of the expenditures in the territories, the process should be a gradual one. They recognize this as being about the right course of action for the present. The department, being responsible for the administration of the Northwest Territories, has tried to move in the direction of what one might term democracy just as quickly as possible. As any area has shown ability to administer its own affairs, appropriate responsibilities have been passed on to it. At the moment there is the Yellowknife administrative council which is a partially elected council administering the affairs of the Yellowknife administrative district. There is also a fully elected school board in the Yellowknife district. In Hay River there is a partially elected council which administers its own affairs. Both these administrative districts do an excellent job of looking after their own affairs.

Mr. Macdonnell (Greenwood): Without outside money assistance?

Mr. Winters: Not entirely, but to a great extent. Where outside assistance is necessary, it has been given to the local administrative council in the form of grants which they administer. They have done that with a good sense of responsibility. I believe that answers the questions of the hon. member, but if there are others I would be glad to answer them.

Mr. Hodgson: There has been an increase in population in that district. How does the increase in population compare with the citizens who have been there for a number of years?

Mr. Winters: I am not sure that I fully understood the question. Will the hon. member repeat it?

Mr. Hodgson: The minister gave a few figures showing how many whites and how many others there were in the territories. How does the increase in population compare with the ones who were there a few years back?

Mr. Winters: A breakdown of the present population, to compare with the population figures I gave for the year 1941, is as follows: for the whites, including half-breeds, in the Mackenzie district, Keewatin and Franklin in that order, 5,525, 53 and 120; Indians, 4,220, 3 and 9; Eskimos, 1,627, 1,525, 3,057, or a total of 11,372, 1,581, and 3,186. In other words, the total number of whites in the Mackenzie district now is estimated at 5,525 as against 2,119 in 1941.

Mr. Hodgson: Can the minister estimate the increase in revenue for the future?

Mr. Winters: That is difficult to forecast, Mr. Chairman. I gave the revenue for three successive years, but I do not believe the house would expect me to estimate the revenues for the future.

Mr. Fraser: The minister mentioned the Eskimos and Indians. Will they be allowed to vote? They are Canadian citizens, and the bill says that Canadian citizens are allowed to vote.

Mr. Winters: Mr. Chairman, the bill confers upon the commissioner and council the authority to establish the terms of elections, and to say who will vote. In the 1949 federal election the Eskimos did not vote but the Indians did. Since that time there has been a change in the act which has made it possible for the Eskimos to be considered as voters. I have every reason to believe that both Eskimos and Indians living in the territories will be eligible to vote for these prospective elected representatives.

Mr. Murray (Cariboo): May I ask the minister if any thought has been given to transportation for that area? I refer to railway transportation particularly. There is a general feeling that there should be an extension of the railway from Prince George, British Columbia, in a northeasterly direction ultimately tapping the southern part of the Northwest Territories. One plan was that this railway should contact another railway, possibly it is the Hudson Bay railway, and in that way the southern part of the territory would be given access to the Pacific coast, Prince Rupert and Vancouver. Has that been given any serious thought?

Mr. Winters: Mr. Chairman, the chief modes of transportation are by water and aircraft. There is one good highway into the heart of the district, the Mackenzie highway, which runs from Edmonton to Hay River on the south shore of Great Slave lake. There are also a number of roads for mining purposes in isolated areas. To contemplate a comprehensive system of highways or railways is a little beyond our present capacity. As the hon. member for Yukon-Mackenzie River said last night, there is considerable development work being carried on in the Pine Point area on the south shore of Great Slave lake. If the prospect develops the way it gives promise of doing now, there is a possibility of having the railhead extended to Pine Point, and a considerable development resulting in that area.

Mr. Fraser: I have had inquiries from people in my own riding with regard to parcel post up to places in the Northwest Territories; for instance, up to Aklavik. These people said that the rates up into that part of the country are so high that it is almost impossible to send a parcel of any kind in there. I wondered if there was not some way in which that service could be subsidized or arranged, because there are missionaries up there and something should be done to help them. It is cheaper to send a parcel over to some European countries than it is to send one to some parts of our own Canada. I do not think that is the way it should be.

Mr. Winters: That is something that I shall be glad to discuss with my colleague the Postmaster General.

Mr. Herridge: If I heard the minister correctly when he was explaining the reason for not having more democratic procedure or more elected members of the council, he said

that the reason was in effect that as the taxpayers of Canada paid the greater part of the cost of administration of the area, the power should rest in effect with the appointed members of the council who are in the majority. I cannot consider that as quite a valid argument because, after hearing the minister make that statement, I was thinking of my own province in which there are quite large areas in certain districts where the cost of administration is far greater than the amount of revenue received, yet the people in that area receive the franchise. I should like the minister to give a further explanation of that matter. I also notice in the bill that in addition to the majority of the members of the council being appointed, the commissioner in council prescribes the qualifications of the persons who shall vote and, according to the bill, who shall be elected to council. I should like to ask the minister to explain to the committee why the members of the House of Commons could not determine in this legislation who is qualified to vote.

Mr. Fraser: That is the way it should be.

Mr. Winters: It is true that any good administration tries to treat with the greatest equality the people for whom it is responsible. The Yukon territory has been set up as such, and is a responsibility of the federal government; and the federal government is doing its best to extend to the people who live in the Northwest Territories the same privileges as are available to people in other parts of Canada. I think perhaps the hon. member for Kootenay West is confusing local autonomy with the matter of general rights and privileges as Canadian citizens. There is no attempt to deny these people anything by virtue of the fact that they have not fully representative government. I think perhaps the fact of the matter is that they are better off and are getting more from the taxpayers generally than if they were given fully elected government at this time and required to stand more on their own feet.

Mr. Simmons: In the matter of parcel post rates into the Mackenzie river district referred to by my hon. friend, I might say that I have made representations to the Post Office Department for quite some time now, that the matter is under investigation and that I am hoping for a favourable reply.

Mr. Fraser: Something certainly should be done about it.

Mr. Wright: I am not satisfied with the minister's explanation as to why the appointed members of the council should decide who is going to vote in elections in the territory. It seems to me that we as a parliament here should be determining that matter instead of leaving it to some appointees of the government. It seems to me that would be the more democratic way to do it. As it stands, the qualifications for voting will be set by the appointees of the government who are civil servants of the government. It does not seem to me to be democratic to give to civil servants of the government the authority to determine who shall vote in an area of Canada. It seems to me that we should accept that responsibility as a parliament. Has the minister any explanation as to why we should give to appointees of the government, civil servants, the right to determine who shall vote and who shall not vote in a certain area of this country?

Mr. Winters: This is following the same pattern that has been followed in the Yukon Territory where the regulations governing voting are laid down by the commissioner in council. Under the Northwest Territories Act the government of the territories is assigned to the commissioner in council which passes ordinances which are tabled in the House of Commons. They are also subject to veto by the federal government. To that extent therefore the House of Commons here and the federal government have the final responsibility in any regulations that are laid down by the commissioner in council.

Mr. Knight: There are certain restrictions in the second clause. A person is not entitled to vote at an election unless he is a Canadian citizen, et cetera. In other words, there are certain things not within the discretion of the council and there are certain things which are within the discretion of the council. I should like to know what are the things that are within the discretion of the council, if these things are not; that is to say, that a person has to have attained the age of twenty-one, that he has to be a Canadian citizen, and that he has to be ordinarily resident in the territories for a period of at least twelve months immediately prior to the date of the election. If those things are not within the discretion of the council, what are the other qualifications of the voter which are within the discretion of such council? It is fairly well defined in this bill who shall be privileged to vote. Yet we are told that the final choice of the voter, if I may use that expression, is to be in the hands of the commissioner in council. I wonder what things are left. As a matter of fact, that is what worries me. I would rather see the

whole thing left in the hands of the commissioner in council. But it describes these certain things and then we are left in the dark as to the certain other things that the council can decide. What are those things?

Mr. Winters: The general limitations for voting are laid down in the act, as the hon. member says. But there are likely to arise from time to time specific instances with which the council might wish to deal. It was felt that ,to follow the pattern of the Yukon Act, the section should phovide the council with the opportunity to make regulations as they see fit with respect to certain matters that have a bearing on who should vote and who should not vote.

Mr. Knight: The minister has not made it plain to my satisfaction. I wish he could suggest what some of those certain matters might be. That is what I am concerned about. If you have those qualifications as to residence, age and citizenship, then I want to know on what ground the commissioner in council would be justified in turning down a man's claim to vote. That is what I want to know.

Mr. Ferrie: Mr. Chairman, I should like to ask—

Mr. Fraser: Let us first have an answer to the question that has been asked.

Mr. Knight: If the minister is going to answer, could we have his answer now so that the thing will be coherent?

The Chairman: Order.

Mr. Winters: I wonder if I might have that question repeated, Mr. Chairman.

Mr. Knight: I did not hear what the minister said.

Mr. Fraser: He wants the question repeated.

Mr. Winters: I did not hear the question.

Mr. Knight: The question is this: What are some of the qualifications for a voter other than those mentioned in section 8A (2), namely, that a person is qualified to vote at an election if he is, (1) a Canadian citizen; (2) has attained th eage of 21 years; and (3) has been ordinarily resident in the territories for a period of not less than twelve months immediately prior to the date of the election.

If these are the grounds laid down by this act which permit a man to vote ,then I ask the minister what are the other grounds upon which the commissioner in council may refuse someone in that territory the right to vote? The bill says:

> Subject to subsection two, the commissioner in council may prescribe the qualifications of those entitled to vote at an election of members to the council.

Then in the next clause the act itself prescribes those qualifications, but we are left in the dark as to what are the qualifications, or the lack of qualifications, upon which the commissioner in council may refuse such a vote. The thing is a deep, dark mystery. What are the qualifications that should leave the selection of the voters in the hands of the commissioner in council? May I say that, so far as I am concerned, I would not be prepared to leave the commissioner in council any discretion as to who shall or who shall not have a vote, but that this parliament should lay down the qualifications in this legislation, as an attempt has been made to lay down certain qualifications of a voter in clause 2. I hope I have made it clear.

Mr. Winters: There are certain other qualifications of voters such as sanity, and I would imagine that matters such as imprisonment might be considered. There is a judge of the Northwest Territories and the Yukon, and I understand that judges do not normally vote. Being charged with the responsibility for administering the territory, the commissioner in council should have the opportunity to deal with specific matters which are not defined in this general act.

Mr. Knight: Is it then to be within the discretion of the commissioner in council? Are these two things to be within the discretion of the commissioner in council, first of all whether a man is sane, and second, whether or not a judge shall vote? If these are two of the qualifications, then I should like to know it. Put them in this legislation and then we shall know it.

Mr. Ferrie: My constituency goes right up to the Northwest Territories. I want fully to endorse the statement made by the hon. member for Yukon-Mackenzie River that everyone should be elected even though it is the Northwest Territories that are mentioned now. I fully endorse that democratic system of doing things, no matter how sparse is the population.

I should like to say this. Some years ago great men in eastern Canada looked at the west and they said, in developing the west we must have a railroad. It is time that the people of Canada looked to the north, and it is time that the northwest of Canada had a

railroad. The amount of wealth that is in that north country can only be handled by railroad facilities. There has been some talk, and I understand action is going on now, to put a railroad up to Lynn lake. That could go from Lynn lake north of Reindeer lake, north to Athabaska and up to Fort Smith to tap the minerals south of Great Slave lake and out to Prince George. In this part of the world that sounds like something ridiculous, but I want to assure you that it is not ridiculous. It is time that the Northwest Territories were tapped. It is time that we found out what wealth is in that country, and it is time that the people of Canada began to realize what advantages there are up in that country. On that railroad it is suggested that you could find everything from agriculture, mining and fishing right down to the part of civilization that has now made a great name for itself in the north, namely, Flin Flon. You could start from Flin Flon and do as I suggest and even if we do not get anything else done we should have a survey made.

I should like to point out to the minister that if he wants to make the Northwest Territories the first thing he has to do is to see that they get transportation in there.

The Chairman: Shall the clause carry?

Mr. Wright: I still do not see why we should leave this matter of the qualifications of voters to a non-elected body. Has the minister any objections to the qualifications that we have in the Dominion Elections Act applying to voters in the Yukon? It seems to me that they apply to them with regard to dominion elections, and the same qualifications might apply in the Northwest Territories. There you have something that we have agreed on. We have agreed on certain qualifications for voters in the dominion elections, and I can see no reason why those qualifications should not apply in the elections in the Northwest Territories for councillors. Has the minister any objection to the qualifications that we have in the Dominion Elections Act being applied?

Mr. Winters: The government of the Northwest Territories by the commissioner and his council is somewhat analogous to the government of a province by the provincial premier and his government. The provincial legislative body can give consideration to matters of voting in provincial elections, and following the pattern of the Yukon, where roughly a similar form of government exists, voting qualifications are fixed by the commissioner in council. Since the commissioner and his council are responsible for the administration of the territories, I think that matters other than those defined by this act should be left to their determination.

Mr. Fleming: I am afraid the minister has given away his whole case now. I think his explanation has only led him into deep water. He says that the government of the Northwest Territories by the council is analogous to the government of a province by the premier and his government. The minister completely overlooked the fact that the provincial legislatures are sovereign, and it is the legislatures of the provinces that lay down these rules as to qualifications of voters.

The governing body responsible for the government of the Northwest Territories is this parliament, and this parliament simply appoints administrators in that area and a council with certain defined and delegated powers—because remember these are delegated powers, nothing more—but the rights of the provinces are not delegated. They are sovereign legislatures deriving their powers under the constitution. For the minister to say that because the provinces with their sovereign legislatures have the right to prescribe the qualifications of their voters, a body appointed under federal authority by the government should have that same power, seems to me to be just reducing the whole matter to a hopeless absurdity.

The minister has completely—and I regret to say this—completely misunderstood the matter. It is parliament that is responsible for the administration of the Northwest Territories. And if parliament is going to delegate some of its governing functions to a council up there, and is going to say that part of the governing body is to be elected, and then goes on to specify some of the qualifications of the voters, then surely it would be a most extraordinary thing for parliament to stop there after defining some of the qualifications of voters, and then leave it to others who enjoy the delegated powers from parliament, through the government, to specify the qualifications, or at least some of the qualifications of voters.

If it is possible for parliament to specify some of those qualifications, then certainly parliament can specify all. It would be an extraordinary thing to give to these persons possessing powers delegated by parliament the right to specify qualifications for voters who are going to vote on candidates for election to that governing body up there. That would be a most extraordinary thing. I suggest the minister should reconsider the whole matter.

If parliament can specify some of these qualifications, then certainly parliament is competent to specify all of them; and it would be a dangerous departure from principle if parliament did not go on to specify them all.

The Chairman: Before we proceed further may I point out that we are discussing section 1, but that the hon. member has been discussing section 3. Shall section 1 carry?

Section agreed to.

On section 2—*Instructions.*

Mr. Macdonnell (Greenwood): Mr. Chairman, I notice that the section says:

The commissioner shall administer the government of the territories under instructions from time to time given by the governor in council—

And the "governor in council" is the governor of the Northwest Territories.

—or the minister.

Mr. Winters: The governor in council is not the commissioner of the Northwest Territories.

Mr. Macdonnell (Greenwood): Does that mean the governor in council here?

Mr. Winters: Yes.

Mr. Macdonnell (Greenwood): The section is not too clear, because it says in the preceding clause that "council" shall mean the council of the Northwest Territories. Nevertheless I accept the minister's statement.

What, then, is the authority of the commissioner? It says that—

—the commissioner shall administer the government of the territories under instructions from time to time given by the governor in council or the minister.

Well, is he just a rubber stamp, to take instructions from the governor in council here in Ottawa? What is the scope of the body we are setting up? I am asking that question, now that I understand the governor in council is not the governor of the Northwest Territories.

Mr. Murray (Cariboo): Mr. Chairman, I think the minister is moving along historical lines. For some years provinces have been set up in the western part of this land. It is not long ago that the people of the Northwest Territories were being taxed, although they did not have representation at all. I am referring to that part of the Northwest Territories now under discussion.

This is a step forward. It is a step that was taken in connection with Manitoba, Saskatchewan and Alberta. That is a matter of record here. But at the same time I believe the people in the Northwest Territories will very soon desire autonomy and absolute control of their own affairs, just as those other provinces have desired in times gone by. This is a step in that direction.

I believe hon. members would agree that autonomy would be a splendid thing for the Northwest Territories at such time as the population has been somewhat increased, transportation facilities made available, an immigration policy initiated, and the course followed which was the pattern in connection with Manitoba, Saskatchewan and Alberta.

Some hon. Members: Carried.

Mr. Macdonnell (Greenwood): No, it shall not carry. I would like at least an answer to my question.

Mr. Winters: Section 2 in the bill is the same as the old section 2, the only change being in the name of the minister from that of the minister of the interior to the minister here defined, who, in the definition section, is set out as the Minister of Resources and Development. That is the only change.

The functions of this body about which the hon. member was talking are basically legislative, whereas the functions of the governor in council, the minister and the commissioner are basically executive. That is the relationship between the functions of the two bodies in question.

Section agreed to.

On section 3—*Council.*

Mr. Knight: Mr. Chairman, for reasons already stated I move in amendment:

That section 3 be amended by deleting therefrom subsection (1) of section 8A thereof and by renumbering subsections (2) and (3) of section 8A as subsections (1) and (2) respectively.

I have already stated my reasons, the chief of which is that I do not think the appointees of this or any other government should lay down the qualifications as to who should or should not be entitled to vote. I think that job should be done by the House of Commons, completely, as indeed it must be done in subsection 2 of section 8A.

Mr. Winters: I might say that the amendment is not acceptable, in that it is not in keeping with the spirit of the act, nor is it in conformity with what we are trying to do in the bill.

Mr. Knowles: What is the spirit of the act?

Mr. Winters: What the government is attempting to do is to extend to the body

designated to administer the affairs of the Northwest Territories more responsibilities, by giving it elected representation.

We are seeking to put into its hands more authority to run its own affairs, and to determine how its affairs should be run. By this amendment we would be taking away from the council of the Northwest Territories certain powers which we think it right and proper that it should have. I submit therefore that it is a step away from the direction in which we are seeking to go in the measure before the house at this time.

Mr. Wright: I disagree with what the minister has just said because, in effect, this is what he is doing: He is trying to do by the back-door method something which apparently he is not prepared to do in the house, namely to define the qualification of voters. He appoints the majority on the commission, and therefore he can lay down the control of qualifications. If we are going to control qualifications, then we should do it by a method which is apparent to everyone, instead of doing it by controlling the number of appointed representatives on the commission, and therefore by that method say who shall be qualified to vote. If a majority of them were elected, then there would be some justification for the minister's argument, but when a majority are appointed I cannot see where his argument holds at all.

Amendment (Mr. Knight) negatived: Yeas, 19; nays, 51.

Mr. Hodgson: The minister and the government have not accepted the last suggested amendment to section 3. There is a population of 16,000 and the revenue has been increasing in that area. Over a long period of years the people have shown a lot of ability, especially in voting. For many years they sent the Hon. George Black here and now they have sent the present member for Yukon-Mackenzie River. If these two men are any example—and I think they are—of the calibre of people they have in that country, they certainly are capable of controlling their own vote. The first clause says that there shall be a council of the Northwest Territories consisting of eight members, three of whom shall be elected to represent electoral districts and five of whom shall be appointed by the governor in council. Three out of eight does not give these people very much representation. The minister also said that there were three electoral districts, Mackenzie, Keewatin and Franklin, and they are governed by the commissioner and deputy commissioner. Therefore there are really ten on that council, and only three representatives out of the ten are to be elected. I think the government should give these people more of a lead than that because it does not seem that they have any representation whatsoever. I move as follows:

That the word "three" in line four and the word "five" in the fifth line be deleted, and that there shall be substituted the word "six" in the fourth line and the word "two" in the fifth line.

The section will then read as follows:

There shall be a council in the Northwest Territories consisting of eight numbers, six of whom shall be elected to represent electoral districts, and two of whom shall be appointed by the governor in council.

Mr. Fournier (Hull): Question.

Mr. Herridge: Before the vote is taken, may I say that I support the amendment for various reasons expressed by previous speakers. I think, Mr. Chairman, if you read the explanation of the legislation given in the bill it adds further to the reasons for supporting the amendment. On the page giving the explanation of the section we find the following:

The new section 8 provides for a council of eight members, three of whom will be elected and five appointed. Members of the council are, with one exception, senior government officials. If the bill is passed it is proposed to follow the practice of appointing senior government officials to sit on the council. The functions of the council which are set out in sections 9 and 10 of the Northwest Territories Act are primarily legislative; however, the commissioner may refer to the council for advice on matters of policy.

In my conception that is government backwards. I thought the legislative function was performed by councils, and commissioners and administrators simply gave effect to policies. I should like the minister to explain the explanatory note in the bill.

Mr. Fournier (Hull): Question.

The Chairman: Those in favour—

Mr. Herridge: Pardon me. Would the minister explain the meaning of that explanation?

Mr. Winters: Mr. Chairman, I think the explanation is fairly self-evident. Moreover, in the second reading stage the statement I made indicated quite clearly that what we are trying to do now is to move in the direction of an elected council as quickly as possible. Prior to this time there has been no elected representation on the council at all. We are seeking now to make it possible for the council to have three elected representatives, and I find it very difficult indeed to understand these criticisms that we are not trying

to extend a measure of democracy in the government of the Northwest Territories.

Amendment (Mr. Hodgson) negatived: Yeas, 24; nays, 59.

Section agreed to.

Sections 4 and 5 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Knowles: Next sitting of the house.

Mr. Speaker: Next sitting of this house.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up first the government notice of motion to set up a special committee concerning veterans affairs. Then we will take up third reading of Bill No. 172, third reading of Bill No. 188 and third reading of Bill No. 189. Then we will move to go into committee of supply and call four departments, resources and development, national revenue, fisheries and labour.

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

HOUSE OF COMMONS

Wednesday, April 4, 1951

The house met at three o'clock.

NORTH ATLANTIC TREATY

SECOND ANNIVERSARY OF SIGNING AT WASHINGTON

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I trust I may have the indulgence of the house for a moment or two to make a short statement.

Today is the second anniversary of an historic event, the signing of the North Atlantic treaty on April 4, 1949. We entered into the treaty because we believed it was necessary for the continuing preservation of the freedom and the heritage of the Atlantic nations. It was necessary because the Soviet union had prevented the security council of the United Nations from discharging its primary responsibility for the maintenance of peace, and because a grave atmosphere of disillusion, anxiety and tension had been created by the enforced transformation of one eastern European state after another into a satellite of the Soviet union.

Against this background of the growing threat of communist imperialism, the North Atlantic treaty was concluded. In the two years of its existence, by increasing the ability of the Atlantic powers to resist aggression, important steps have been taken to lessen the likelihood of war. In the military field an integrated force has been established under General Eisenhower as supreme commander allied powers in Europe. The principle of mutual aid has been revived, and Canada has shared in the mutual aid program by transferring military equipment to a number of our European allies and by providing places for our North Atlantic partners in our military and air training establishments.

The strength and determination of the North Atlantic allies to resist aggression have been increased with the growth of their deterrent military strength and of their feeling of a community of interests, political, economic and cultural. While the primary purpose of the treaty is security, the development of mutual understanding which is taking place serves a deeper purpose which has a special appeal for Canadians; the ultimate creation of a great community of free nations working together for a lasting peace.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, everyone in this house will wish to join in the expression of satisfaction that, within two years of its existence, the north Atlantic alliance has already advanced far toward the building of a strong partnership for the preservation not only of peace but of that particular civilization which we know as western civilization. There is no thought of suggesting racial or other superiority, but it is necessary for us to remember that our own civilization came from the nations of western Europe, and that the survival of that civilization is inseparably associated with theirs. Whatever disappointments there may have been during the past two years, whatever concern there may be about the evidence of temporary misunderstanding from time to time, the fact is that day by day this association is becoming stronger. As the Prime Minister (Mr. St. Laurent) has pointed out, the very steps that are necessary to build the military strength of these nations for the advancement of freedom and the maintenance of peace will in themselves lay a wider foundation for deeper and closer association throughout the years ahead.

We all hope, we all have increasing reason for confidence, that peace in the broader field of world affairs may be maintained, even though there is real war at this moment. All of us like to think that beyond the achievement of peace itself and the preservation of our freedom there will be greater understanding between nations which will make it possible for us to associate ourselves in the days ahead with those other parts of the world which are not now embraced within the North Atlantic treaty. If the United Nations organization, which is the one ultimate hope of stability, sanity and peace within our generation, is to have any enduring strength, that strength will rest upon the success of the efforts of the north Atlantic powers. What we as north Atlantic nations achieve will therefore be not only to our own advantage but to the advantage of the whole world including those nations now enslaved within the soviet empire. While we all must keep our eyes on the practical considerations of the real world in which we live, there is always in our minds that ultimate ideal of the parliament of man, the federation of the world,

where all nations can join their efforts in the common cause of peace and the advancement of peaceful pursuits.

This pact is for that purpose. Already much has been done, and today in the heart of every one of us is the hope that it will lay the foundation for that wider fellowship of nations and of humanity throughout the world to which all thoughts are directed in the minds of decent men and women.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we of this group join in recognizing the significance of this day as the second anniversary of the signing of the North Atlantic treaty. We recall that this is a treaty set up within the framework of the United Nations, and I was particularly glad to notice the reference that was made in that connection by the leader of the opposition (Mr. Drew).

We of this group have indicated from the start our support of the purposes of the North Atlantic treaty. There are, however, two or three aspects of that treaty in connection with which we should like to see more activity. For example, we should like to see greater action in respect of economic aid, a greater emphasis, indeed, upon the terms of article 2 of the North Atlantic treaty. Further, we should like to see more effective co-operation in trade and monetary policies amongst the various nations of the north Atlantic community. Indeed, we feel that this is necessary if the high purposes of the treaty are to be achieved. We also feel that if we are to carry out our commitments under the treaty we shall have to find ways to limit the rising costs of defence production within our own country.

Finally, I should like to say that out of the experience that the western nations have had recently in the Far East, it is apparent that steps should be taken, in advance, to make sure that there is complete civilian and governmental control over diplomatic matters, and that such matters will not be left in the hands of the military leaders appointed under the provisions of article 9 of the treaty.

It seemed to us that on this occasion, when we recognize the significance of what was done two years ago, attention should be drawn to these other points that I have mentioned.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, the Social Credit movement is all in favour of co-operation for the achievement of the fine ideals which have been talked of ad nauseam for the last ten years. But the technique whereby Social Credit believes these objectives can be attained is widely different from the technique which seems to be envisaged by those who have thus far participated in this little debate. The Social Credit movement looks upon the British commonwealth as having been the ideal pattern through which to attain co-operation in all major matters affecting the welfare of mankind. It will be recalled that no member of the British commonwealth was called upon to surrender in the slightest degree the sovereignty over its affairs.

We wish to warn against too ready acceptance of proposals that seem to be emanating from one place and another in relation to the Atlantic pact, and which seem to be designed to give to some central body power over the economic development and other essentially domestic matters within the various nations participating in the Atlantic pact. If that sort of thing is attained, it will be a sorry day for the world.

I am really surprised at how little we hear about the British commonwealth and the British empire organization which took us so safely through so long a period of the history of the world. I am also surprised that people can talk so enthusiastically in support of plans which have already, since their inception in the United Nations organization, resulted in such spectacular failure. May I suggest that as we progress now we keep a steady, balanced mind. We can co-operate, with maximum efficiency, working under a system similar to that which the British commonwealth was envisaging and working toward. This is the one warning that the Social Credit movement has to offer to the Dominion of Canada and to the other freedom-loving nations.

RAILWAYS, CANALS AND TELEGRAPH LINES

FIFTH REPORT—CONCURRENCE IN RECOMMENDATION RESPECTING CANADIAN-MONTANA PIPE LINE COMPANY

Mr. L. O. Breithaupt (Waterloo North) presented the fifth report of the standing committee on railways, canals and telegraph lines, and moved:

That the recommendation contained in the fifth report of the standing committee on railways, canals and telegraph lines respecting a charge on the proposed capital stock of Bill No. 117 (letter L-1 of the Senate), intituled an act to incorporate Canadian-Montana Pipe Line Company, be concurred in.

Motion agreed to.

PRISONS AND REFORMATORIES ACT

STATUTORY REMISSION OF SENTENCES, NORTHWEST AND YUKON TERRITORIES, AND CUSTODIAL CARE, ALBERTA

Hon. Stuart S. Garson (Minister of Justice) moved for leave to introduce Bill No. 191, to amend the Prisons and Reformatories Act.

Mr. Speaker: Is it the pleasure of the house that the minister shall have leave to introduce this bill?

Mr. Graydon: After he has explained it.

Mr. Garson: This bill has two purposes, Mr. Speaker. The first is to make available for the administration of prisons in the Northwest and Yukon Territories those sections of the Prisons and Reformatories Act which provide for a statutory remission of sentence which a prisoner may earn by good conduct. The second is to provide a part X of the act to deal with the custodial care of select prisoners in a new reformatory in the province of Alberta.

Motion agreed to and bill read the first time.

Questions

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FRUITS AND VEGETABLES

Mr. Anderson:

1. What was the per capita consumption of (a) fruits; (b) vegetables, in each of the provinces of Canada for the latest year during which statistics are available?

2. What was the per capita consumption of (a) fruits; (b) vegetables, in the leading cities of Canada for the latest year for which statistics are available?

3. What was the per capita consumption of (a) fruits; (b) vegetables, in each of the leading fruit and vegetable producing and consuming nations for the latest year during which statistics are available?

Mr. McIlraith:

1. Not available. For Canada the figures are as follows:

	Potatoes	Vegetables[1]	Fresh Fruit
Per capita consumption	lbs.	lbs.	lbs.
Canada (year ended June 30, 1950)	203·7	141·5	79·6

[1] Includes fresh vegetables, as well as canned and frozen in terms of fresh.

2. Not available.

3.

		Per capita consumption		
		Potatoes	Vegetables	Fresh Fruit
Country	Year[1]	lbs.	lbs.	lbs.
France	1947-48	316·1	332·0	69·2
Republic of West Germany	1948-49	482·8	133·2	47·8
Germany (Soviet zone)	1947-48	479·9	151·7	43·9
Italy	1948-49	83·8	176·4	70·3
United Kingdom	1948-49	254·9	140·2	70·5
Canada	1948-49	204·8	141·3[2]	76·5
United States	1948-49	96·8	249·3[3]	155·9
Brazil	1948	19·6	53·4	178·6
China	1948-49	5·3	54·9	16·3
India	1947-48	6·4	35·9	55·3
Japan	1948-49	33·1	152·3	24·0

[1] Consumption year is July 1 to June 30, except for Brazil which is calendar year.

[2] Includes fresh vegetables, as well as canned and frozen in terms of fresh.

[3] Includes fresh, canned and frozen.

Source: Food balance sheets, food and agriculture organization.

TRAWLERS

Mr. Kirk (Digby-Yarmouth):

1. How many new trawlers have been imported from the United Kingdom?

2. How many secondhand trawlers have been imported from the United Kingdom?

3. How many secondhand trawlers have been imported from the United States?

4. How many new keels for trawlers have been laid down in Canadian shipyards?

5. How many new trawlers have been completed in Canadian shipyards?

6. How many licensed trawlers are now fishing out of (a) Nova Scotia ports; (b) Prince Edward Island ports; (c) New Brunswick ports; (d) Newfoundland ports?

7. During the same period, what has been the increase in the number of (a) fishing schooners; (b) draggers; (c) small boats, fishing out of (i) Nova Scotia ports; (ii) Prince Edward Island ports; (iii) New Brunswick ports; (iv) Newfoundland ports?

Mr. MacNaught:

1. 2.

2. 2.

3. Nil.

4. 7.

5. Nil.

6. (a) 14; (b) nil; (c) nil; (d) section 56 of the Fisheries Act, which requires licensing of trawlers, is not yet in force in Newfoundland. However there are 17 trawlers operating there.

7. (a) Records are not maintained as to number of fishing schooners. Claims for fishing bounty and other information indicate a decline in number of schooners fishing.

(b) (i) 11; (ii) 2; (iii) 1; (iv) none in operation.

(c) same as (a).

CANADIAN NATIONAL RAILWAYS—SAFETY DEVICES, RED PASS JUNCTION-BOSTON BAR, B.C.

Mr. Fulton:

What progress has been made in the last twelve months in the installation of slide detector fences, block signal systems, and other safety warning devices on the main line of the Canadian National Railways between Red Pass Junction and Boston Bar?

Mr. Benidickson: The Canadian National Railways advise as follows:

An experimental section of slide detector fence was placed in service on October 14, 1949, between mileages 93·7 and 94·0 on the Ashcroft subdivision. No further installations of slide detector fence have been placed in service beyond the experimental section.

The Canadian National has under way a well-defined program for the installation of automatic block signals for the entire distance from Jasper, Alta., to Port Mann, B.C.

CANADIAN ARMED FORCES—UNIFORMS—CHANGE IN STYLE OF BUTTONS

Mr. Fulton:

1. Has any decision been reached, as reported, to change the style of buttons on Canadian army uniforms?

2. If so, who made the decision to remove the crown from the buttons on Canadian army uniforms?

3. When was this decision actually made?

4. Was the decision incorporated in any written order or directive?

5. If so, to whom was such order or directive issued?

Mr. Blanchette:

1. Under Canadian army order 84-1 provision is made for the wearing of distinctive corps and unit buttons, or where the unit or corps has not got a distinctive button of its own, the general service button is to be worn. No change has been made in this order. Approved distinctive corps or unit buttons may still be worn. In August, 1949, a new type of general service button was adopted by Canadian army headquarters, embodying the embossed Canadian army crest and including the crown.

2. No one.

3. Answered by No. 2.

4. Answered by No. 2.

5. Answered by No. 2.

CANADIAN NATIONAL RAILWAYS—SALE OF PROPERTY AT GRAND BEACH, MAN.

Mr. Sinnott:

1. Did the Canadian National Railways dispose of any property at Grand Beach, Manitoba, in 1950 or 1951?

2. If so, were bids advertised, and in what papers?

3. What was the price paid?

4. What are the full particulars in respect to this sale?

Mr. Benidickson: The Canadian National Railways advise as follows:

1. 1950, no; 1951, yes.

2. Invitations to tender appeared in advertisements as follows:

Winnipeg *Tribune* on August 12, 15, 19, 22, 26, 29 and September 2, 1950; Winnipeg *Free Press* on August 12, 17, 19, 24, 26, 31 and September 2, 1950.

3. It is not the policy of the company to disclose the details of transactions involving contractual arrangements between sellers and buyers.

4. See answer to No. 3.

ST. LAWRENCE WATERWAY—AGREEMENT AS TO TOLLS

Mr. Fulton:

1. Are there in existence any written documents embodying an agreement in principle between Canada and the United States of America that the proposed St. Lawrence seaway be made self-liquidating by means of tolls?

2. If so, when was this agreement reduced to writing, and what form does the writing take (i.e., exchange of letters, formal documents, etc.)?

Mr. Lesage:

1. There is no formal written agreement on this subject. However, on February 16, 1951, the Canadian ambassador in Washington, in answer to inquiries from the state department, sent a note to the United States Secretary of State. This note stated that the policy of the Canadian government remained as announced in a statement by the Secretary of State for External Affairs in the House of Commons on April 24, 1947. This statement was as follows:

"The Canadian government was recently approached by the United States authorities

regarding the possibility of reaching agreement in principle that the seaway be made self-liquidating through an agreed system of tolls the details of which could be worked out at a later date. The Canadian government has now concurred in principle with the proposal to make the St. Lawrence seaway self-liquidating by means of toll charges subject to the conclusion of arrangements satisfactory to both governments for the implementation of this principle."

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

EMERALD TUNGSTEN ORE BODIES

Mr. Wright:

1. What was the cost to the federal government of exploring and developing the tungsten ore bodies at the Emerald mine in British Columbia during the last war?

2. Was this property sold by War Assets Corporation?

3. If so, on what date, for what price and to whom?

4. Has this property been repurchased by the federal government?

5. If so, at what price, at what date, and from whom?

6. Were all of the assets that were sold included in the repurchase agreement?

NATIONAL FILM BOARD—TRAVELLING EXPENSES

Mr. Fraser:

1. How many employees and members of the national film board received more than $500 in travelling expenses in 1950?

2. What are their names, and how much did each receive?

Mr. Winters: Return tabled.

VETERANS LAND ACT

Mr. McGregor:

1. How many veterans settled under the Veterans Land Act, in each province?

2. What was the number of parcels of land, with or without buildings, sold to veterans in each province?

3. How many homes were erected or are in the course of erection on this land, by provinces?

4. What is the number of resales of property bought under V.L.A., by provinces?

5. What is the number of parcels of land, with or without buildings, which have been sold by V.L.A. to other than veterans, in each province?

6. What is the total value of the land so sold, in each province?

7. What is the number of inspectors or field men under V.L.A., in each province?

8. What is the number of cars used by these men, in each province?

9. What is the total number of cars owned and operated by the Department of Veterans Affairs, in each province?

10. What is the total number of employees and officials in all V.L.A. branches, in each province?

VETERANS AFFAIRS

APPOINTMENT OF SPECIAL COMMITTEE TO CONSIDER SPECIAL FORCE BENEFITS AND AMENDMENTS TO EXISTING ACTS

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved:

That a special committee composed of 27 members, to be named at a later date, be appointed to consider a bill to enact the Special Force Veterans Benefit Act; also proposed amendments to the Pension Act, the Veterans Insurance Act, the Returned Soldiers Insurance Act, the Veterans Business and Professional Loans Act, and such other legislation as may be placed before it, and to make recommendations from time to time in respect thereto, and that paragraph one of standing order 65 be suspended in relation thereto.

That the committee shall have power to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the committee.

That the committee shall have leave to sit while the house is sitting.

He said: Mr. Speaker, if I can get the unanimous consent of the house, I should like to ask that the resolution be amended by substituting the figure "31" for the figure "27" in the opening words of the resolution indicating the number of members who shall constitute the committee.

Mr. Speaker: Has the hon. member the unanimous consent of the house that the motion be so amended?

Amendment agreed to.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Brooks: Is the minister going to make a statement?

Mr. Lapointe: Mr. Speaker, in presenting this resolution calling for a special parliamentary committee on veterans affairs, it was my thought, as I announced soon after I assumed this portfolio, that the time is appropriate when a committee of the house should make a study of certain of our veterans legislation. This is particularly true in view of changing conditions, and in view of the fact that once again we have Canadian troops in the front lines fighting against aggression.

The resolution as presented is a broad general indication of the legislation which, in the opinion of the government, needs certain amendments and revisions. It is not my purpose at this time to go into the details of these amendments, because they will be brought before the house and before the proposed committee in due time. At the moment, final departmental and interdepartmental attention is being given to the legislation, some of which will be ready to be introduced in a very short time indeed.

You will note, however, that amendments are proposed to the Pension Act, the Veterans Insurance Act, the Returned Soldiers Insurance Act, the Veterans Business and Professional Loans Act—that is to be presented by my colleague, the Minister of Finance (Mr. Abbott), although this legislation is part of the veterans charter. In addition, there will be legislation to extend to members of the special force certain appropriate benefits which were available to the veterans of world war II. Some of those benefits have already been extended by order in council under the legislation passed at the last session, and it is our intention at this time to incorporate these into legislation.

However, I might point out at this stage that this legislation for the special force will not at this time be made to include all the benefits given to the veterans of the second world war. This decision is made because the situation is still far from being what I might call static, and in the opinion of the government it is advisable that some degree of elasticity in regard to benefits to the members of the special force should be maintained, and that permanent legislation in regard to certain of the benefits should not be placed on the statute book until such time as we have a much clearer picture of the situation. Hon. members will recall that in effect this will be following the practice in developing the rehabilitation grants program during and after world war II.

In moving for this special parliamentary committee to study the changes in legislation the government is following a long-established practice. Such committees were set up originally after the first world war, and they continued at every second or third session of parliament from 1927 up until a couple of years before the outbreak of world war II.

The committees which have considered veterans legislation during and after 1945 have contributed a great deal to its effectiveness. All told I believe there have been about eighteen parliamentary committees on veterans affairs in the thirty-two years since the end of world war I. Most of them have been called upon to consider problems relating to veterans generally. Some of them were called to consider specific questions, such as the disposal of canteen funds, and other matters.

As a private member I have been privileged to sit on those committees which were constituted following the end of world war II, and I think it is proper that I should pay my tribute to the sincerity of purpose of all members who sat on those committees. Representing all parties in the house, the debate was invariably on a high level and devoid of political partisanship. I believe that is as it should be in discussing veterans legislation.

I feel we can agree that in the over-all picture, Canada's veterans legislation is as complete a rehabilitation program as has been made available by any country to its ex-service men and women. It has provided almost blanket protection in the months immediately following demobilization. It has provided assistance in many forms to the ex-service men or women planning a peacetime career. In practice it has worked well, and the vast majority of veterans using intelligently and constructively the rehabilitation aids extended to them, are now firmly reestablished in civilian life.

With the exception of that general statement, I do not intend at this time to review the work of my department or the success of the rehabilitation program, because there will be adequate opportunity to go into these matters fully at a later date, as various legislation is presented to the house, and when the estimates of my department are called.

However, although up until this time the legislation has met most of the needs of veterans, in the opinion of the government the time is now appropriate when certain portions of that legislation should be reviewed. My information in the matter has been strengthened, because I have had the opportunity to visit many of our districts and to discuss legislation with the officers of the department and of national veterans organizations. Officers of the department who have been making a special study of these problems will be readily available to the committee, as usual, and I trust they will be able promptly to furnish such information and records as the committee may require, and as they have done in the past.

The committee will be asked also to consider a measure of assistance for the unemployable disability pensioners, for which a special appropriation will be provided under the authority of the Department of Veterans Affairs Act. It is not my intention to go into detail regarding this supplement for unemployables at this stage, as full opportunity will be furnished to the committee and, as I said earlier, officers of the department will be available to make known to members of the committee the results of their studies.

However I believe the following broad outline will be of interest to hon. members. In approaching the problem it should be borne in mind that the present liability for pensions on behalf of nearly 160,000 disabled veterans, with their dependents, wives and

children, amounts to over $67 million annually. A survey made of these pensions paid out shows that, of that amount, $18 million is paid to pensioners with disability of 20 per cent or less, representing 60 per cent of the total number of pensioners; $14 million to pensioners of from 25 per cent to 45 per cent disability, representing 20 per cent of the total; $15 million to pensioners of from 50 per cent to 75 per cent disability, representing 10 per cent of the total pensioners and, finally, $20 million to pensioners with from 80 per cent to 100 per cent disability representing the balance of 10 per cent of the total.

A close study throughout Canada by the welfare service branch of the department has shown a remarkably high level of employment of disability pensioners. A more detailed examination of high disability pensioners, registered with the casualty rehabilitation branch of the department, including those pensioners with between 80 per cent and 100 per cent disability, and having reference to paraplegics, the blind and double amputation cases, shows that less than 10 per cent of these high disability pensioners are unemployed.

The strong pleas which have reached me have been directed on behalf of the unemployable disability pensioner, and particularly those in the high pension brackets who have no incomes other than their pensions. The new measure of assistance is to provide an unemployability supplement which, in the case of a married pensioner may be up to $40 monthly, and in that of a single pensioner up to $20 monthly. The sum total of war veterans allowances and these unemployability supplements shall not exceed those amounts.

In order that prompt action may be taken and a full inquiry made, it is the intention to administer this unemployability supplement under the direction of authorities in each departmental district, in the same way as war veterans allowances are now administered.

It is also the intention to refer to the committee a bill to amend the Pension Act. The main feature of the bill will be more adequately to care for the children of pensioned widows, and to provide means whereby the higher education of such children of disability pensioners will be encouraged.

In introducing this resolution the government has signified its approval of the appointment of this committee, which will be named as soon as the resolution is adopted. As minister of the department I should like to put myself on record as welcoming its assistance, for I am quite sure that the report which it will submit when its work has been concluded will reflect careful and constructive consideration of the legislation placed before it.

There is perhaps one further thought which I should add. I have said that it is the intention of the government to ask this committee to consider certain proposed changes in veterans legislation. However, it is probable that in addition veterans bodies and perhaps other groups will ask for permission to make representations through the committee to the government. I feel that if such requests are made they would come within the scope of the committee. This has been the custom in the past and is one which I hope will be continued.

Mr. A. J. Brooks (Royal): Mr. Speaker, I am sure we all agree with the minister that this is an appropriate time to set up a committee to study veterans affairs. I congratulate the minister upon doing this, and I am sure that we all wish him success in the work he has undertaken as head of the Department of Veterans Affairs. I have had the pleasure of sitting on committees with the minister, and I know he is anxious to do a good job.

I have often felt that there should be a permanent veterans affairs committee. I am not suggesting anything new, because this has been suggested by many hon. members on different occasions. There is quite a number of standing committees of the house, many of which seldom sit. I have been on a good many of them myself, and I notice that there is practically no work for certain committees to do. Year after year these standing committees are set up; we have them on paper, but that is practically all there is to it. I think the minister and others will agree that matters concerning veterans come up every year which are of great importance to the veterans, and I believe a standing committee would be of great value.

I do not intend to discuss veterans affairs at any length this afternoon, because I do not think it would be appropriate to do so on the motion to set up a committee. I might point out that I am disappointed in the number on the committee. The resolution mentions twenty-seven members, but the minister has asked that the resolution be amended to increase the number to thirty-one. I think this will be about the smallest committee on veterans affairs we have had in this house. It is certainly the smallest that we have had in quite a number of years. The veterans affairs committee which was set up in 1945 by the late Mr. Mackenzie had sixty members. There were sixty members on the

committee of 1946. There were thirty-five members on the committee set up in 1948, and at that time that number was considered to be small. With the large number of veterans on all sides of the house I think the minister would have been well advised to have a larger committee. Veteran members of all parties are interested in the welfare of the veterans, and I am sure that greater benefits would be derived if this committee were made up of a larger group of returned men. However, I am not going to press the point; no doubt the thirty-one members of the committee will do a good job.

The most important part of this resolution is the terms of reference, and I am wondering whether they are broad enough to include all matters which should be included. I note that the terms of reference of the committee of 1946 were entirely different, and the same applies to the terms of reference of the committee of 1945. Perhaps the minister will explain this later on. The resolution passed in 1945 read as follows:

Resolved, that a select committee be appointed,

1. To consider all legislation passed since the commencement of the war with the German reich relating to the pensions, treatment, and re-establishment of former members of His Majesty's armed forces and of other persons who have otherwise engaged in pursuits closely related to war;

2. To prepare and bring in one or more bills to clarify, amend or supplement the above legislation.

The committee of 1945 had the duty of preparing and bringing in one or more bills to clarify, amend or supplement the legislation. The resolution which has been moved reads:

That a special committee composed of 31 members, to be named at a later date, be appointed to consider a bill to enact the Special Force Veterans Benefit Act; also proposed amendments to the Pension Act, the Veterans Insurance Act, the Returned Soldiers Insurance Act, the Veterans Business and Professional Loans Act, and such other legislation as may be placed before it, and to make recommendations from time to time in respect thereto, and that paragraph 1 of standing order 65 be suspended in relation thereto.

Under these terms of reference we shall be able to deal only with such legislation as is brought before us. For instance, we can deal with the Special Force Veterans Benefit Act, which, as I gather from the remarks of the minister, has to do only with the special force. I should like to ask whether this would include men who might be sent to Europe under the Atlantic pact, and men of the transport command who are carrying many United States soldiers, as well as our own troops, to the Far East. Then there is the matter of the men in the Canadian navy. They are mostly in the permanent force. There is the special force, and in that special force we have men who are volunteers for this particular duty, and there are men of the permanent navy and of the permanent air force. Will all these men be covered?

The minister has stated that there are a great many matters to be considered. For instance, he spoke of the unemployable pensioner. I think we all agree that legislation to assist the unemployable pensioner would be most beneficial and would receive the endorsation of all members of the committee and of the house. The minister spoke also of the Pension Act and said that it would deal principally with children. I should like to point out that we have to deal with more than children when considering the Pension Act. We asked in 1948, for instance, that the amount of pension under the Pension Act be increased by 33⅓ per cent. It was increased by 25 per cent. The cost of living today has risen in the neighbourhood of 79 per cent, and we cannot put off any longer increasing the pension in order to provide some relief for pensioners of the last two wars.

Then there are widow's pensions. I should also like to ask the minister if the terms of reference are broad enough—and I do not think they are—to include war veterans allowances, for instance. Today we are paying $40 a month to war veterans while old age pensions are being increased, and there is talk of increasing them further. This is a matter which should be considered now and not left until next year or some other year. The terms of reference must be broad enough to include all problems of returned soldiers, not just the problems connected with the special force.

I might also say to the minister that what the proposed committee will do will have a great effect upon the attitude that the young men of the country will take with respect to enlisting in our active forces. We are asking now for many thousands of men, and, although I hope we shall not, we may need hundreds of thousands of young men. If they knew that adequate provisions were being made for them, it would have a very good effect so far as recruitment and enlistment are concerned.

As I said at the outset, it is not my intention at this time to go into all the different phases of veterans affairs. There will be ample opportunity to do that later, but the important matter that I wish to put before the minister now is the question of the terms of reference. I do not think they are broad enough; therefore I should like to move the following amendment:

That the resolution be amended by adding after the word "it" in the sixth line thereof the following: "and the legislation relating to pensions, war veterans allowance, treatment and re-establishment of former members of His Majesty's armed forces and of other persons who have been otherwise engaged in pursuits closely related to war."

Mr. P. E. Wright (Melfort): Mr. Speaker, in rising to speak on the amendment, I should also like to compliment the minister for having introduced a resolution at this session to set up a veterans affairs committee. Like the hon. member for Royal (Mr. Brooks), we in this group have urged from time to time that there should be a standing committee of the house to deal with veterans legislation. The minister has indicated the number of veterans committees that have been set up during the past few years. Almost every second year since 1945 we have had a veterans affairs committee of the house. I am sure it is the wish, not only of the veterans organizations but also of the veterans themselves, individuals to whom I have spoken, that we should have a standing committee of the house which could deal from year to year with the various problems arising under the veterans charter.

Taken as a whole, I think our veterans charter compares quite favourably with similar legislation anywhere else in the world. We have nothing to be ashamed of so far as the way in which we have treated our veterans is concerned, but the extent of the legislation itself indicates that problems will arise from time to time. Problems in administration must arise from year to year, and I think they could be dealt with by a standing committee of the house in co-operation with the officials of the department. In former years there has been co-operation between the officials of the department and veterans affairs committees which have been established. I think something is to be gained from close co-operation between departmental officials and members of the veterans affairs committee that is of value to the smooth operation of any veterans charter in this country.

Like the hon. member for Royal, I think that the terms of reference are too narrow. As a matter of fact if he had not moved an amendment I would have done so, because I have one here that is quite similar. I can assure him that we will support his amendment, because I am sure that the terms of the present reference are not sufficiently broad to do the job which we believe should be done at this time with respect to veterans legislation. I have not copies of references of the house to former veterans affairs committees, but as I remember them I think this is probably the narrowest reference that we have had for a number of years. As a rule, references of the house to veterans affairs committees established in former years have been fairly broad. Under them we have been able to deal with practically all aspects of veterans legislation, and, in my opinion, in such a way as to result in betterment of the various acts and greater satisfaction to the veterans themselves. After all, what we are here for is to give reasonable satisfaction to the veterans who made sacrifices in war to preserve our liberties.

I do not think that the present scale of pensions is nearly sufficient. During the sessions of the last veterans affairs committee we suggested, as the hon. member for Royal has stated, an increase of 33⅓ per cent, and it was finally adjusted to 25 per cent. Since that time the cost of living has increased tremendously. We must not forget that the basis of veterans pensions in Canada is the wages of the ordinary working man. Since the Pension Act was originally written, those wages have increased from a base of 100 to a base of 218 today. On the other hand, pensions have increased by only 25 per cent. Therefore, having regard to the base under which the pensions were originally established, I feel that they are too low today, and that we should do something at this time to see that they are brought more in line with their original base.

I am very glad indeed that the minister mentioned something about the education of deceased veterans' children. I raised this subject in the last two veterans affairs committees. Many of these children are now coming to an age when they are going to need assistance. If their fathers had lived and had been able to return to Canada they would have been able to take care of some of these problems. Unfortunately they did not, and not only have these children been deprived of their fathers' care and advice, but the pension received by the mothers and children is not sufficient to meet the increased costs of living and to give the children an opportunity for a better education. I am sure all hon. members agree that one of the finest parts of our veterans legislation is that part which provides educational opportunities for our returned men. It is one of the parts which has been most appreciated. It seems to me that the country should be prepared to give the same educational opportunity to the children of deceased veterans as it was prepared to give to the veteran himself had he returned. That is the least that we can do. I am pleased to note that the minister has mentioned this, and I hope that when the suggestions of the government are brought before the committee they will be liberal suggestions in more than one sense, and that they will adequately take care of the education of the children of deceased veterans.

I should like to mention one other group that in my opinion should have something done for them; I refer to the group receiving

a low pension rate, many of whom had pre-enlistment disabilities. I meet many veterans who are receiving a fifteen or twenty per cent disability pension, and who are classified as having a thirty or forty per cent pre-enlistment disability. As a result their pension is quite low. Because of that pre-enlistment disability, they are unable to do many forms of work. At this time it is not good for this country to have a number of veterans who are receiving a low pension rate and yet are unable to take a position which will enable them to obtain a good standard of living. There are a considerable number in that class. I believe that the committee should give some consideration to taking care of that group.

There are also those who are today receiving a war veterans allowance. I believe this committee will have missed the mark unless it does something about war veterans allowances, because certainly they are too low. Today the allowance is below the old age pension being paid in at least the four western provinces. I recall that last year or the year before the member for Coast-Capilano (Mr. Sinclair) cited an instance in his own constituency in which a man who had served in the army of our enemy in the first war was today receiving a higher old age pension than our own veteran who was living right beside him. Such a condition should not exist. The war veterans allowance should be increased sufficiently to take care of those ageing veterans because today most of the veterans from the first war are at such an age that their earning capacity is extremely low. Because of this, and the increased cost of living, their standard of living is definitely being reduced. I do not think there is a member in the house who can argue otherwise. With the world situation what it is today, and at a time when we are asking young men to volunteer, the fact that these veterans are allowed to live on a sub-standard scale is not good. I believe we shall have missed our objective if we do not do something about it.

The new cost of living index which was announced today now stands at 179·7. There has been a rise of 4·5 since the last figure was announced, and that is the greatest increase in our history in the cost of living index over a similar period of time. There is no indication that it is going to stop there. The wholesale index is still going up, and that rise in the wholesale index must inevitably be transferred into a higher cost of living in the months to come. I hope that the increase will not be as great as it has been in this last month. If it is, then I am afraid we shall have to do something about it very quickly or we shall have discontent in this country.

I say that something should be done about the war veterans allowance by this committee. It should be increased so that the veterans who may be able to qualify for the allowance may have a standard of living that will compare favourably with that of other working people in this country. The basis upon which the pension was originally established was to give the veteran an equal standard of living with the other wage earners in Canada. As a matter of fact the pension is based on the earnings of a man who works with his hands. Today, because of new plant equipment, new methods of operation and production in our factories, we have far more trained people who earn more than the common labourer. It seems to me that the pension should be based on a higher standard than the earnings of a common labourer.

The fact that there has been a rise in the cost of living index, the fact that there is a greater percentage of the working population today who are trained and who are receiving higher rates of pay than they were when the original Pension Act was brought into force, are arguments that the Pension Act itself should be revised. A much higher rate should be paid.

I am not going to discuss many of the other matters with which I could deal concerning pensions, but I would ask that the minister give serious consideration to the amendment moved by the member for Royal to broaden the basis of reference to the veterans affairs committee.

Mr. Speaker: Before the member for Acadia (Mr. Quelch) speaks, perhaps I should bring to the attention of the house the question whether or not this amendment is in order. It seems to me that the amendment broadens the powers of the committee, and would give it wider powers than those which are set out in the notice. I believe it has been established in this house that the notice of motion setting up a committee cannot be amended to give the committee wider powers than those set out in the notice of motion. As I see this matter now, it occurs to me that the amendment is not in order.

May I refer hon. members to paragraph 546 of Beauchesne's third edition, which reads as follows:

When the house is considering a motion, of which notice has been given, for the appointment of a select committee, a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice. On the 13th March, 1938, a minister moved that a special committee be appointed to study the question of

redistribution of electoral districts and to inquire into the methods whereby the source of campaign funds may be traceable. Two amendments were moved: One proposed that the committee's powers be extended so as to investigate amounts of contributions over $100 for the past ten years; the other proposed to investigate the methods whereby lumbermen, fishermen, seamen and miners in British Columbia may be enabled to exercise their franchise.

The Speaker ruled both amendments out of order on the ground that they raised new questions not contemplated in the notice of motion and proposed to extend the committee's powers far beyond those set down in the notice, and also that the necessity of giving notice will be nullified if such notice is not used as a guidance for the decision of the house.

Mr. Knowles: Before you make a final ruling, Mr. Speaker, on the basis of citation 546, I wonder if a couple of points should not be given further consideration. I note that the Speaker on that occasion ruled both amendments out of order, not just on the ground that they widened the powers of the committee but more specifically on the ground that they raised new questions not contemplated in the notice of motion. It seems to me that the Speaker had grounds for that ruling, bearing in mind the general rule respecting amendments, namely that they must abide by the law of relevancy.

I have not here the *Journals* or the *Hansard* from which this citation was taken, but I find that I have looked it up on a former occasion and that I have a few pencilled notes in the margin of my copy of Beauchesne's third edition. In fact, I discover that the amendments in question were moved by members of this group, namely by Mr. Grant MacNeil and by the present hon. member for Vancouver East (Mr. MacInnis); but that after those two amendments were ruled out of order the leader of this group moved a motion of instruction which had the effect of broadening the powers of the committee but without bringing in any irrelevant subject matter, and that that other motion of the hon. member for Rosetown-Biggar (Mr. Coldwell) was accepted and passed.

It seems to me that a line must be drawn by Your Honour between a simple motion which broadens the powers of the committee but stays within the law of relevancy and a motion which would introduce material that is brand new. It seems to me that there was a case against those amendments referred to in citation 546, on the ground that they introduced something quite new. As to the amendment moved today by the hon. member for Royal (Mr. Brooks), surely it abides by the law of relevancy, for it deals with veterans' matters and spells out the general phrase that is in the resolution. I might say further, by way of notice being given, that this matter was dealt with in the speech from the throne. One of the paragraphs in the speech from the throne of this year reads as follows:

Legislation will be submitted respecting the application of the benefits of the veterans charter to members of the special force. Amendments will be introduced to legislation concerning pensions for veterans and their dependents to relieve difficulties being experienced by certain groups of pensioners provided for thereunder.

Many of the pensioners experiencing difficulties referred to in that sentence in the speech from the throne are pensioners, for example, who are on small disability pensions and also on the burnt-out pension. All of us felt, from the wording of that notice in the speech from the throne, that when the legislation forecast thereby was brought in an act like the War Veterans Allowance Act and the others referred to by the hon. member for Royal would be included.

I need not go further with the point, Mr. Speaker. It seems to me that Your Honour should draw the line between the type of amendment that brings in something that is foreign to the subject matter of which notice has been given and an amendment which, it is true, broadens the powers of the committee but does it within the law of relevancy, within the subject matter covered—in general, at least—by the motion that is before us.

It seems to me, Mr. Speaker, that to argue that an amendment must not be put forward because it broadens the terms of a motion is to overlook the fact that that is basically the purpose of an amendment. I could turn up the citation—but I believe it is as familiar to Your Honour as it is to me—that says that the purpose of an amendment is to make a motion more acceptable to members than it would be without the change or the addition proposed by that amendment. That is exactly the purpose of the amendment moved by the hon. member for Royal, namely to make this motion moved by the Minister of Veterans Affairs (Mr. Lapointe) more acceptable to the house by broadening these terms of reference, at the same time staying within the law of relevancy.

Mr. Green: Mr. Speaker, may I point out that if you should rule this amendment out of order, then, for all practical purposes, it would be impossible to move an amendment to any notice of motion of this kind; because there could not be a case in which the amendment would be more relevant to the contents of the notice of motion than is this one.

The finding made, as reported in Beauchesne under paragraph 546, had to do with a committee which was set up to study the question of the redistribution of electoral districts. It was not a committee to consider the elections act but a committee to study redistribution. To that motion two amendments were moved. One had to do with an investigation of campaign funds and contributions, something which obviously had nothing whatever to do with the question of the redistribution of constituencies. The second amendment had to do with methods whereby lumbermen, fishermen, seamen and miners in British Columbia might be enabled to exercise their franchise. That second amendment obviously had to do with the elections act. It had nothing whatever to do with the question of redistribution.

May I therefore submit to Your Honour that this particular ruling, upon which you are now disposed to rule against the amendment moved by the hon. member for Royal, is not in point at all. There it was an obvious attempt to throw something in which had nothing to do with the original notice of motion. The present amendment, on the other hand, deals directly with the subject which is set out in the notice of motion.

I would repeat that if Your Honour rules that this particular amendment is out of order, then in effect it will be impossible in this house for a member to rise and move an amendment to a notice of motion such as that brought in by the Minister of Veterans Affairs today.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I have listened with attention to the arguments submitted by the two hon. members who have discussed the question you raised as to the conformity with the rules of the house of the amendment submitted by the hon. member for Royal. If we consider its terms, and compare those terms with the terms of the notice, we find at once that it changes entirely the purpose for which the notice provided for the setting up of a committee. The notice provided for the setting up of a committee—

> . . . to consider a bill to enact the Special Force Veterans Benefit Act; also proposed amendments to the Pension Act, the Veterans Insurance Act, the Returned Soldiers Insurance Act, the Veterans Business and Professional Loans Act, and such other legislation as may be placed before it . . .

It is well known that such legislation involves the expenditure of public moneys and must be preceded by a resolution which is recommended to the house by His Excellency the Governor General. This notice is drawn in such a form as to set up a committee to consider legislation which will have been introduced in the house and referred to the committee. The amendment would change it entirely and make it a committee to consider the situation of veterans generally—

Mr. Green: That is what the minister said it was for this afternoon.

Mr. St. Laurent: —and the legislation relating to pensions, war veterans allowances, treatment and re-establishment of former members of His Majesty's armed forces and other persons who have been otherwise engaged in pursuits closely related to war. It makes it a different kind of a committee from the committee to which the notice applies. Of course the house has at all times the right to set up all the committees it sees fit to set up. But the rules of the house provide that notice must be given in advance of the intention to move that a committee for any specific purpose shall be set up.

The decision to which Your Honour referred does not at all affect the powers of the house. The house would have had on that occasion the right to set up a committee to consider the manner in which the lumbermen in British Columbia could exercise their franchise; but in order to do that it would have required that a notice be given of the intention to make such a motion. And I think that if we are to apply the rules of the house to the establishment of a committee with the wide scope envisaged by the amendment, there will have to be notice given in advance.

Mr. Speaker: I have listened to the representations that have been made by the members on the point of order which I have raised. The hon. member for Vancouver-Quadra (Mr. Green) stated that the motion which was before the house, and referred to in paragraph 546 of Beauchesne's parliamentary rules and forms, third edition, was one to study the question of redistribution of electoral districts; but I might also point out that it was to inquire into the methods whereby the source of campaign funds may be traceable. The amendment which was declared out of order suggested that the committee should be empowered to investigate the amounts of contributions over $100 for the past ten years. I think in that instance hon. members could have argued that the amendment was relevant to the powers set forth in the original notice of motion.

The hon. member for Winnipeg North Centre (Mr. Knowles) stated that when the amendment referred to in paragraph 546 was ruled out of order the hon. member for Rosetown-Biggar (Mr. Coldwell) moved another amendment giving instructions to the committee. May I point out to the house that the amendment which was moved by the

hon. member for Rosetown-Biggar at that time was moved by leave of the house.

I am afraid that if I allow this motion to stand I will find myself in difficulty every time a notice of motion is before the house for setting up a committee. I am bound by the rules of the house, and I feel satisfied that it has been established in this house that an amendment cannot be moved which would widen the scope of the powers of the committee as set forth in the notice of motion. In order to rule otherwise I would have to go directly against the opening words of paragraph 546 which says:

> When the house is considering a motion, of which notice has been given, for the appointment of a select committee, a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice.

I feel I must rule the amendment out of order.

Mr. P. E. Wright (Melfort): Since you have ruled the amendment out of order, Mr. Speaker, I wish to offer a second one, which will I think perhaps narrow it, and which will come within the terms of reference. The terms of reference are these:

> Resolved, that a special committee composed of 31 members, to be named at a later date, be appointed to consider a bill to enact the Special Force Veterans Benefit Act; also proposed amendments to the Pension Act, the Veterans Insurance Act, the Returned Soldiers Insurance Act, the Veterans Business and Professional Loans Act, and such other legislation as may be placed before it,...

—such as the War Veterans Allowance Act. Therefore I would move that the motion be amended by inserting therein immediately after the word "it", in line 6 thereof, the following words:

> such as the War Veterans Allowance Act.

This amendment is seconded by the hon. member for Selkirk (Mr. Bryce). It quite clearly indicates in the notice of motion that there may be other legislation, and we are just indicating one piece of legislation which we believe should be considered under that reference to other legislation.

Mr. Victor Quelch (Acadia): Mr. Speaker,—

Mr. Speaker: Before the hon. member for Acadia continues, it seems to me that this amendment does not add to or detract from the notice of motion which is before the house. I do not think it clarifies the notice of motion in any way. I think this amendment is also out of order. I would rule it out of order on the ground that it neither adds to nor detracts from the notice of motion, nor does it in any way clarify the notice of motion.

Mr. Knowles: Have you ruled?

Mr. Speaker: Yes, I have ruled. I did not know the hon. member wanted to speak.

Some hon. Members: No.

Mr. Green: He has the right to speak.

Mr. Stanley Knowles (Winnipeg North Centre): I did not interrupt Your Honour; I was hoping you would give me an opportunity to speak before you ruled.

May I point out, Mr. Speaker, that we have had similar instances in this very session. I refer in particular to the amendment to the address in reply to the speech from the throne which was moved by the leader of the opposition (Mr. Drew). It made reference to ways of dealing with the rising cost of living. From this group there was moved a sub-amendment which spelled out some of the ways to do what was referred to in the amendment, and I suggest that is precisely what the amendment now moved by my colleague from Melfort (Mr. Wright) proposes to do. It adds to a general phrase a specific reference. The general phrase is put in these words:

> and such other legislation as may be placed before it.

My colleague, the hon. member for Melfort, spells out one example of such other legislation by adding the words:

> such as the War Veterans Allowance Act.

The purpose that my colleague has in mind in presenting the amendment in this form is to meet the objection that Your Honour made to the amendment moved by the hon. member for Royal (Mr. Brooks). This does not introduce anything new; this simply spells out something to which there was perhaps an implied reference in the original notice of motion.

Although Your Honour did not dwell upon it, objection to the previous amendment was made by the Prime Minister with regard to the necessity of any money measure being introduced by a minister of the crown. The amendment now proposed by the hon. member for Melfort (Mr. Wright) does not make it necessary that proposed amendments to the War Veterans Allowance Act be placed before the committee, in order for such proposed amendments to be discussed. It would merely give the committee power to deal with and to discuss the whole question of the War Veterans Allowance Act.

I submit, with all respect, that Your Honour should reconsider. We are trying to meet the objection raised to the previous amendment; and I submit that this amendment does spell out the meaning of the general phrase in the main motion, and that it should be allowed.

Mr. St. Laurent: If the hon. member is right in his last words that this amendment would allow the committee to consider the War Veterans Allowance Act, whether any amendment were put before it or not, then it certainly enlarges the terms of the notice of motion.

Mr. Knowles: Committees do it all the time.

Mr. St. Laurent: If they can do that, without this addition suggested by the hon. member, then the objection Your Honour urged a few moments ago to its validity is conclusive. If it adds nothing, if it clarifies nothing, then it is not an amendment that is in order. And if it has any effect whatsoever, its only effect can be to enlarge the scope for which provision is made in the notice of motion. The notice of motion provides that other legislation may be considered if it is placed before the committee. The hon. member says that with the amendment suggested the War Veterans Allowance Act and its implications and effect could be considered, whether legislation respecting it is placed before the committee or not. That clearly enlarges the scope of the committee.

Mr. Knowles: May I say to the Prime Minister that he is correct in saying that it enlarges the scope of the committee, to make it clear that it can deal with the War Veterans Allowance Act. I would point out to him that at the last session we had a special committee of the house dealing with old age security. There were no proposed amendments to the Old Age Pensions Act; but because the terms of reference of that committee covered the whole question of old age security we had the right in that committee to deal exhaustively with the Old Age Pensions Act.

Mr. St. Laurent: And that had been preceded by a resolution or by a notice which went to that extent.

Mr. Knowles: That just gets back to the original argument. Surely we are not to be denied the right to move amendments to all motions of this kind.

Mr. Speaker: I can assure the hon. member for Winnipeg North Centre that if he had convinced me that I was wrong when I made my ruling a few moments ago I would have reconsidered it, owing to the fact that I had not given him an opportunity to speak. I might point out that I thought I had given all hon. members an opportunity to speak to the point of order before I made my ruling.

The hon. member for Winnipeg North Centre has said that this amendment spells out the terms of the notice of motion, and has referred to the fact that this is done when an amendment is moved to the motion for the adoption of the speech from the throne. But I would point out to him, as at times he has pointed out to me, that much more latitude is given in a motion for the adoption of the speech from the throne than is given in other cases.

For the reasons already given I must rule that the present amendment also is out of order.

Mr. Victor Quelch (Acadia): Mr. Speaker, those of us in this group are glad the minister has seen fit to introduce a resolution to set up a special committee on veterans affairs. In the last session we said we thought it should have been set up at that time, because in the past it has been customary to set up a special committee on veterans affairs early in each parliament. Now we have reached the third session—

Mr. Knowles: The fourth session.

Mr. Quelch: —the fourth session of this parliament before action has been taken.

We have also said in the past that we would favour the committee of veterans affairs being made a permanent, standing committee, so that we could meet grievances as they arise, instead of waiting until a backlog of those grievances accumulates. In view of the fact that the last committee sat in 1948, I am pretty sure we will find that there is a heavy backlog of grievances with which we will have to deal.

I regret, too, that the terms of reference have been narrowed. I looked through the terms of reference of previous committees back to 1945, and I find that the terms under which this committee will operate are considerably narrower than those of other committees. I can well understand that the terms of reference now might be narrower than those in 1945 or 1946, immediately after the war. But these terms are considerably narrower than the terms of reference in 1948, which is the last year in which a committee was set up. The terms of reference in 1948 read:

> That a select committee be appointed to consider the legislation relating to pensions, treatment and re-establishment of former members of His Majesty's armed forces and of other persons who have been otherwise engaged in pursuits closely related to war, and to make recommendations from time to time in respect thereto.

In other words, those terms of reference covered practically all veterans legislation. It dealt with the re-establishment of veterans, and therefore dealt with the question of the War Veterans Allowance Act. In this instance however the resolution makes specific mention of bills with which the committee may deal, and then states further that it may be able to

consider legislation the government may bring down. However there is no mention of the War Veterans Allowance Act or the Veterans Land Act.

I am satisfied there is going to be very strong pressure brought to bear on the committee to deal with the War Veterans Allowance Act at some stage of its deliberations, because I doubt if there is any piece of veterans legislation today with which there is more dissatisfaction. I am not blaming the act, because it is a good one. I am blaming the condition as it exists today, in the light of the cost of living having risen in the way it has risen. For this reason the amount of the allowance is altogether inadequate to meet the cost of living of a single or a married veteran.

The minister stated that veterans organizations would be allowed to submit briefs to the committee, as they have in the past. If the minister is going to dictate to the Legion and to the national council of veterans organizations as to what they can put in their briefs, then it will be the first time that has ever been done. I am satisfied he will cause a tremendous amount of hostility in both the Legion and the national council if he tries to tell them what they can put in their briefs.

I would suppose that in those briefs there would be reference to the War Veterans Allowance Act. If in the Legion's brief there is a recommendation with respect to war veterans allowances, is the minister going to say to the committee, "You cannot consider the recommendation of the Legion regarding war veterans allowances"? In the past we have always considered the briefs of these organizations when they have been submitted to the committee. Undoubtedly in the briefs presented this year there will be recommendations regarding war veterans allowances. Are we going to be debarred from considering those recommendations? Are we going to be debarred from making recommendations with regard to submissions made by the Legion in connection with war veterans allowances? I am not going to try to move another amendment as I am dissuaded from taking that action by what has already happened to those who have tried to move amendments.

I am going to ask the minister to give the house the assurance that when this committee sits it will be in position to give consideration to any matter of urgent importance so far as the veterans are concerned and to any matter that is mentioned in a brief presented by a veterans organization. If the minister will give that assurance I think a lot of the dissatisfaction that has been expressed will be met. I think the minister will agree that we will be in a most difficult position if we cannot give consideration to recommendations by the Legion and the National Council of Veterans Associations. If the minister will give that assurance we will be in position to consider briefs in full and the veterans organizations will be free to make submissions on any matter. That assurance would meet much of the dissatisfaction that has been expressed with regard to the terms of reference and I personally would have no further fear in that regard. As I expect to be a member of this committee I shall have plenty of opportunity to say what I want to say, so I shall say no more at this time.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, when the minister was making his statement this afternoon in moving the resolution I understood him to say that following the established practice in this house this special committee on veterans affairs would be dealing with veteran problems generally.

Mr. Lapointe: No.

Mr. Green: The minister used words to that effect, or in any event that was the understanding I got from his remarks.

Mr. Lapointe: My exact words were that this committee of the house would make a study of certain of our legislation.

Mr. Green: I am sure that if *Hansard* is checked it will be found that the minister said that following the established practice in this house this committee would deal with veteran problems generally.

Mr. Lapointe: I believe I have the statement to which my hon. friend refers. I referred to some eighteen odd committees that had been set up since the first war to deal with veteran matters. I mentioned that some of them had been given terms of reference to deal with specific matters, such as canteen funds, while others had dealt with veteran problems generally. That was where I used those words. I did not use them with reference to the committee which is the subject matter of this resolution.

Mr. Green: The minister certainly did not give the impression that this particular committee was to deal only with one or two special problems. Certainly the practice for many years with veterans affairs committees has been to have the committee deal with any veteran problem. That is the expectation of veterans across this country. I know I have been asked many times by veterans when something could be done about their problems and I have always answered that

when we had a veterans affairs committee it would be possible to have these various matters discussed. Today the understanding of the veterans organizations from coast to coast is that when the special committee on veterans affairs is set up it will be able to deal with veteran problems generally.

Mr. Lapointe: I did not make that statement. I insist that I made no such statement at this time, or at any previous time when I was referring to this parliamentary committee.

Mr. Green: Is it the intention that this committee shall have restricted powers and be able to deal only with the specific matters set out in the resolution?

Mr. Lapointe: The committee will be called upon to deal with the matters set out in the terms of reference in this resolution. I want to point out that that is what I have said ever since I took over the portfolio of veterans affairs. My hon. friend has referred to what he understands is the belief of the veterans organizations as to the work of this committee. I have made it quite plain before the officers of these organizations on various occasions that this committee would be set up to consider legislation to be sent to it by the House of Commons or legislation to be introduced during the session. I have been most specific on this matter.

Mr. Green: I can only say that I greatly regret that is the decision of the minister because it is not in line with the stand taken by his predecessors. I remember the late Right Hon. Ian Mackenzie when he was minister of this department. As we all know, he did good work as minister of veterans affairs in setting up the veterans charter. He invariably took the position that a committee on veterans affairs must be able to deal with any question having to do with veterans. It was for that reason that he had such success. The members of the committees knew that they were being given the responsibility of reviewing the whole field of veterans legislation. It was considered to be a great honour and responsibility and they took it seriously.

We find that the committee to be set up in the present session is to be restricted to certain specific matters, to legislation which the government chooses to bring in. Unless there is an amendment to the War Veterans Allowance Act the committee will be precluded from making any recommendation in connection with that act. Apart from the Pension Act the only statutes mentioned are the Veterans Insurance Act, the Returned Soldiers Insurance Act and the Veterans Business and Professional Loans Act. We all know that the Returned Soldiers Insurance Act applied only to veterans of the first war. Those are the only three acts out of a group of perhaps ten or twelve having to do with veterans which are open for discussion under this resolution. Of course there is such other legislation as the government sees fit to bring in, but the result is that there can be no broad discussion of veteran problems and no broad findings in connection with those problems.

I hope the minister will give further consideration to the suggestions which have been made this afternoon by members of the opposition. If he will come to the conclusion that it would be wise to trust the committee to review all veteran problems in a fair way I think he will obtain better results than he will by attempting to put a bridle on the committee and thereby hamper its work.

We are now in the fourth session of this parliament and it is most unlikely that there will be another committee on veterans affairs during the life of this parliament; there has been no such committee yet. Now this is the last chance to bring veterans legislation up to date during the life of this parliament. It is therefore important that this committee should be given wider powers than those given to a committee being set up year after year.

In his remarks the minister also gave some details of the proposed amendments to the Pension Act. He said that there was to be a new departure in pension legislation, what he called an unemployable disability pension; he also described it as an unemployability supplement. In the speech from the throne I find a little further explanation in the paragraph reading:

> Amendments will be introduced to legislation concerning pensions for veterans and their dependents to relieve difficulties being experienced by certain groups of pensioners provided for thereunder.

I was shocked last night to read in the April edition of *The Legionary* an article by the dominion first vice-president, Dr. C. B. Lumsden, entitled "Pensioners' Plight". In that article he set out that he believed it was the intention of the government not to grant a general increase in the pension rate but to establish a means test under the Pension Act and pay a supplement to those pensioners who were having the hardest time economically. Today we have the minister making a statement which appears to mean just that, that instead of raising the Canadian disability pension as it should be raised there is to be a handout by means of a means test to those pensioners who are having the hardest time to get along.

Of course that is the same thing that was done with the War Veterans Allowance Act two or three years ago. The rate of war veterans allowance should have been increased but instead of doing so there was a second means test provided under which, if the recipient of war veterans allowance could prove that he was very hard up, he could be given some additional payment. There has never been a means test attached to the Canadian Pension Act in the history of this country. The pensioners of this country are the men and women of this nation who of all people deserve the payments that are made to them. They are payments earned by the suffering of themselves or their loved ones who are gone. The Canadian people owe a greater debt to the war pensioners of Canada than to any other group in the nation.

It has been one of the tenets of war veterans organizations right from the start that the pension is not a handout, is not subject to a means test but is payable as of right, and that if a pensioner has been disabled to such an extent that he receives 100 per cent pension that does not interfere with his right to go out and work at a job which brings him $10,000 a year if he is able to do so in spite of his handicap. One of the fundamentals of pension legislation in Canada has been that the fact that a man has a good job must not be taken into consideration in arriving at his pension. In his article Dr. Lumsden sets out the story very clearly. He has the arguments here, and I do not believe they could be put any better. I warn the government that there will be trouble if they try to get away from their responsibility to give Canadian pensioners a proper pension by providing for some additional payment to a few pensioners based on a means test. It is not good enough for this nation to deal with war pensioners in that way.

As for the war veterans allowance, it has been pointed out by members who have spoken before me that in some provinces an old age pensioner gets considerably more than a recipient of war veterans allowance. That position is so intolerable that a year or two ago the minister's predecessor in office, who is now the Minister of Labour (Mr. Gregg), said that he was considering the possibility of making the war veterans allowance larger in some provinces than in others in order that it would be as large as the old age pension.

Mr. Mutch: Where did he say that?

Mr. Gregg: Mr. Speaker, I must correct my hon. friend. I have never made any such statement at any time at any place.

Mr. Fournier (Hull): You should withdraw.

Mr. Gregg: The War Veterans Allowance Act being a federal statute, I have always contended that it should never under any circumstances discriminate between one province and another.

Mr. Green: I have not the reference here.

Mr. Gregg: You cannot find it anywhere.

Mr. Fournier (Hull): You have got to take the hon. gentleman's word.

Mr. Green: If the Minister of Public Works (Mr. Fournier) will just stick to the business of running the house—

Mr. Mutch: You must take his word.

Mr. Green: —and not try to interrupt in this debate—

Mr. Mutch: That is business of the house.

Mr. Green: The Minister of Labour certainly dealt with that point and said words to the effect that it might be necessary, that it might be wise, to provide for a larger payment of war veterans allowance in some provinces than in others.

Mr. Gregg: Mr. Speaker, on a point of order, it is very seldom that I rise to my feet in this house to interrupt an hon. member. It is very seldom that I rise to refute a statement as to what I have said, but I refute this statement and say without any question of doubt that I never made any such statement anywhere.

Mr. Fournier (Hull): Withdraw.

Mr. Gauthier (Portneuf): Withdraw.

Mr. Lapointe: Withdraw.

Mr. Green: I am going to leave it to *Hansard* to prove what he did say.

Mr. Mutch: You must accept his word.

Mr. Green: I will not withdraw because I heard it with my own ears.

Mr. Fournier (Hull): On a point of order, Mr. Speaker, there is a certain rule in this house that you have got to accept what an hon. member says, and if he says that he did not say those words the hon. gentleman should withdraw. He knows the rule. He generally follows the rules quite closely except when he threatens the house or the government.

Mr. Green: You had better withdraw that.

Mr. Fournier (Hull): You just threatened the government.

Mr. Green: I will withdraw until I bring *Hansard* and quote it to the minister. I think that will prove beyond any doubt exactly what he said.

Mr. Fournier (Hull): You cannot qualify the withdrawal.

Mr. Speaker: I think the hon. member for Vancouver-Quadra (Mr. Green) should withdraw his statement. I think he must accept the statement made by the Minister of Labour.

Mr. Green: I will accept the statement, Your Honour, and try to prove he was wrong later on. In any event the situation existing in Canada today is that the recipient of war veterans allowance is not getting as much in British Columbia, and several other provinces, as the old age pensioner. That is a condition which should be considered by this committee, and which I would hope would be remedied as a result.

There is one other question. In the references setting up the committees of 1945, 1946 and 1948 we find these words:

> . . . legislation relating to pensions, treatment and re-establishment of former members of His Majesty's armed forces and of other persons who have been otherwise engaged in pursuits closely related to war . . .

That enabled those committees to consider the plight of the men of the merchant navy and various other groups. I should like to ask the minister to explain whether or not it will be possible for the committee now being set up to consider these questions.

For many years the member for Cape Breton South (Mr. Gillis), myself and many other members of the house, have been pointing out the unfairness to the men in Canada's merchant navy, by reason of the way in which they have been deprived of benefits which were given to the members of the three other fighting forces. It has been my belief that when a committee was set up it would be possible to consider this question of the merchant navy veterans. I should like to know whether, under the present terms of reference, it will be possible to consider that problem.

I hope the minister will not be too strict in ruling on these questions. Probably he will not be the chairman of the committee. I would expect the chairman to be the parliamentary assistant, so perhaps my appeal should be directed to him. He has been a member of all parliamentary committees on veterans affairs since his election in 1935. I am sure he will appreciate the advantages of trying to co-operate with the other members of the committee on these questions.

While the government have refused to accept this amendment this afternoon, I would appeal to them once again not to be too tough with this committee. I also appeal to the minister to give us some assurance this afternoon before the debate closes that it is his intention to allow a full and open discussion of all problems concerning the veterans of Canada.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I have a few observations to make on this resolution. Personally, I am disappointed with the resolution. I was not surprised when the Speaker ruled out of order the amendments that were proposed. As I read this resolution it is designed to do one thing, and that is not to set up a parliamentary committee on veterans affairs as we have understood it in the past with broad terms of reference for examination of all the machinery relating to veterans affairs; it is merely to bring the special forces into the present machinery without making any changes in any of the legislation. In my opinion that is all the resolution is designed to do. If you just read a few words of it, I think you will get that impression.

The resolution states that the committee is to consider a bill to enact the Special Force Veterans Benefit Act, and that is all it is designed to do. It is to bring in a new act that will relate the special forces to the present legislation. The resolution then goes on to define the different phases of legislation to which the special forces will be entitled, that is the Pension Act, the Veterans Insurance Act, the Returned Soldiers Insurance Act, and so on. I hope I am wrong, but if I am right in my interpretation of that resolution, there is no need to set up the committee at all. The terms of the resolution confine the activities of that committee to a scrutiny of the proposed act, and the opening of present legislation in order to bring the special forces within the scope of it. The parliamentary assistant can shake his head, but I am reading English and I am interpreting it as the chairman of the committee is going to interpret it.

Mr. Mutch: Oh no, you are not.

Mr. Gillis: The committee will be bound by the terms of reference, and those terms are quite specific, more specific than I have ever seen before. If that is all the committee is designed to do, then no purpose is served by setting up the committee. The government can pass that legislation without setting up the committee.

I want to say that I am glad the minister has proposed a committee. I am glad for this reason. It is going to give the minister an opportunity of meeting a representative group of ex-servicemen in this house. It is going to give that group an opportunity of meeting the minister. We are going to know him better, and he is going to know us better after we are through. In that way, it is going to be of

benefit to both the committee and the minister. I sympathize with the minister. He is new, and perhaps the cabinet and treasury board take advantage of new ministers as they did the Postmaster General (Mr. Rinfret) when they cut off the mail carriers, thus getting him into a lot of trouble. The minister has taken over a large department. There is a lot in it to study, and he has a lot to learn. I believe he has been unfortunate in the loss of a member of his staff who passed away in December. I should like to pay tribute in this house to the late Colonel Doug Macbeth. In the loss of that man to the department the minister has suffered a grievous blow. I worked a bit with him. He was not in the department long, but he was one of the most effective and dynamic workers it has been my privilege to meet. It will be difficult to replace him. The minister has suffered the loss of a very efficient servant who could have advised him on a lot of things. No doubt someone else has taken his place who is almost as efficient. I hope so.

The minister has a tough job ahead of him for the next few months. The Legion is up in arms. I happen to be a member of the Legion, and I have been since it was formed. Any time I am going through the country I visit the Legion branches. I have done that recently, and know what the members are talking about in terms of changes in the legislation. One of the strongest arguments I got at all the branches I visited within the last couple of months concerned the War Veterans Allowance Act. Everyone admits it is a good piece of legislation, but there are many weak spots in it today which have developed through force of circumstances. If the minister wants to keep on good terms with the Legion, as I think a man in his position has to do because the Legion looks upon the Department of Veterans Affairs as their department, he will study these problems. In the past the Legion has had a lot of confidence in the department and co-operation from it; that is the way we want it. The War Veterans Allowance Act should be included in the terms of reference of this committee, because the means test should be removed. It hurts in many ways. The federal and provincial governments are considering the abolition of the means test for old age pensions. The trend is towards getting away from the means test. Under the War Veterans Allowance Act the permissible earnings are too low. The maximum payment is too low. No one can exist on $40 per month.

There are many young veterans who could be earning something if the means test was not rigidly enforced. Today the Legion branches across the country are adamant on that point. They want that changed, and it should be changed. Another very sore spot is the matter of medical attention for the families of the recipients of war veterans allowance. Ten years ago medical costs in this country were not what they are now. Today many of the veterans on maximum pension have children. They have wives to maintain, and homes; and they are getting enough to eke out a bare existence. If a member of the family is taken ill, or if the wife requires hospitalization, that war veteran is in the position in which he cannot get any medical attention for his family in any way, shape or form, with the price of medicine and hospitalization as it is in this country today. That has been the subject of much discussion in the Legion over the last couple of years. It is a new angle that has crept in because of the rising costs of medical attention. That matter should be discussed at the sittings of this committee and some understanding should be arrived at on it.

Another sore spot is the treatment of the widow of a veteran of this war in the matter of war veterans allowance. There are many cases of veterans of this war whose widows should qualify for war veterans allowance under the widows' section. But when the investigation takes place, the first thing she is faced with is the fact that she is not old enough; she is not fifty-five years of age; she is not incapacitated, but she is living perhaps ten miles out of town in some rural community where there is no possibility of employment, with a family of three or four children on her hands to look after. There is no income but she cannot receive that war veterans allowance because she is not incapacitated and she is not fifty-five years of age. There is case after case like that. I have had cases brought to my attention where the man died in the permanent force, where his superannuation was passed back to the widow, and over $600 was deducted from it by way of income tax, a second deduction for tax purposes out of that amount of money. That is a recent case and it has been before the veterans affairs committee. I brought it to the attention of the committee on national defence. That widow is out there. She has no income. She has a family. She is tied to her home. But she cannot receive pension by way of disability pension and she cannot receive a pension under the War Veterans Allowance Act. That act should be changed so that, where there are extenuating circumstances such as those I have mentioned, the commission should have some administrative latitude in handling the case, instead of there being the rigid application of the act that there is today. It is not the commission's

fault. That is the way the act is written. It should be softened up. I do not say that it should be opened up wide, but some administrative latitude should be given to the commission. That is another adjustment of the War Veterans Allowance Act that is necessary; and I am giving it to you, Mr. Speaker, as I got it from members of the branches of the Legion.

There is another spot where the act requires amendment. We amended the War Veterans Allowance Act to include imperial veterans who had residence of twenty years in Canada. That was all to the good. You find that many of those veterans had passed away when they were eighteen years here or sixteen years here, but their widows are here. We did not broaden the scope of the act to provide for the widow. It is applicable only if the veteran is alive and himself receives the veterans allowance. There are many veterans' widows across this country in that position, where the husband did not complete twenty years' residence here and the widow therefore is not entitled to the war veterans allowance. The act requires amendment there.

All of these things that I am talking about are sore spots. A change in the act to cure the sore spots would not cost a great deal of money. They are borderline cases in many instances. But that act requires amendment in these respects. There are other odds and ends that should be cleaned up also. If the War Veterans Allowance Act is excluded from the terms of reference of this committee, then we are not going to talk about it; and when the Legion finds that out, they are going to be quite sore about it.

Another act that is excluded from the terms of reference of the committee is the Veterans Land Act. That act requires amendment. I am going to refer to it as it pertains to my part of the country, and the hardship that it creates there for veterans. One of the best features of the Veterans Land Act was the small holdings section which enabled a veteran to get a home at a reasonable cost, provided he could get three acres of land in some instances, and down to two acres under certain circumstances. This is a problem that pertains to Nova Scotia and it may also pertain to Alberta and to some sections of British Columbia.

The Dominion Steel and Coal Corporation have all of the minerals of Nova Scotia leased for ninety-nine years. That means that everything under the ground—no matter where you may go in that province, where there are minerals—belongs to the Dominion Steel and Coal Corporation. When a veteran makes application under the Veterans Land Act, it has been administered in this way. The coal company will not issue a warranty deed. The minister will remember this case because I brought it out. In the early days of applying the Veterans Land Act in that province, the director at that time counselled his advisers in the offices in the various communities that, where the building was erected on land that a veteran was taking over under the small holdings section, that type of deed would be all right to accept. The counsellors in the offices counselled the veteran along those lines. In many cases that type of deed was accepted. He also issued the declaration that no land for new construction should be purchased with that reservation in that deed.

I ran into this difficulty a few months ago in connection with several veterans who had taken over a nice property and made their application, had put their credits into it for the down payment and thought they were getting a nice home at a reasonable cost. All of a sudden they were notified by the veterans affairs department that they cannot accept that deed from the coal company with that reservation in it, despite the fact that in many cases deeds of that type were accepted under similar circumstances. I got in touch with the minister. The minister checked with his department, and I hope he is still carrying on an investigation into this matter. I also checked with the head of the Dominion Steel and Coal Corporation, and received much good advice and co-operation from him. He did what he could. It is a legal matter. It is a matter that is in the hands of his legal officials. The matter of subsidence of property all through the area is something that is widespread from the general standpoint, and he was reluctant to do much about it. The only hope is with the Department of Veterans Affairs.

In view of the fact that there are not many cases, and there will not be many cases, because the land is not available in those communities—they are quite large communities—in those few cases the department might accept that deed with that reservation in it relieving the company from the responsibility for subsidence. That sounds complicated but there is nothing to it. But under the present legislation the officials of the department are obliged to take that stand. If the Veterans Land Act was before the committee, we might be able to get an amendment in there to effect a softening up of it, and to provide for administrative latitude.

In all of this legislation I have always felt that the real test of its value is in the administration. If you are going to tie the hands completely of those who administer the legislation, to me it presupposes that you have not much confidence in the people you

pick to administer it. Cases such as these cause all of the little irritations. The general application of the legislation is all right; there is not much wrong with the basic legislation. It is in connection with these borderline cases, where the administration has no latitude to make a decision but must be bound rigidly by the terms of the act, that most of the difficulty is caused. If this Veterans Land Act does not go before this committee, nothing is going to be done about it. If the War Veterans Allowance Act is not going before the committee, nothing is going to be done to remedy the points of irritation that I have mentioned.

The hon. member for Vancouver-Quadra (Mr. Green) made a rather startling prediction a few moments ago. He said that in his opinion, and he would gather from the opinion expressed by Dr. Lumsden, the first vice-president of the Legion, it was the intention of the government to establish a means test in the disability pension. Before this discussion closes I hope that the minister will rise in his place in the house and say that that is not so. It has never been so. A disability pension is based on a disability assessed by medical authorities, and regardless of what you may earn on the side despite your handicap, it never interfered with the assessment of the disability from the medical point of view. If there is any intention or any suggestion on the part of the government to institute a means test in disability pensions when the general trend from one end of this country to the other is to eliminate means tests and free people so that they may contribute something to the pool of wealth by way of supplementary earnings, then I think it is a pretty bad attitude. I never suspected that. I read the article to which the hon. member referred but I did not get that impression.

I would not want the press of this country to carry a statement from this house that it was the intention of the government at this time to establish a means test in disability pensions. I am not going to say any more. There are many things I could say but I will reserve them for the committee. There is no use talking about them here. But I am going to say before I conclude, Mr. Speaker, that if the terms of reference of this committee, as I read them, are accurate, that it is the intention of the government only to open the present acts without any amendments to them other than to relate the special force to them, then we are wasting our time in setting up a committee, because that could very well be done in this house through the medium of the Canadian Forces Act and not waste a lot of time in committee arguing over things that we cannot do anything about.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to say just a few words before the minister apparently concludes the debate on this resolution. I am one who is very pleased indeed that this resolution is before the house, and that the requests of the Legion and of many members of this house throughout recent years, and of a good percentage of the public, have been met by the introduction of this resolution to establish this committee.

I was a member of the special parliamentary committee on veterans affairs of 1945, 1946 and 1948, and as a member of those committees I fully appreciate the work that has been done and realize the work that can be done by this committee at this time in the interests of veterans of this country.

Before proceeding to the few questions I want to raise I do want at this time, Mr. Speaker, to pay a tribute to the memory of the Right Hon. Ian Mackenzie who throughout the years took a great interest in and worked for the interests of veterans across Canada. The culminating effort of his work was I think demonstrated in the final drafting of the veterans charter, which has meant so much to veterans across this country.

I quite agree with the comments of the hon. member for Melfort (Mr. Wright) who said that our veterans legislation on the whole compares favourably with any veterans legislation in the world. While the veterans charter, at the time it was drafted and completed, was generally satisfactory so far as veterans, veterans organizations and the members of this house were concerned, changing circumstances and changing conditions have made it necessary to review considerable portions of that legislation at this time.

I am quite in agreement with hon. members who have previously spoken, in their comments that the terms of this resolution are not wide enough. I wish it covered the legislation that was mentioned by previous speakers. I think, Mr. Speaker, that evidence of that is found in the excellent brief presented to the cabinet of this country on November 10 last by the representatives of the Canadian Legion. I think all hon. members will agree with me when I say that the Legion has always given thorough consideration to these questions, and its representations have always been of a practical, of a sound, and of a common-sense nature. I think a reading of this brief indicates that the Legion has continued that policy.

The brief presented urged generally a 33⅓ per cent increase in disability pensions, an increase in widows pensions, an extra provision for dependent children, and it also asked the government to give some consideration to the question of educational training for the dependent children of veterans. They also asked for an increase in the war veterans allowance to $50 per month for a single man and $100 a month for married men.

I am not going to deal with the details of these proposals or the arguments presented; we shall have ample opportunity to do that in the special committee; but I do think that the terms of the resolution should have been wider. Without question the position of the veterans of this country who are drawing the war veterans allowance at the present time demands that consideration be given to the Legion's proposals in this respect.

I believe the committee should have been instructed to review the Veterans Land Act, because the conditions that exist today are very different from the conditions that existed five years ago or even three years ago. Personally, from my experience and my close association with the Legion and the veterans of my constituency, I find a very general need for an increase in the basic loan for veterans intending to purchase farms or to build homes under the small holdings sections of the Veterans Land Act. I have come to that conclusion after giving quite close attention to the question. In my constituency that need is very urgent.

I have had resolutions from various branches of the Legion, and resolutions from the zone council, pointing out that $6,000 is not a sufficient amount for a person to build a house at the present time or to purchase property of any size, even under our conditions. In that connection I should like to read the resolution with respect to the particular demand in my constituency for the development of small holdings.

We have a large number of veterans working in the industrial plants of Kootenay West who so far, owing to the terms of the act and to the regulations associated with the act, have been denied the opportunity to build under small holdings. For the information of the minister I might say that the constituency I represent has had the highest per capita income in Canada. The only other constituency, according to the records I have perused, having a higher per capita income than Kootenay West is Westmount near Montreal for the year 1948.

Mr. Gibson: Unearned income.

Mr. Herridge: Earned income. Therefore there is no finer security existing in Canada for loans made to veterans employed by the big corporations in my constituency who desire to build houses and make their permanent residence there. Owing to the present regulations many of these veterans have been denied that opportunity. Veterans generally, and the Legion in my constituency, are very dissatisfied with the, shall I say, production today under the terms of the Veterans Land Act, particularly with regard to the development of possibilities for small holdings.

In that connection I want to read a resolution that I received just a few days ago from the zone council of the Canadian Legion in my constituency, endorsed by every branch present:

> Whereas we appreciate the value of the present settlement under the small holding section of the Veterans Land Act;
>
> And whereas, owing to the rapid industrial development in west Kootenay, and subsequent demand for small holdings;
>
> And whereas, the Kootenay climate, soil, rainfall, and topography, are different to the coast, Okanagan, and northern British Columbia;
>
> And whereas, the present system of administration from Kelowna causes very serious delay in servicing applications;
>
> And whereas, many potential sites are undeveloped, needing only a water system installed;
>
> And whereas, a smaller acreage than the present three acres would be more practical in some areas.
>
> Therefore be it resolved:
>
> (1) That the regional office be re-established at Nelson, B.C., for east and west Kootenay.
>
> (2) That a survey be made of potential developments, sub-divisions, and water system development where these would make additional land available.
>
> (3) That the acreage required for a small holding be reduced to suit the area.

That resolution was drafted after serious consideration of the whole situation by a special committee appointed to deal with it—not just a few men gathered together to air their grievances, without consideration of all the facts. These were men who were studying the question of local conditions and the needs of veterans concerned.

I point to that as one illustration of the need for a review of the Veterans Land Act, with a view to increasing the basic grant and changing the regulations in so far as the acreage of small holdings is concerned.

I wish the committee had been empowered and instructed to deal with the Legion's request for educational opportunities for dependent children. However, I shall not say any more about that at the present time. I do want to deal with one more question that has been brought to my attention in recent months, when I have come across many cases of older veterans who are not satisfactorily served by the legislation or who wish to continue working because they have

obligations and responsibilities that cannot be met by accepting the war veterans allowance, or things of that kind.

The question of the employment of older veterans is a very serious one, and one which in my opinion should have been referred to the committee. Manpower requirements in Canada at the present time demand that we use the services of every person who is willing and able to work. I understand that the Department of Labour has a branch in which there are officials endeavouring to find employment, particularly for older people, including veterans. It would include, for instance, the age group between fifty and sixty-five.

The government of this country is spending money in that connection. It has in its employ people who are paying particular attention to that problem. When it comes to the civil service, we find that, in connection with the reductions proposed, the policy of the government is to pay particular attention to the older civil servants, to have regard for their needs and, if they have to be displaced, to find employment for them. The Department of Veterans Affairs has a special branch which has been trying to persuade employers to employ a greater number of veterans between the ages of fifty and sixty-five. These are older veterans who are willing and anxious to work.

What do we find? I shall take time to give only two illustrations. Right in this building there is an older veteran who has been employed for twenty-two years as a messenger. He had four years' service in the 72nd battalion, and served in the first world war in Canada, England, France and Belgium. His present age is seventy. This man is vigorous, active and anxious to work. He is retired on a superannuation allowance of $48 a month, and draws a disability of $17 a month, making a total income of $65 a month.

Out of that $65 he has to maintain his wife, who is ill, which costs him $35 a month. That leaves the veteran in question with a balance of $30 on which he must live. Here is a veteran, fit and anxious to work, but who cannot live on $30 a month. He cannot receive the war veterans allowance in view of the income he receives. That man has been turned out of this building, although he is quite capable of carrying on as a messenger and doing the work he would be required to do. He is tramping the streets of Ottawa looking for a job, at a time when in Canada we need manpower.

I bring that to the attention of the minister and the house. Then I would turn to a case in my own constituency. As the result of instructions given recently to all departments, the Department of Veterans Affairs, in common with other government departments, had to lower its staff. Throughout the country, wherever it was considered possible, there have been reductions in staff.

In the Kootenays we have had three field men representing the Veterans Land Act administration. They have been covering an area in which there are about 80,000 people. In the office at Nelson there were three excellent and capable veterans who had been servicing the whole area. The question of economy has arisen and, in its wisdom, the Veterans Land Act administration has decided that one of the three must go. With that in mind they have chosen the oldest veteran, a veteran of two world wars, and the senior man from point of service in the interior of British Columbia. He is a man with long residence in that interior section and one who has had excellent relations with the veterans he has served through the years. This man is well liked by the veterans; he has been a most efficient official, and has done a good job for the Veterans Land Act administration. The department has paid tribute to his ability.

Here we have the Department of Veterans Affairs urging employers to retain the services of older men, while at the same time the Veterans Land Act administration in this instance disposes of its oldest and most experienced man. They put him out at an age when it is most difficult for him to get back into civilian life or to find another job.

This situation is so unjust and is so in opposition to the governments major policy, and the policy of the veterans affairs administration, that every branch of the Legion in my constituency has protested to the director of the Veterans Land Act administration. They have also sent letters and telegrams to me. The veterans in my constituency are deeply concerned about this situation, because it seems so much in contradiction to the announced policy of the government.

In my view if the Veterans Land Act is reviewed, if some of its terms are changed and if the regulations were changed so as to lower the acreage for small holdings, the three men could not do all the work required in the Kootenays to provide small holdings and farms for the veterans requiring them. In the district surrounding Nelson and Trail, in that new mine being developed by the Consolidated Mining and Smelting Company at Riondel, all that is needed is a push in order to have a big development at all points. First of all there would have to be a change

in the regulations, and then a little more push, and I am sure the three men we have there could do the job.

This older veteran has been dismissed. First of all he was asked to tender his resignation, but after his long service with the department he refused to do so. Finally he received a curt notice of dismissal from the office at Vancouver.

The result is that we are left with two men to cover the whole of the area of the Kootenays, with a total population of 80,000, and with the greatest demand for small holdings of any place in Canada, having in mind the population and the circumstances. The department has said that they will do what they can to see if they can get him a job somewhere else. He is in that age group where it is most difficult to get a job.

The Nelson office has been closed except that it is to be open on Saturdays. This means that in the whole area there will be a Veterans Land Act administration office open only for a few hours a week during which time veterans will be able to make applications and so on. This creates a most inconvenient situation because many veterans have to come 50, 60 or even 150 miles in order to see the person in charge of the office. These shorter hours will simply mean greater expense for the veterans who will have to fit their own time to the hours when the office is open.

I greatly appreciate the co-operation given by officials of the Department of Veterans Affairs. As I have said before, the minister, the parliamentary assistant and the officials have been most co-operative with members of the house and have done an excellent job. I am particularly concerned about the employment of older veterans, and particularly about the dismissal of this older veteran from the Nelson office of the Veterans Land Act administration. There is a great demand for small holdings in my district which is not being met today. I hope the minister, the parliamentary assistant and the officials concerned will really review that situation to see if something cannot be done to correct it. I know in saying this I have the unanimous support of every Legion branch in my constituency.

In conclusion, may I say that I look forward again to serving on this committee with comrades representing all the other parties. I trust that when the findings of the committee are presented to this house there will follow amendments to the legislation that will prove that the members of the veterans affairs committee have once again had an opportunity to serve the veterans of Canada.

[Mr. Herridge.]

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, on a question of privilege, earlier in the debate I made a statement to the effect that the present Minister of Labour (Mr. Gregg) had stated in the house when he was Minister of Veterans Affairs that he would like to see the war veterans allowance in each province brought up to the amount of the old age pension paid in that province. The minister denied that he had made any such statement and I was eventually compelled to withdraw. I have here *Hansard* of Tuesday, June 6, 1950. At that time I had raised this very question, I believe on the estimates of the Department of Veterans Affairs, and the minister is reported on page 3294 as having said:

> When social security for the aged is worked out on behalf of all our people, then, whether it is five years or ten years, whatever it might be, I hope that the amount of the war veterans allowance going to the veteran in each of the provinces, in that period between 60 and 70 we shall say, will be the same as it would be for all the people after the age of 70. In other words, in my own province—

That is New Brunswick.

> —at the present time the war veterans allowance between 60 and 70 is almost exactly the same as the old age pension for the rest of the people from 70 until death. In my hon. friend's province,—

That would be British Columbia.

> —for 75 per cent of the recipients, the war veterans allowance has been augmented to bring it up to $50 per month as a sort of cost of living bonus.

Then follow the words to which I have particular reference:

> I should like to see the time when the veterans of the various provinces will receive the same as the residents of those provinces are receiving under the old age pension. Now, it is going to take a lot of planning to work that out, but in reality that is the real reason why I would rather see hardship overcome during these two years by this patchwork method, if you will, rather than by making an over-all increase from the eastern border of Saskatchewan to Newfoundland inclusive, which would bring the war veterans allowance, from 60 until death, ten dollars higher than the old age pension from 70 until death for the rest of the population.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, on a question of privilege, I am grateful to my hon. friend for reading the extract, for there is nothing in it to indicate that I, as a former Minister of Veterans Affairs, stated that I hoped that the war veterans allowance might be payable, for instance, in New Brunswick, at the rate of $30 per month and in British Columbia at $50 per month. There is nothing in the statement to indicate that I wished that there should be any variation in the rate of war veterans allowances in one province as compared with another. It will be seen that the expression there was based upon a hope that if, say, $40 per month was paid from the federal treasury to all people throughout

Canada over 70 years of age, then that an equal amount might be payable to veterans under the war veterans allowance in all provinces of Canada in exactly the same way.

Mr. Green: The statement speaks for itself.

Mr. Gregg: The statement speaks for itself.

Mr. Lapointe: Mr. Speaker—

Mr. Deputy Speaker: If the minister speaks now he will close the debate.

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, it is not my intention in closing the debate on this resolution to touch on all the points that have been raised by hon. members. I think it will be agreed that most of those matters will be dealt with more adequately, either in committee or when other legislation or the estimates are before the house.

Reference has been made to the necessity of having a standing committee on veterans affairs. If one goes over the history of veterans legislation enacted during the last 25 or 30 years it will be found that a veterans affairs committee has been constituted each time major changes have been made in the legislation, or when new legislation was introduced.

Reference has also been made during this debate to the terms of reference of the committee. I cannot subscribe to the statement that has been made that in the past the terms of reference setting up similar committees have always been much wider. In fact that is the case for the committees set up in 1945 and 1946. But in 1948 the terms of reference for the committee set up then were more restricted than in 1945 and 1946. My hon. friend who quoted the terms of reference in 1948 will notice that in that year there was no mention of the War Veterans Allowance Act. It will be found that in the past committees have been set up to consider only one specific act or amendment.

I think the house will agree that the years 1945 and 1946 were different. At that time we were bringing before the committee all the legislation which had been created during the war and immediately following the war in the form of orders in council. If I am not mistaken, I believe there were practically eighty-nine orders in council which were placed on the table of the committee to be considered, along with legislation which had been implemented since 1921.

That is not the case now. We are making the terms of reference wide enough to cover all legislation which is considered necessary at this time as well as any other legislation which the government may find it necessary to introduce before the end of this session.

I should like to touch upon one other point, the interpretation given by the hon. member for Cape Breton South (Mr. Gillis) to the terms of reference. The hon. member said that he understood that the committee would be permitted to consider only legislation that affected the veterans of the special force. That is not the case, as one can readily see by reading the terms of reference. The hon. member, along with the hon. member for Vancouver-Quadra (Mr. Green), referred to the new unemployability supplement as being an introduction of a means test into the Pension Act. I tried to make it clear, although it is quite possible I did not, but if the hon. member will read *Hansard* he will find that it has nothing to do whatsoever with the Pension Act. It is not done under the authority of the Pension Act but under the authority of the Department of Veterans Affairs Act. There has never been and there is no intention now of introducing any means test in the Pension Act.

Motion agreed to.

EMERGENCY GOLD MINING ASSISTANCE ACT

MODIFICATION OF APPLICATION AS TO LAST QUARTER OF 1950 AND EXTENSION IN MODIFIED FORM TO 1951

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to modify its application with reference to the last quarter of the year 1950 and to extend the application of the act in a modified form to the year 1951.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

HOUSING

FRASERVIEW PROJECT, VANCOUVER—REPORT AS TO DISCONTINUANCE OF FEDERAL CONSTRUCTION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to direct a question to the Minister of Resources and Development. In his absence possibly one of the other members of the cabinet might bring it to his attention. Press dispatches today indicate that the Central Mortgage and Housing Corporation has decided to drop the Fraserview project in Vancouver, to stop any further construction, and also to dispose of some 200 lots which have been serviced with

water, sewers and roadways but upon which no buildings have been erected. Could we have a statement tomorrow as to whether or not that is correct, and perhaps outlining the present position of the project?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I will certainly call the minister's attention to the question put by the hon. member for Vancouver-Quadra. I do not think the minister can make a statement tomorrow as I believe he will be out of town. Probably he could make it on Friday.

Mr. Green: As a matter of fact I spoke to him this morning and he promised to make a statement about it as soon as he could secure the information.

Mr. Fournier (Hull): I do not know if my promise is good but I will transmit the question to the minister.

INQUIRY FOR RETURN

ATHERLEY, ONT., POSTMASTERSHIP

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, six weeks ago I made a request for the production of certain papers from the Post Office Department. An order for return was passed the next day but no production has been made yet.

Hon. Alphonse Fournier (Minister of Public Works): I will do my best to hasten the production of these papers.

CANADIAN CITIZENSHIP ACT

AMENDMENTS WITH RESPECT TO REVOCATION OF CITIZENSHIP, ETC.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the third reading of Bill No. 172, to amend the Canadian Citizenship Act.

Motion agreed to and bill read the third time and passed.

YUKON ACT

AMENDMENT TO INCREASE THE NUMBER OF MEMBERS OF THE TERRITORIAL COUNCIL

Hon. Milton F. Gregg (for the Minister of Resources and Development) moved the third reading of Bill No. 188, to amend the Yukon Act.

Motion agreed to and bill read the third time and passed.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR ELECTED REPRESENTATION IN TERRITORIAL GOVERNMENT AND APPOINTMENT OF JUDICIAL OFFICERS

Hon. Milton F. Gregg (for the Minister of Resources and Development) moved the third reading of Bill No. 189, to amend the Northwest Territories Act.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, yesterday I announced that I would move to go into supply and call four different departments. I understand that some members wish to speak and I dare not make that motion at the present time. It would have no object and it would give them a chance to air their grievances for only two or three minutes. If I have the unanimous consent of the house that there will be no discussion I would move to go into supply. If there is not unanimous consent—

Mr. Hodgson: Go ahead and move it.

Mr. Blackmore: Mr. Speaker—

Mr. Fournier (Hull): Six o'clock, Mr. Speaker. I move the adjournment of the house.

Motion agreed to and the house adjourned until Thursday, April 5, at 5.30 p.m.

HOUSE OF COMMONS

Thursday, April 5, 1951

The house met at five thirty o'clock.

THE PRESIDENT OF FRANCE

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS TO BE PRINTED IN HOUSE OF COMMONS DEBATES

Right Hon. C. D. Howe (Minister of Trade and Commerce): I desire to move, seconded, I hope, by the leader of the opposition (Mr. Drew):

That the address of the President of the French republic, Mr. Vincent Auriol, delivered before the members of the Senate and of the House of Commons of Canada in the chamber of the House of Commons on April 5, 1951, together with the introductory and related speeches, be included in the *House of Commons Debates* and form part of the records of this parliament.

Motion agreed to.

(For text of address of the President of the French republic, with speeches of welcome and thanks, see appendix, pages 1663-8.)

LIBRARY OF PARLIAMENT

Mr. Speaker: I have the honour to lay before the house the first report of the joint committee of both houses on the library of parliament.

CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Mr. H. W. Winkler (Lisgar) moved:

That the first report of the joint committee of both houses on the library of parliament, presented this day, be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

PROCEDURE IN ASKING LEAVE TO MOVE ADJOURNMENT UNDER STANDING ORDER 31

Mr. J. S. Sinnott (Springfield): Mr. Speaker, I desire to move the adjournment of the house —

Mr. Speaker: Order. If the hon. member is making a motion to adjourn the house under standing order 31, this is not the proper time to do so. Standing order 31 reads as follows:

Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business (standing order 15) has been concluded and before notices of motions or orders of the day are entered upon.

The question of the proper time at which to make this motion was discussed briefly in the house on November 7, 1949. At that time I pointed out that in my opinion the proper time to make this motion was immediately before notices of motions or orders of the day. I have considered the matter since that time and am of the opinion that if it had been the intention of parliament when this rule was introduced that the motion should be made immediately after routine proceedings, the rule would have stopped there; that is to say, it would have read:

Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business.

But the rule parliament approved went further and added:

—and before notices of motions or orders of the day are entered upon.

It is clear that the motion is made after the daily routine of business. In my opinion it is equally clear that it should be made immediately before notices of motions or orders of the day. I believe that the reason why the rule was drawn in this way was to make sure that all the business of the house which was not of a controversial nature would be duly attended to. Hon. members know that in the daily routine of business there is little that is debatable. Under questions, there is nothing that is debatable. Again, under notices of motions for the production of papers, there is nothing that is debatable. That is the kind of business that must be disposed of. I therefore rule that the motion to adjourn the house under standing order 31 must be made after the ordinary daily routine of business has been concluded and immediately before notices of motions or orders of the day are entered upon.

Mr. Drew: Mr. Speaker, I trust that the attempt to introduce the motion which you have declared to be irregular at that time will not in any way change the priority, in view of the fact that I have already indicated to you my intention of presenting a motion for the adjournment of the house at the proper time.

Mr. Speaker: I concur in what the leader of the opposition (Mr. Drew) has said. The leader of the opposition has already sent me written notice that he proposes to move the adjournment of the house under standing

order 31. I should probably add that an intimation was made to me by the hon. member for Winnipeg North Centre (Mr. Knowles) that the leader of his party, the hon. member for Rosetown-Biggar (Mr. Coldwell), would also introduce a motion to this effect. Under the circumstances, I think I should decide now that when the time comes for making this motion, I will see the leader of the opposition.

(The ordinary daily routine of business having been concluded:)

COST OF LIVING

MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I ask leave, seconded by the hon. member for Peel (Mr. Graydon), to move the adjournment of the house under standing order 31 to discuss a definite matter of urgent public importance, namely, the announcement yesterday of the greatest monthly increase in Canadian cost of living during the month of February to the disastrously high level of 179·7 points; and the urgent need for vigorous action by the government and the immediate adoption of such measures as will halt inflation, hold down the cost of living and restore confidence in the Canadian dollar.

Mr. Speaker: It is my duty to decide whether this motion is in order and also whether it is of urgent public importance. The meaning of urgency as set forth in Beauchesne's third edition, citation 174, is as follows:

> "Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate," when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough . . .

Today being Thursday there can be no debate upon going into supply. Under standing order 28, when such an order is called on a Thursday or Friday, the Speaker leaves the chair without question put. If I thought there would be in the immediate future an opportunity to debate this matter, I would not consider it to be urgent within the meaning of the rules. However, I do not at the present time see that there will be an opportunity for discussing this matter in the immediate future.

Mr. Howe: Mr. Speaker, may I suggest that the budget is being brought down next Tuesday and that a debate of this kind is of course appropriate under the budget. As to urgency, the figures referred to were with regard to the increase in the cost of living during the month of February, which is some five weeks ago. The fact that they were published only a day or two ago does not, I think, suggest that we should urgently deal with a matter that happened five weeks ago.

I would also point out that the matter of the increase in the cost of living has been discussed on two occasions during this session. Therefore it seems to me that the motion is out of order.

Mr. Drew: Mr. Speaker, as I have introduced the motion and as the Minister of Trade and Commerce (Mr. Howe) has expressed his view, I would ask your permission to offer my reasons for believing that this matter should be debated at this time. Under the practice of this house, there will not be an opportunity either today, tomorrow or on Monday to introduce a motion which would make it possible—

Mr. Fournier (Hull): Mr. Speaker, on Monday, if we move to go into supply, that will certainly be an opportune time to discuss any matter or any grievance against the government.

Mr. Graydon: Did you say "if"?

Mr. Drew: The Minister of Public Works (Mr. Fournier) has indicated uncertainty with regard to Monday or Tuesday by the use of the word "if" which he has introduced into his remarks; because it is possible for the house to proceed to deal with the estimates of the departments already introduced without introducing a new motion to go into supply. Therfore there is no assurance that the house will be able to deal with this subject.

As to the question of urgency raised by the Minister of Trade and Commerce, and the fact that the figures published yesterday related to accumulated figures of five weeks ago, what he says is perfectly true. But this is the first occasion on which the house has had an opportunity to express its opinion with regard to such an important indication of the trend which affects every Canadian. I suggest that there is no single subject having regard to the domestic affairs of Canada today which so urgently calls for consideration by this house, and there is no subject upon which the members of this house should have an opportunity at an earlier date to express their opinion than upon this runaway inflation that is now evidenced by these figures that we have seen.

I suggest, Mr. Speaker, that the motion before you seeks the opportunity for the members of this house to indicate at the earliest possible moment their own belief as to whether or not the situation disclosed by

these figures, and the trend which they make apparent, should be dealt with in some way by the government at this time. In any event, Mr. Speaker, I suggest to you with respect that if there is any question on this point you permit the members of this house to decide by their recorded vote.

Mr. Abbott: May I say just a word on the question of urgency, Mr. Speaker? As the house knows, on Tuesday evening I intend to move that the house go into committee of ways and means. In the course of my remarks preceding that motion I shall have a good deal to say on this world-wide phenomenon of inflation—it is not confined to Canada—and every hon. member will have an opportunity of voicing his views before the motion is put to the house.

I suggest that the question of urgency, which of course is for Your Honour to decide, is not such as to necessitate two debates on the same subject, on which we have already had two in this house, as the leader of the opposition (Mr. Drew) has indicated.

Mr. Sinnott: On a point of order, Mr. Speaker—

Mr. Speaker: The hon. member for Rosetown-Biggar has the floor.

Mr. Coldwell: I should like to support the view expressed by the leader of the opposition (Mr. Drew). We intended to introduce a motion in terms almost identical with that suggested by the leader of the opposition. I should like to point this out. While it is perfectly true that the budget will be brought down on Tuesday evening, yet the debate on the budget is not a narrow one. We debate all matters regarding the Canadian economy and the Canadian financial system, taxation and all the rest of it. I submit that this is a matter of some urgency, Mr. Speaker.

It is true that the figures produced yesterday relate to a situation that developed some weeks ago, but since then we have had more of this runaway inflation and the house should be given an opportunity to discuss the matter now in order that the government may know now, before the vote on the budget is taken or the discussion on the budget has taken place, what the opinion of this house is in that connection.

And I submit, Mr. Speaker, that this is a matter of some urgency affecting the welfare of great masses of the Canadian people. Indeed, I heard over the radio yesterday that in one of our Canadian cities people living on fixed incomes, old age pensions and the like, are suffering from malnutrition. This house has no right to delay the discussion on this subject when people of this country are suffering from malnutrition because of the runaway inflation.

Mr. Sinnott: On a point of order—

Mr. Speaker: Order.

Mr. Sinnott: On a point of order—

Mr. Speaker: I should probably point out to the hon. member for Springfield that it is irregular to raise a point of order on a point of order. However, it may be that the hon. member for Springfield is raising the question as to whether or not this matter is urgent. I will hear the hon. member for Springfield.

Mr. Sinnott: Mr. Speaker, on a point of order, there are others in this house who are interested in what is going on in this country besides the leader of the opposition and the leader of the C.C.F. party. I quite agree with you when you rule that the—

Mr. Casselman: What is the point of order?

Mr. Sinnott: —leader of the opposition was out of order in discussing the fact that the cost of living had risen to 179 and some odd points.

Mr. Speaker: Order. I have made no such ruling as the hon. member has suggested. I will hear the Minister of Public Works, unless the hon. member for Springfield wishes to state his point of order briefly.

Mr. Sinnott: Mr. Speaker, my point of order is this. According to Beauchesne's parliamentary rules and forms, third edition, 1943:

> The motion must not revive discussion on a matter which has been discussed in the same session.

My point of order is this. I do not wish to discuss anything which has already been discussed in the session. I merely wish to discuss the rising—

Mr. Speaker: Order.

Mr. Fournier (Hull): Mr. Speaker, there is no doubt that your ruling will have to conform to citation 174 of Beauchesne, third edition, which reads:

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

Our difficulty in discussing this citation is that the decision and the ruling will be in your discretion, even though the leader of the opposition and the leader of the C.C.F. party will tell us that if we do not discuss this question immediately a catastrophe will occur in the country. It is so important that we should hear their voices right now, but if we

do not hear their voices a calamity will take place in our country. That may be true. They believe that. They think that if they do not speak in this house today it will be too late for the salvation of the country. Well, if you agree with these two hon. gentlemen, any hon. member who is convinced that what is going on in the country is not right could use that same argument. And it has been used twice in this session with as much force and in as violent language by certain members of the opposition whom I have heard in the house. They have said, if we do not discuss the high cost of living, if we do not impose controls immediately our country will be out of luck. Now, Mr. Speaker will, in his mind—and I am trying to be fair—have to decide if it is so important that members of the opposition, or even members on the government side, have to tell us that the cost of living has gone up 4 points plus something. Everybody in the country knows that.

The hon. member for Rosetown-Biggar said: We have to tell the house and the country what is taking place. Well, they just learned it from the papers yesterday.

Mr. Drew: Mr. Speaker,—

Some hon. Members: Six o'clock.

Mr. Fournier (Hull): Mr. Speaker, may we have a few minutes? I cannot come back at eight o'clock and argue the matter.

Mr. Drew: On a question of privilege, Mr. Speaker, I would point out that the motion was not presented with the explanation that it was for the purpose of telling the government that their own figures were accurate. This is not so hilarious a subject as some hon. members seem to think. The purpose of the motion is to permit hon. members to say in this house that they think action should be taken now to deal with the situation disclosed by the figures.

Mr. Coldwell: Mr. Speaker,—

Mr. Fournier (Hull): I hope the hon. gentleman has something to add to what the leader of the opposition has said.

Mr. Coldwell: May I say—

Mr. Fournier (Hull): Is it a question of privilege?

Mr. Coldwell: —it is true I read in the newspapers what the hon. gentleman says. But if the government knew this before, then they have been derelict in their duty.

Mr. Fournier (Hull): You see, it may have been urgent that the hon. member say that to the government right now. But we learned this, as the public learned it, when figures were brought out by the statistics branch. Now, my fear is that even after listening to what you gentlemen will say, it will not change the minds of the people.

An hon. Member: The government.

Mr. Coldwell: We want to change the mind of the government.

Mr. Fournier (Hull): I am speaking of the people we represent in this house. It would not change the minds of the people, because they have read the same thing you have read in the papers.

Mr. Drew: That does not follow.

Mr. Fournier (Hull): You want to amplify in debate what you already saw in the press. I do not believe you have the right to do it; I think you are wrong in trying to do it. The question, Mr. Speaker, is if it is in your opinion for the good of the people of Canada that this evening we should—

An hon. Member: Yes.

Mr. Fournier (Hull): You are the only one who believes it. Is it your opinion that we should listen to these gentlemen during the evening, and that it will change the situation so that it will force the government tomorrow, which is Friday—we cannot do it on Saturday—

Mr. Drew: Does not the government act on Friday?

Mr. Fournier (Hull):—to introduce legislation which would not be carried tomorrow? Is it your opinion that this will help the situation in Canada? I do not know that it will.

Mr. Knowles: There is legislation now.

Mr. Fournier (Hull): Even if we have, it is not by the speeches that you make that the government would take a decision it did not wish to take.

And, Mr. Speaker, after listening to the eloquent speeches these gentlemen will make, there will be no immediate change in the country. I suggest that on Monday, as a first order, I move that we go into supply. That is only Monday. At that time we could discuss the whole situation. We will have the whole thing before us to make a decision. However, if you try it before, I am not sure you will impress the members of the government, who have to attend certain functions, with which the opposition told us they were ready to help us.

We have taken these engagements. Probably I will have to sit here at eight o'clock and argue the whole thing out, because my colleagues want to attend the function. And immediately after you have made those speeches, the result will be the same. There

will be no change, even in the minds of the people because I do not think you are convincing enough to make the people change their minds. And when you are through at eleven o'clock the subject will have been—

An hon. Member: Horsed around.

Mr. Fournier (Hull): No, the subject will have been spent, and the result will be more speeches on *Hansard* concerning the cost of living, speeches that could be made on Monday just as well.

I would ask the leader of the opposition in his kindly way to withdraw this motion.

Some hon. Members: No, no.

Mr. Fournier (Hull): He would have the support of his colleagues if he were to do so, I suppose. I would ask that he withdraw this motion, and on Monday I will move to go into supply, when that subject may be considered.

If that is satisfactory, then Mr. Speaker would not have to make a ruling, which would be quite embarrassing because it might mean he does not believe that speeches by certain members are so urgent.

Mr. Drew: Mr. Speaker, in view of the request made I would point out that having regard to the subject I have raised I do not propose to withdraw the motion. I would suggest that in view of the fact that the Minister of Public Works has indicated that there are other matters of importance, the house might well agree in the belief that the minister perhaps is not exactly correct, and that you should make your ruling in regard to the motion.

Mr. MacInnis: Mr. Speaker, this is a matter you will have to take the responsibility of deciding. I have listened to many discussions on points of order in this house in regard to this standing order, but I certainly have never heard anything suggested such as the Minister of Public Works has suggested today. Surely it has not reached the point where an opposition or a private member cannot make a motion of this kind, and cannot ask the government to act. Surely that is no reason for refusing the motion. That does not say that an emergency does not exist.

The motion we are discussing now is not on the general question of the cost of living, but rather a proposal to discuss the enormous increase in the cost of living announced yesterday, and the effect that will have on the people of Canada. And, Mr. Speaker, I suggest to you that a question that is of great urgency, such as this one, cannot be left over until some convenient time when we could discuss it. Because if it could be left over it is no longer a question of urgency.

May I draw the attention of the house to standing order 31 (3), which says that the member moving the motion—

—then hands a written statement of the matter proposed to be discussed to Mr. Speaker who, if he thinks it in order, and of urgent public importance, reads it out and asks whether the member has the leave of the house. If objection is taken, Mr. Speaker requests those members who support the motion to rise in their places and, if more than twenty members rise accordingly, Mr. Speaker calls upon the member who has asked for leave.

Now, sir, the point is clear, that if in your opinion the question before us is not one of urgent public importance you will say so, and that ends it; but if you believe it is a question of urgent public importance you will ascertain the wish of the members of the house, and they will decide whether or not the question will be discussed.

Mr. Speaker: Order; I will hear the hon. member for Glengarry.

Mr. Major: As a producer of eggs, I am bewildered by this motion, because during the last war there was a ceiling of fifty cents a dozen on eggs, and I was receiving fifty cents a dozen during that time. I was home during Easter week, and we were receiving only forty-eight cents a dozen. If that is an increase in the cost of living, I cannot see it.

Mr. Speaker: I am placed in a rather difficult position, but I must make a ruling, in accordance with the established procedure in the house.

It was mentioned by one hon. member that there had been a previous debate on this subject, and that is correct. When a motion similar to this one was made shortly after that debate I raised the question as to whether it was in order. However, some considerable time has intervened, and I would not at this time rule the motion out of order merely because there had been a previous debate some time ago on a subject relating to the increase in the cost of living.

By not ruling the motion out of order on that ground I would not want it to be taken as a precedent so that every time there is a rise in the cost of living a motion like this would be considered in order. This matter is of some importance because the leader of the opposition (Mr. Drew) has moved a motion, the hon. member for Rosetown-Biggar (Mr. Coldwell) has attempted to move a motion and the hon. member for Springfield has also attempted to move a motion. Accordingly it is a very important matter, and I think we all agree that that is so.

It was suggested that the budget will be brought down on Tuesday night after which time there will be an opportunity to discuss this question. I must however point out to the house that it is customary after the budget is brought down to adjourn the debate thereon for several days, sometimes for a week, in order that hon. members may familiarize themselves with the contents of the budget. So there is no assurance that hon. members will be given an opportunity to speak on this subject in the immediate future.

I may say that until the Minister of Public Works (Mr. Fournier) spoke I was firmly of the opinion that this motion came within the rules of urgency as set forth in Beauchesne's third edition, citation 174. The question is not how urgent the matter is so far as you and I and all the people of Canada are concerned, but how urgent it is having regard to the opportunity which will be given to hon. members of this house to debate the subject. If the Minister of Public Works had not risen and said that at the opening of the house on Monday he would move to go into committee of supply I would have ruled that this matter was one which was urgent within the rules of the house.

However, the Minister of Public Works, speaking on behalf of the government, has stated that on Monday he will move a motion to go into committee of supply as the first order of business. I might point out to hon. members that if I declared that this motion was one of urgency within the rules of the house the debate could go on just for the three hours this evening and that would be the end. After that time hon. members would not have an opportunity to discuss the matter because standing order 31 provides that such a motion must not revive discussion on a matter which has been discussed in the same session. That is to say, either tomorrow or on Monday an hon. member could not move the adjournment of the house for this purpose.

When the Minister of Public Works moves that the house go into committee of supply on Monday there will be at least six hours during which hon. members can discuss this matter. Added to that an hon. member will be able to move a motion with respect to the matter. At the present time an hon. member could not move such a motion. Since the Minister of Public Works, speaking for the government, has stated that he will move that the house go into supply on Monday I rule that this question is not one of urgency today. Hon. members will have an opportunity to discuss this matter on Monday in accordance with the assurance given by the Minister of Public Works.

[Mr. Speaker.]

Mr. Drew: Mr. Speaker, with the reason that has been given for not permitting a debate now, and without accepting that as having the finality that there would be if a vote were called, I simply would explain that I do not propose to ask for a vote on the ruling in view of what has been said about the debate on Monday. But I do give notice to you that I shall introduce an amendment at the time the motion is made to go into committee of supply.

Mr. Sinnott: Introduce your same motion.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

EXTERNAL AFFAIRS

INQUIRY AS TO ACTION BY GOVERNMENT AS A RESULT OF STATEMENT BY GENERAL MACARTHUR

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): In the absence of the Secretary of State for External Affairs on official business I should like to give notice of a question which he can answer on his return to the house. Is it the intention of the government to take any official action over the latest rebuke by General MacArthur to the elected representatives of the people?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the hon. member's question will be brought to the attention of the Secretary of State for External Affairs.

PUBLIC BUILDINGS

REPORTED PURCHASE OF BUILDING IN LONDON, ONT., FOR USE OF INCOME TAX DIVISION

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I should like to direct a question to the Minister of Finance or the Minister of National Revenue, but neither of them is here. Possibly the Minister of Public Works might have answered it but he is not here. My question arises out of an article in Tuesday's London *Free Press* regarding the sale of a building in London, Ontario, owned by Westmount Realties of Montreal, to the dominion government for the use of the income tax division. As a result of this transaction the city of London will lose $8,000 a year in taxes, and I should like to know whether any provision will be made for that loss of revenue. Second, the option was for a period of ten years and the period has not elapsed. The option price was $550,000 and

$600,000 has been paid. In other words, the taxpayers are out $50,000.

Mr. Deputy Speaker: Order. I would ask the hon. member to state his question as briefly as possible.

Mr. White (Middlesex East): Why not continue the lease for the ten-year period?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, may I suggest that the hon. gentleman put his question on the order paper.

POTATOES

INQUIRY AS TO PRICE SUPPORT PAYMENT TO GROWERS OF PRINCE EDWARD ISLAND

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I have waited a couple of days for the Minister of Agriculture to be here, and I am now going to put my question so that he will have notice of it. When will the guaranteed price support be paid to the potato growers of Prince Edward Island, and what price per bushel will the producers receive? Will the government of Prince Edward Island pay the total amount and then be reimbursed by the federal government?

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF TRANSPORT

471. Departmental administration, $1,199,818.

Mr. Green: Is the minister making a statement on this?

Hon. Lionel Chevrier (Minister of Transport): On what?

Mr. Green: Is the minister making a statement?

Mr. Chevrier: I do not propose to make a statement. I propose to proceed in the usual manner, and if hon. members have certain matters they wish to raise I shall try to deal with them as well as I can.

Mr. Green: Mr. Chairman, it is quite evident that we are going to have a quiet homey evening with only the best of us here. I should get unanimous support for that remark.

Mr. MacInnis: Including the best minister.

Mr. Green: However, I know that the other ministers and members are busy with very important duties helping to entertain the President of France. This is the first occasion on which the estimates of the Department of Transport for the present fiscal year have been under consideration. Before proceeding to deal with the department, I should like to congratulate the hon. member for Kenora-Rainy River on his appointment as parliamentary assistant to the minister. He has been a very conscientious member, and I am quite sure will fill this post with great benefit to the country and great honour to himself. I wish him good luck.

This year the most important business to be considered by the house under the estimates of the Department of Transport is the report of the royal commission on transportation. The whole problem of transportation has always been one of the main questions facing Canadian legislatures and the Canadian people. That is perfectly understandable of course because of the vast distances in this country and the scattered settlements from one coast to the other. There probably would have been no Canada as we know it today if special provision had not been made to link the maritimes with what was known as Upper Canada by the Intercolonial Railway, and also to link British Columbia with central Canada by the Canadian Pacific Railway.

Today, just as in the days following confederation, transportation is of vital importance to the Canadian people. We are fortunate at this session in having had a report from the royal commission on transportation. The commissioners have gone into most of the aspects of our transportation problem, and I think have made a very important report. Whether or not one agrees with all the recommendations, the fact remains that the men who made this investigation are very distinguished Canadians, the Hon. W. F. A. Turgeon, who was chairman, Dr. H. F. Angus of British Columbia and Dr. H. A. Innis of Toronto. They brought to their work a great zeal to serve their country and displayed ability in conducting this investigation; I think this is one of the most important reports ever to have been placed before the Canadian parliament.

We have not had the report very long. It was tabled a few days before the house recessed for Easter, and probably very few members have had the opportunity to study it carefully. It is a lengthy report, and I must admit that I personally have not reviewed it as carefully as I propose to do. I hope the house will be given an opportunity to study it thoroughly, and for this purpose it might be possible to make use of one of the committees of the house. We have a very competent committee on railways, canals and telegraph lines; I cannot say anything else, because I am a member of that committee. I see no reason why that committee could not

make a study of this report. From what the Prime Minister said when he tabled it, I take it some legislation will be placed before the house, and in any event I urge the minister to refer that legislation to this committee. In that way it will be possible to have such legislation given more careful consideration than if it goes through the house here in the ordinary way; it would also enable members of the committee to get a better understanding of at least some of Canada's transportation problems.

That is important, because from this report we have an opportunity to work out a national policy on transportation. Of course there would be differences of opinion on different aspects of such a policy, but it might be surprising how close to unanimity we could come on such a policy. You see, Mr. Chairman, transportation does not involve only the railways. It includes shipping, under which we have ocean-going shipping, coastal shipping, the traffic on the great lakes and the shipping through the canals, which is increasing in importance all the time and will continue to do so, particularly if the St. Lawrence seaway should be constructed. We have the airways, steadily becoming more important in Canada. They have been important from the start of flying and Canada has made great progress in aviation. Young Canadians seem to take to the air naturally; they make wonderful fliers. Aviation in our north country has always been far ahead of similar flying in any other country, and aviation generally is of great importance to our people.

Then some of the members have heard of pipe lines, which have become another aspect of the transportation problem facing this country. They would be included in a study such as I have mentioned.

Then there are the highways. There is quite an insistent demand that the federal government should step into the highway picture. I am not taking sides on that question tonight, and merely say that the commission expressed doubt as to just how far the dominion government could go in the matter of regulating highway traffic. In any event, the highways do enter into the transportation picture.

So here we have a series of recommendations which might very well be worked into a good transportation policy for Canada. It would be a great tragedy if we allowed this report to be treated as parliament treated the Rowell-Sirois report. That was a splendid report prepared after a great deal of work by exceptionally capable men. I believe Dr. Angus was also a member of that commission. Parliament did not have an opportunity to debate that report. I always thought it was a great tragedy that we did not thoroughly discuss and study the Rowell-Sirois report. I am sure that if we had done so there would have been beneficial results to Canada. Let us not have the same thing happen to this Turgeon report on transportation.

This evening I have no intention of going into the various recommendations at any length, but I would ask the minister to deal with at least some of the matters covered in the report. For instance, there is a very interesting proposal at page 253 in a chapter entitled "The rail link between east and west." It describes northern Ontario, the territory from Fort William to Sudbury, as a land bridge between eastern and western Canada, where practically no freight or passenger traffic originates. The commission finds this to be a sort of no man's land, and recommends that the government of Canada pay a subsidy to the railways to cover the cost of operating in that area. At page 253 of the report there is a very good summary of the attitude of the commission on this point:

> The overhead cost of linking east and west together has been a matter of national concern from the earliest days. It is the existence of this necessary link between Canada's two vast areas that must be recognized. It is called for, not only by the requirements of the exchange of goods for commercial purposes, but also by those of our national defence structure. The problem presented is that of maintaining this link so long at least as it does not provide sufficient revenue for its own maintenance. This problem concerns the whole country and not only its western portion, and the responsibility for its solution should be assumed by the nation as, for instance, in the case of the maintenance of our canal system.

As hon. members know, the canal system, which is largely in the provinces of Ontario and Quebec, is maintained by the country without cost to the users of those canals. Then the commissioners, after referring to this link as a bridge, go on to recommend—

> . . . with the whole cost of maintaining the bridge over which the traffic between the two large areas must pass, just as the toll-free canals in central Canada are maintained at public expense for the passage of traffic through them.

The report states that the estimated amount of subsidy would be about $7 million annually. Those of us who come through that part of the country several times a year realize how accurate the picture is that is painted by the commissioners. I believe they have made out a splendid case for subsidization of this particular traffic. I hope that the government will accept that recommendation and will provide a subsidy during the present session. I would ask that the minister deal with this recommendation when he replies.

Another recommendation on which I should like to have his remarks is contained

at page 122 of the report in a chapter entitled "Equalization". This chapter sets out that it now appears to be fairly generally accepted by the government and also by the railways that there should be a broad principle of equalization of rates throughout the country. The commissioners point out that in April of 1948 order in council P.C. 1487 was passed, which directed the board of transport commissioners to conduct a freight rate investigation—

. . . with a view to the establishment of a fair and reasonable rates structure, which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities . . .

That was an order in council passed of course by the present government in April of 1948. The railways apparently have not quarrelled very violently with the suggestion that there should be a broad general principle of equalization of these rates. One suggestion that the commissioners make is that on the long hauls the rates should be based on greater distance than on the short hauls. To make myself clear, let me put it this way. For example, if it costs $100 to move freight one hundred miles on a short haul, on the long haul that charge should be $100 for two hundred miles. I think that explains one of the suggestions they had in mind, namely, that the rate should not be just on a basis of mile for mile, but where a long haul was involved, should be lower than where there was a short haul.

They say the objective should be to get a uniform rate structure. At page 127, paragraph 10, we find this statement. They have listed various items which could help to bring about this result and say:

The foregoing items point to a new departure in class rates and commodity mileage rates, and eventually, in so far as practicable, in special or specific rates for the Canadian portion of the North American continent. It appears that Canada has reached a stage in its development when former methods of making regional rates must give way to a uniform rate structure that, as far as may be possible, will treat all citizens, localities, districts and regions alike.

That of course has been the plea of seven of the provinces of Canada for many years; it has been the plea of all of the provinces except Ontario and Quebec which seem to be satisfied with the present rate structure. One can understand that, because in Ontario and Quebec there is competition by road and by water to a far greater extent than there is in any of the other seven provinces. The result is that the rates in Ontario and Quebec are not as high as they are in the other provinces, and certainly not as high as they are in western Canada. I am not mentioning the position in Newfoundland because I am not fully informed on that particular aspect of the subject. One reason I am pointing out this question of equalization to the minister is that the commission recommends that there be legislation. This improvement can only be made by an amendment to the Railway Act. In paragraph 12 on page 127 the commissioners recommend as follows:

Changes should be made in the "traffic, tolls and tariffs" sections of the Railway Act in order to empower the board to effect and maintain the uniformity in rates throughout Canada herein recommended.

If the government accepts that recommendation—and I hope it will—then let legislation be brought in at this session so that a start can be made on complying with the recommendation of the commission.

Another subject which is also of great importance and which likewise calls for an amendment to the Railway Act is that of transcontinental rates. They are dealt with at page 96 of the report, and I refer particularly to page 101 where it is stated:

The Railway Act should be amended to provide that when the competitive transcontinental tariffs are published by the railways, such tariffs shall contain a provision that the rates to or from intermediate territory shall not exceed the transcontinental rates by more than one-third.

As I understand it, the meaning of that recommendation is this. There are certain special transcontinental rates, for example, from Toronto and Montreal to Vancouver. They are only in effect because there is competition by sea and we benefit by those rates on the west coast. I presume there is also a similar benefit from transcontinental rates on the east coast. But the Canadians who live in the interior part of the country—for example, in interior British Columbia, in Alberta and, I suppose, in Saskatchewan as well—do not get any benefits from those transcontinental rates. They must pay a much higher rate. The commission has recommended that the higher rate that they pay in the interior portions of the country shall not be more than one-third higher than the transcontinental rates. I believe that that provision, if it became law, would be of great benefit to those Canadians who are not privileged to live at the seashore. I hope that the government will bring in an amendment to the Railway Act at this session to make that change possible as well.

Then there are in the report sections dealing with three subjects which I shall link together. First of all, there is the subject of Crowsnest pass rates. The reference to those rates will be found beginning at page 238. As hon. members know, those are the rates which enable wheat to be shipped to either coast at a freight

rate lower than the ordinary one. The finding of the commissioners is that there should be no change in those Crowsnest rates.

Then there are the provisions under the Maritime Freight Rates Act. The report on these provisions is found at page 228, and there is a recommendation that there should be no change, that the benefits under the Maritime Freight Rates Act should not be cut down. They do recommend that there be some amendments to the act to bring it into line with the actual practice in the administration of the act.

The third subject which I wish to link with the other two is the question of amalgamation or unification of the railways. We find at pages 128 and 276 a very definite recommendation by the commission that there should be no unification of the railways and no amalgamation. I would like to know from the minister this evening the intention of the government on these three points: whether or not the recommendations of the commission on the Crowsnest rates, the Maritime Freight Rates Act and the question of amalgamation will be accepted. I may say that personally the recommendations seem to me to be very sound.

Another subject with which I suggest the minister should deal this evening is the recommendation by the commissioners that there should be only one board supervising railways, shipping, and aviation. Their findings on that question will be found at page 276 of the report under the heading "Co-ordination." They point out that at the present time the board of transport commissioners in reality has jurisdiction only over the railways and certain small portions of the shipping activities of the country. Then there is the air transport board, which has charge of aviation activities, and the Canadian maritime commission, which has most of the authority in connection with shipping in Canada.

Back in 1938, as the minister will remember, a bill was brought into the house and passed entitled "The Transport Act". It was declared to be an act to establish a board of transport commissioners for Canada with authority with respect to transport by railways, ships and aircraft. The new board was in effect simply the board of railway commissioners for Canada under a different name. In 1938 the intention was to put all these three activities under one board, but ever since then the government has followed a different policy. By degrees it has transferred the authority to other boards. For example, in 1944 the air transport board was set up, and against the objections of quite a few of the members of the house, including myself, that air transport board was given all jurisdiction over aviation; in addition it was set up not as an independent judicial body, such as the board of transport commissioners, but set up directly under a minister, and in effect subject to the orders of the minister. It was really just an administrative branch of a department. We protested bitterly at the time about that set-up. Now the commissioners have recommended that this control be taken away from the air transport board and given to the board of transport commissioners.

Then in 1947 the Canadian maritime commission was set up, and as I said a few moments ago was given jurisdiction over shipping. Now the board recommends that jurisdiction too be placed with the board of transport commissioners. Frankly, I have not been able to convince myself that that is a wise recommendation. It may be. I may change my mind on further study, but I believe that the Canadian maritime commission has a function to fulfil in keeping up the merchant fleet of this country and in making provisions for war vessels to be built; it has a function that can never be adequately fulfilled by the board of transport commissioners. However, such is the recommendation of the Turgeon commission.

Dealing with co-ordination, they say at page 280:

> All this leads to the question whether the policy of close co-ordination and central control to which parliament seemed inclined to commit itself in the Transport Act of 1938, should not be invoked once again with the view to its extension rather than to its restriction which has been the trend of more recent enactments. If this policy of 1938 can be revised and made effective it should properly have its beginning in the establishment of a strong control organism capable of taking the task in hand.

They mean by that strengthening of the board of transport commissioners, I presume. Then the paragraph goes on:

> Today there are three separate bodies, each charged with the control (a more or less extensive control in each case) of a part of Canada's transportation system. They are the board of transport commissioners, the air transport board and the Canadian maritime commission. It must be difficult, with this dispersion of control, to apply to all of Canada's transportation agencies like principles of regulation for the accomplishment of a common purpose, namely, that of enabling each agency to perform its service advantageously and properly as part of a national transportation structure. The tendency of a separate independent body is to formulate policy affecting transportation without regard to the relationship of the various agencies to each other.
>
> This anomaly—

And here is the recommendation:

> —should give way to the constitution of a central authority which will be able to take in hand the major task of co-ordinated control, having at its

disposal all the benefit acquired from the experience of the separate bodies in recent years.

The adoption of this policy would bring together the three above named bodies, reorganized and united and devoted henceforth to the pursuit of a well planned policy for the co-ordination and regulation of transportation.

That is a very definite finding, and I believe the House of Commons should be told what the attitude of the government is with regard to that recommendation.

Another subject dealt with at length by the commission is the refinancing of the Canadian National Railways. As the minister knows, I am no financial wizard; I shall leave that subject to the hon. member for Greenwood. But I believe we should know the attitude of the government toward recommendations made by the commission for the refinancing of the Canadian National Railways.

There is one other recommendation on which I should like to have the government's view, and that has to do with the expansion of railways. The recommendation is found at page 130 of the report, under the heading "Proposed railway expansion and matters incidental thereto." After dealing with the situation in the United States with regard to the expansion of railways, the report states:

In Canada the situation is somewhat different. There is still room for railway expansion where it is called for by the needs of settlers already established in productive areas or by the necessity of making available new areas possessing mineral and other natural resources attainable only by railway.

I point out the words "already established in productive areas." It continues:

It seems to be generally assumed that most, if not all, railway expansion in the foreseeable future will be carried on by the government of Canada or by the Canadian National Railways which the government owns. The day of ill-conceived and therefore excessive construction seems to have gone by, and our people can feel reasonably assured that from now on no railway ventures will be undertaken excepting after thorough investigation of each project and always with due regard to the financial commitments involved.

That sounds like a very reasonable recommendation. No doubt nearly everyone in the chamber this evening has nodded his head, and thought, "That is a good suggestion; that would be a good policy." I am not so sure that in adopting that attitude we are thinking in the year 1951. I am a little afraid that we are looking back to those days thirty years ago when we had a lot of railway trouble, to the days when the Canadian National Railways had to be set up and when everyone became thoroughly hostile to the spending of money for the laying down of further railways.

I think the commissioners have been bitten by that bug. I am not so sure that Canada should adopt such a reactionary policy with regard to the building of railways. For example, the commissioners say in this paragraph:

There is still room for railway expansion where it is called for by the needs of settlers already established in productive areas.

It is not so easy to get people to go into those areas when they have no chance of getting railway communication for many years. It just does not work out that way. We have one good example in Canada of the weakness of such a policy, and that is to be found in the Peace river country. There we have a great producing area, the citizens of which are among the outstanding pioneers of our generation. Yet they have never been able to get a railway outlet to the Pacific coast.

Every year since I came here there has been a plea in the house by members from all parties for the building of such a railway, but nothing has been done about it. That railway is no nearer being built today than it was twenty years ago, and if the policy set out at page 130 of the Turgeon commission report is followed in detail by the government there will not be much chance of a rail outlet to the Pacific coast from the Peace river area during the lifetime of the present government. I hope of course that that may not be very long. But, speaking seriously, I think we must be careful not to permit our thinking to get into a groove, and that we must not fail to realize that conditions are changing.

Great developments are going on in Canada today. There are great developments in northern Quebec, northern Ontario, northern Manitoba, northern Saskatchewan, northern Alberta, northern British Columbia, the Northwest Territories and in Labrador. For this country to adopt a policy whereby there would be no railways built until there are plenty of settlers up there who are able to produce, and to fail to supply the only possible way in which they can send out their products, would be unwise. I hope the government will not accede to this recommendation by the commission.

Those are the only points in the report about which I would ask the minister to make a statement this evening. I regret that the commission failed to deal with the St. Lawrence waterway. I realize it was not instructed to do so, and that it might have been difficult to reach any definite conclusion in the matter. However, if the St. Lawrence seaway is constructed there will be many far-reaching results to the transportation system

of Canada, and certainly that of eastern Canada. I regret that no provision has been made for studying the effect on our transportation system of the construction of that seaway. If we had the results of such a study we would be much better able to bring good judgment to bear on the project than we are going to be able to do under present conditions.

The Chairman: Order. I am sorry to interrupt, but the hon. member has exhausted his time.

Mr. Green: I have just about finished.

The Chairman: With unanimous consent the hon. member could continue.

Some hon. Members: Go on.

Mr. Green: I am afraid that a proposal will be put forward suggesting that we must have the St. Lawrence seaway, and that there will not be sufficient information in the house for hon. members to understand the whole picture. The result will probably not be as satisfactory as if we had had a detailed survey by a group such as the Turgeon commission. Perhaps provision could still be made to set up a commission to study just what the effect of that seaway will be on our transportation system.

Finally I would ask the minister to let us know what progress has been made with the general freight rates investigation being conducted by the board of transport commissioners. They were authorized, in 1948 I believe, to conduct a general freight rates investigation at the same time the royal commission was doing its work. It would be most helpful if we were told what progress has been made.

In conclusion, may I repeat that the time to review this report in detail and to debate it in this house is during this 1951 session. The time to get action on the report is during the present session. This is the time when we should have legislation to carry out at least some of the recommendations made in the report. Let us give as much of this work as possible to the standing committee on railways, canals and telegraph lines. There was a time when that committee was perhaps the busiest committee of the house, and I believe that is why the railway committee room is so named. In my opinion the position today is as it was after the first world war when transportation was the most vital internal problem facing the Canadian people.

Mr. Gillis: Mr. Chairman, I am not going to pursue the subject raised by the hon. member for Vancouver-Quadra, but I would like to discuss a matter which is familiar both to myself and to the Minister of Transport. I do not raise it at this time for the purpose of embarrassing or criticizing the minister or his department, but rather to obtain clarification.

I have been accused of being the chief Liberal spokesman for the federal government in Nova Scotia in connection with this particular project. I refer to the recommendations made to this house in 1949 by the Pratley commission which was appointed jointly by the federal and provincial governments for the purpose of resolving the engineering difficulties in connection with constructing a bridge across the strait of Canso.

Mr. Chevrier: May I interrupt the hon. member for a moment? I do not know whether there are other hon. members who would like to discuss the royal commission report, but before we get into a discussion of the Canso project I should like to have the opportunity of replying, in part at least, to the questions raised and representations made by the hon. member for Vancouver-Quadra. I was hoping that all the speeches on the report would be made in the earlier part of the evening and therefore before the hon. member goes on I should like to reply.

Mr. Gillis: If the Minister of Transport is going to reply to all the points raised by the hon. member for Vancouver-Quadra he will not finish tonight. The hon. member raised every problem that was dealt with by the commission on transportation.

Mr. Green: Oh, no.

Mr. Gillis: You did not miss many.

Mr. Chevrier: He left out one.

Mr. Gillis: I should like to pursue this subject now. After the minister hears everyone he may be able to summarize the matters that have been raised and deal with them briefly. As I was saying when the minister so rudely interrupted me, this Pratley commission was appointed jointly by the provincial and federal governments. The recommendations of that commission were laid before this house. When the minister presented these recommendations he said that there was no engineering difficulty in bridging the strait of Canso. I was quite happy to hear him say that.

Since that report was brought down considerable controversy has developed as to why there should be delay in clearing out the recommendations of the Pratley commission. I should like to make it quite clear that the Canso bridge project has been in the slings for fifty years. Surveys were made many years ago by engineers as to the feasibility and practicability of bridging the strait of Canso.

It has always been an engineering problem. We had engineers before the committee on reconstruction in 1942, including the economic advisory director of the Canadian National Railways. They threw cold water on this project by saying that it was not feasible, that the cost would be too great and that the engineering difficulties were so and so.

Nevertheless the committee on reconstruction recommended the project as a post-war project. The engineering problem continued until the provincial and federal governments got together in an effort to get the top flight engineers in Canada to form a commission and make an independent survey. In the past the engineers who had disagreed were government engineers, Canadian National engineers, and in some cases engineers from industry, particularly in Nova Scotia.

The top flight men were selected. The federal government appointed two. Mr. Pratley, who headed the commission and is reckoned as one of the best men in the profession, was appointed by the provincial government of Nova Scotia. After a lot of study and work the commission made a very comprehensive report which was tabled in the house by the minister. I have read that report several times and in my opinion it is an excellent report. They examined the possibilities of a tunnel, of a causeway and of a low-level bridge. They decided on the low-level bridge as being the most practical and least costly.

In the past we were led to believe that the bridge would cost anywhere from $35 million up to as much as $56 million, but the Pratley commission estimated the cost at $13,500,000, quite a considerable difference. In my opinion the federal government have carried out their responsibilities, and this is where I got into difficulty with the premier of Nova Scotia. The federal government have spent $258,000 on this project up to date in the way of survey costs, the cost of the engineering commission, wages and so on. The federal government have put that amount into the project and it is not started yet.

I stated in November in Nova Scotia that in my opinion the federal government had carried out its responsibilities and obligations under the report. The first indication of delay, as far as I can figure it out, came when the premier of Nova Scotia notified the federal government that the bridge should be widened by two feet because it did not conform to the highway. I should like to know how many bridges in this country conform to the highways. If there are any, it is through accident. I have not travelled over very many that were exactly the width of the main highway. As I say, that was the first indication of delay.

The Minister of Transport did indicate in one brief statement that this might mean the redrafting of the plans. The delay continued, and when I raised the matter in Nova Scotia during the time the house was adjourned the premier of Nova Scotia made a long statement. He said that nobody knew what they were talking about except himself. According to a press dispatch I have here he claimed as late as February 28 of this year that the site of the bridge piers held up the Canso project, and he went on to make a statement. That was in the legislature. He gave me quite a going over for being the chief spokesman of the Liberal party in Nova Scotia from the point of view of defending them so far as the Canso project is concerned.

I like to be fair. I am not political in a matter of this kind. I want to see the bridge built, and I believe it will be built despite all obstacles that are put in the way. The Minister of Resources and Development was in Nova Scotia in October of 1950, and according to a press dispatch he stated in an interview with the press that so far as he was concerned there were no bottlenecks in Ottawa with respect to the construction of the bridge. That is what I say, and I was glad to see that he agreed with me. The thing I want to bring to the minister's attention is that while the provincial government selected Dr. Pratley as chairman of that commission and appointed him—

Mr. Chevrier: Dr. Ellis was the chairman.

Mr. Gillis: Why was it called the Pratley commission?

Mr. Chevrier: No, it was the Ellis commission.

Mr. Gillis: That is not the title he gets in most of the press dispatches that I have seen.

Mr. Chevrier: Those are the facts.

Mr. Gillis: They name him as chairman of the commission. However, that is immaterial. Pratley was appointed by the Nova Scotia government. In my opinion the controversy during the past couple of months is a reflection on the top flight engineers of Canada who were selected by both governments to make an independent survey of that project. I think their report clearly indicated that it is feasible both from an engineering standpoint and from the standpoint of costs. Not only that, they also recognized the necessity for that particular bridge. It is not a matter of building a political bridge across a river or something like that. It is more

important than that. It is a very definite part of the Canadian National Railways system into the largest industrial section east of Montreal, a section that produces approximately one-third of Canada's basic steel and ships out about 95 per cent of it. About half the coal produced in Canada today is produced on the island of Cape Breton and shipped out. It is not a matter of just building a bridge, as some people might think. It is a matter of importance, of making necessary improvements in the Canadian National Railways transportation system.

It is recognized by most people who think and know geography as being essential in this day and age, and I want to see it built. The great majority of the people of Nova Scotia do not want to see a political football made of it. It has been that for a long time. I am not concerned about blaming anyone in particular for the delay but I am concerned in assessing the facts as I see them and understand them, and if there is someone putting obstacles in the way I am going to point out that person whether or not he likes it. According to a press dispatch I have in my hand from the Halifax *Chronicle-Herald*, a couple of weeks ago Dr. Pratley was obliged to make a public statement because of statements appearing in the press by laymen who in my opinion knew very little about the project. I am going to read Dr. Pratley's statement into the record because I think it comes from a man who is an authority on the subject, a man who was a member of the commission, and a man who has a reputation to maintain in his profession. I do not blame him for having made use of the press to clarify an issue that has been made a political football.

I rose at this time merely to bring this matter to the attention of the minister in case he has not seen it, because the minister is a key figure in this controversy. I do not want to drag him into any provincial difficulties but I want him to know exactly what is going on because in the final analysis if the bridge is ever built I think it will be built because of pressure and honesty on the part of somebody in the federal government, and I think that somebody will probably be the Minister of Transport. The statement of Dr. Pratley is in answer to the many press statements about the engineering difficulties and so forth. The newspaper article reads as follows:

"The piers of the proposed Canso bridge would withstand the impact of a piece of ice 225 acres in area, 12 feet deep and moving at a speed of 6 feet per second," Dr. P. L. Pratley, consulting engineer, Montreal, told the largest audience ever to attend a meeting of the Halifax branch of the engineering institute of Canada in an address delivered at the Nova Scotian hotel last night.

"We must have safety factors beyond the bounds of common sense because of the psychology of fear which exists in relation to the Canso bridge project in the light of planned innovations which are perhaps unprecedented but not impossible," Dr. Pratley said.

"I could find no one who had actually seen a piece of ice 5 acres in area, though there were rumours of such 'pans.' Certainly no one has seen one with an area of 25 acres. We have planned the bridge to withstand the impact of a 225-acre piece of ice. There's certainly a factor of safety there."

The development of Intrusion-Prepakt concrete as used in the so-called Disney pier for bridges solved half the problem of erecting a bridge over the strait of Canso. The other half of the problem was deep water . . . deep salt water. Setting forth the "facts" of the Canso bridge plan, Dr. Pratley referred to stories carried in two Nova Scotia newspapers.

They are the ones to which I have just referred.

"These stories were not accurate," he said. "They refer to a second set of plans. There was no second set of plans, nor is there a second set of plans now. They say my plan was rejected. It was not. They say the Canso project was being reconsidered with a view to substituting a causeway for the bridge. Not so. They say a bridge design planned for the Canso strait fifty years ago was used in the construction of the Quebec bridge. That is not so. They say the "columns" of the bridge would rest on mud. They would in fact rest on rock. They say the bridge would have 14 feet clearance above water. It would have 26 feet. They say there would be 26 feet depth of water. In fact it would have at one point 175 feet depth. There are no icebergs in the strait of Canso despite popular belief," Dr. Pratley said. He showed slides of photographs of the "bergs," stating they were in reality pan ice, upended and crushed against rocks on the shore.

"We made a thorough study of navigation in the strait," he said. The lift span in the proposed Canso bridge would be similar to one now in operation in Vancouver harbour which lifts 7,500 times a year. That is far in excess of the number of ships navigating annually in the strait of Canso at the bridge site. "I still say my method is not the only one," Dr. Pratley said, "but in my opinion it is a good one."

I merely rose tonight, Mr. Chairman, to bring this whole matter to the attention of the minister because in the light of the controversy provincially, federally, and among the engineers I asked for the correspondence between the federal department and the provincial government, and a motion was passed in the house on the 26th of February. There is no law which prohibits members of this house getting correspondence of that nature. It is a matter of courtesy on the part of the minister in asking permission of the provincial government to bring down the correspondence, and I have no doubt that in due time the correspondence will be brought down.

There is another thing I want to bring forcefully to the attention of the minister. Most of the public works projects of this

country have been put to one side because of the defence program. Perhaps many of them could be shelved, but this project has been shelved for the past fifty years. In the last war this was one of the worst transportation bottlenecks in eastern Canada. There was a time when the St. Lawrence was threatened with submarines, and we had to go to work and put in auxiliary coal dumping facilities which cost almost as much as it would cost to build a bridge across that strait. You could not take the coal from there on the railways owing to the bottleneck, so you had to ship it by water, and you had to establish these temporary facilities that cost almost as much as a permanent structure.

You may mention the shortage of steel. Why, we turn out steel on Cape Breton island, all kinds of it, so I do not take that as an answer. I consider that project to be part of our defence program. Now we have Newfoundland as the tenth province, with all the additional traffic back and forth and the large amount of business that has been diverted to Canada, which has to come across that strait. So I believe that project is a must at this time, and I do not accept the objection that it will cost $13 million, or that there may be a shortage of steel, or anything else. I believe the Americans are as interested in getting that bridge as we are. When this matter was under discussion in 1942 a Mr. W. J. Kemp was very much interested, and came to Ottawa in connection with it. His father made the first survey for that bridge away back in 1906 or 1911. Mr. Kemp brought with him the original plans and said his company was still interested. That was the Waddell-Hardesty engineering firm; and at that time he told me that if he could interest the federal government in going ahead with the project, his company would build the bridge. Better than that, he said he could get priority on steel for that project in the United States. Their forces were in Newfoundland at that time, shipping a great deal of material in and out, and they thought the bridge was necessary.

Then there is the question of cost, but that is something to which I do not pay very much attention. There was a time when $13 million would scare me, but not now. Of course there was a time when that was the total of our national income, but when I see billions thrown around now just by the stroke of a pen, the expenditure of $13 million to create a permanent structure and make necessary improvements in our railway system does not frighten me at all. That is no argument at all as to why this project should not be proceeded with. I know one thing, that as far as I am concerned it is not going to be used in the next election campaign as a political football, either provincially or federally. I have exonerated the federal government; I think they have done all they could up to date, but I think the time has come now when they should back up one of their engineers who has been fighting for the honour of his profession in regard to the accuracy of the reports he made. A great deal of money was put into the work of that commission, and I hope it is not going to be considered just another report.

Mr. Chevrier: I hope the hon. member will not consider me rude if I do not deal with his remarks immediately and answer some of the questions he has put to me. Before I deal with the representations made by the hon. member for Vancouver-Quadra, let me tell the hon. member for Cape Breton South that I fully agree that to attempt to reply to all the questions asked by the hon. member for Vancouver-Quadra would be difficult. I am sure the hon. member, sincere as he is, had no expectation that at this time I could dispose of all the subjects he raised. In any event, I feel that I should say something definite and concrete in reference to the royal commission on transportation.

The Turgeon report, as it has been called, is a very constructive document. Anyone reading it will come to the conclusion immediately that it is also a comprehensive document, the like of which I do not think has been tabled in this house previously. From reading the document it is clearly evident that the conclusions were reached after very careful consideration. In my analysis of the report I divided it in three parts: first, that part having to do with the rate structure of Canada, or equalization if you will; next, the recapitalization or refinancing of the Canadian National; third, co-ordination or a national transportation policy for Canada. The other matters dealt with in the report are of a general nature and incidental, I believe, to those three problems.

In those three divisions of the report, the commission poses the problem and suggests the solution. It analyses the complaints of the provinces by areas and by regions, deals with them at length, and submits its recommendations. With reference to the freight rate structure it states at length the contentions of the provinces. It refers to the complaints of the maritime provinces, to the effect the Maritime Freight Rates Act does not go nearly far enough and that the boundaries of the region should be extended as far west as Toronto or even Windsor and the subsidy increased from 20 per cent to 30

per cent. It deals at length with the complaints of the prairie provinces and refers particularly to the long haul, to which my hon. friend referred; to the disadvantages suffered by those extremities of the country because of the long haul, and also the aggravation of those disadvantages by the application of horizontal increases in freight rates. While dealing with the question of freight rates in western Canada the report refers to the fact that there is not the competition in that part of Canada that there is in the central provinces. It deals also with the complaints of British Columbia, respecting removal of the differential in passenger rates consequent upon the removal of the mountain differential which it obtained some short time ago. I believe it also deals at length with the complaints of the province of Newfoundland, and in effect states that the board of transport commissioners having heard the case for Newfoundland, for the time being at least that was not being dealt with in the report.

What I have said so far has to do with the representations listed in the report of the Turgeon commission. In other words it says there is the problem, and what should we do to remedy the situation? In the chapter entitled "Equalization" the commission is of the opinion that the time has arrived when there should be equalization of freight rates in Canada as far as that is possible. To say in a report that there should be equalization is one thing, and to put it into effect is another. There are many interpretations of equalization. There are any number of railway cases from which, if one were to read them, one would find different aspects as to equalization. But the royal commission has a formula. It suggests that the present standard mileage class rates be abolished and instead thereof there be established a new uniform class rate scale which, by virtue of the amendments referred to in part I, as I call it—the first part—of the report would have the effect of equalizing those rates across the country.

The complaints in effect boil down to the question of the rate structure. The complaints say that the board has not always done what it should have done, or again that the board did not have the power to do what we wanted it to do, or again that the board has no power to do some of the things that should be done to equalize the rates. In this report every complaint raised by the provinces was analysed critically and was investigated; and the commission came to the conclusion that the best way in which to deal with that problem was, first of all, to eliminate the class rates which exist in Canada at this time and to establish in lieu thereof a uniform normal class rate; next, to eliminate the variety of commodity rates and to establish uniform rate scales for each commodity; then, third, to equalize to the extent feasible specific commodity rates. That is a difficult job. That is a task which it will take time to deal with and to dispose of satisfactorily.

The report suggests some eighteen to twenty amendments to the Railway Act which would help to bring into effect this policy of equalization. But the commission makes it clear that these amendments to the Railway Act will not in themselves answer the purpose. The commission says that it will be for the board and the railways to carry out the suggestions and the recommendations which are referred to in the report.

Coupled of course with the question of equalization is the link between the east and the west, the bridge, or the maintenance of the roadbed of the two railways. The one I think goes with the other. Excepted by the commission from the recommendations on the subject of equalization are certain rates such as international rates, export and import rates, competitive rates, agreed charges, rates on railways other than the C.N.R. and the C.P.R., and the Crowsnest pass rates, all of which, of necessity, must be eliminated because amendments to the Railway Act could not deal with these specialized rates since they are influenced by other factors.

Then the commission suggests that the general freight rate investigation ordered by the government some time ago should be an efficient means of carrying out this recommendation. My hon. friend says: On this as well as on the other matters, what is the attitude of the government? What is the government going to do about it? I need hardly tell the committee that the report was handed to me less than five weeks ago. It had to be printed, translated and submitted to the government. The government gave it some study, but the government has not been able to give to all of it the study it deserves.

I have appointed in my department a committee to deal with amendments required to bring into effect the first part of this report, namely the equalization of freight rates. That committee is now working on legislation to implement, by way of amendment to the Railway Act, the recommendations of the report with regard to equalization. That is a difficult job—far more difficult that I had anticipated at the outset, because the work of the committee has now reached the point where it is necessary to analyse a multitude of sections of the Railway Act—and there are hundreds of them—to ascertain what effect

these eighteen or twenty amendments would have on the rest of the sections. That in itself is a difficult task. How soon a draft will be prepared for submission by myself to the government, I am unable to say. All I can say is that, when the draft is prepared, I will submit it to my colleagues to ascertain whether or not it will be possible to present at this session legislation implementing the first part of this report.

The second part of the report deals with the financial structure of the Canadian National Railways, and I do not want to spend too much time on that aspect. The committee is familiar with the presentation made to the royal commission on transportation by the president of the Canadian National Railways and with the plan which he submitted to the commission. The commission decided not to adopt his plan. They had a plan of their own which I think accepts to a large extent, although not entirely, the representations of the Canadian National Railways. That plan can be found in the second part of the report. As to that plan, I can tell the committee that the government has not yet had time to give consideration to it.

The third part of the report, that having to do with the co-ordination of transportation facilities by the establishment of a board or commission or body or central authority which would co-ordinate the activities of the Canadian maritime commission, of the board of transport commissioners and of the air transport board, is one which I think should be of interest to the house.

The chapter dealing with the national transportation policy is I think one of the most interesting to read. In the first part of the chapter will be found in condensed form what has been the transportation policy up to date. It was prepared after a great deal of study, and should commend itself to all hon. members. I need hardly add that, so far as that part of the report is concerned, the government has been unable to give it any study whatsoever.

The other parts of the report that are of interest deal with the Crowsnest pass rates, where there is no change in the present position. The commission reports that these rates were partly established by the board of transport commissioners, partly by the railways and partly by act of parliament. In the case of statutory rates it would be for the government to present legislation amending the rates if that should be the feeling. So far as I know there is no such intention.

With regard to the Maritime Freight Rates Act, slight amendments are recommended. Then there are a number of amendments having to do with accounting and statistics. Others deal with the Canadian National-Canadian Pacific Act, which will give the Canadian National Railways and the house an opportunity of seeing what remedies and what economies the railways are able to put into effect, by having the Canadian National Railways include a reference to this subject in their annual report, which can be studied by the railways and shipping committee.

The accounting and statistics chapter has to do with uniform accounting and I think that should commend itself to hon. members. On the whole the report is an excellent one, and should be of great help to the government and to parliament in the years to come.

The hon. member for Vancouver-Quadra asked a number of specific questions, which I do not think I need answer in view of the general picture in so far as the first part of the report is concerned.

My hon. friend has suggested that we be given an opportunity to discuss this report. Well, I think that is one of the reasons why the estimates of the Department of Transport were called. They were called so that the house could be given an opportunity of discussing the report. My hon. friend has suggested that the report be submitted to a committee. I hardly think that he really wanted that because if the legislation, which I referred to a moment ago, is brought down, it might be referred to a committee. I think it would be duplication to refer the report to a committee, because we have referred the question to a commission and they have made those recommendations, and the government has now to decide whether it will adopt them in whole or in part.

Mr. Green: The minister means that any legislation brought in will be referred to the committee on railways, canals and telegraph lines.

Mr. Chevrier: What I mean is that legislation having to do with equalization, if it is approved of by the government, could, I think, be referred to the committee on railways, canals and telegraph lines, if it was the wish of the house.

The hon. member for Cape Breton South dealt with an important subject in so far as he is concerned, and in so far as several members on this side of the house are concerned, namely, the bridging of the strait of Canso. He said that was a matter which had been discussed for many many years. I was interested in the remarks which he had to make; in fact I was quite pleased with the attitude he adopted. I thought it was a fair attitude in so far as the Department of Transport is concerned. But I think he is mistaken honestly if he thinks that there

has been any undue delay, or that there have been any obstacles placed in the way of the implementation of the report of the board of engineers.

Some months ago a board of engineers, established by the government and by the province of Nova Scotia, reported upon the question of transportation across the strait of Canso. After having considered four methods, namely, improved water transportation facilities, a tunnel, a causeway and a bridge, they favoured the construction of a low-level bridge. They recommended in favour of the construction of a low-level bridge at a cost of $13,500,000, and they recommended that after careful consideration. But they also suggested to the government that a contract be made immediately for the purpose of taking borings to ascertain whether there was any overburden. After the contract was given it was discovered that there was a substantial amount of overburden in the strait which I think had some effect upon the problem as a whole.

I am not an engineer, and of course cannot approach this from an engineering standpoint, but I should like to draw to the attention of the committee the fact that this is a difficult engineering problem because you have a very deep strait, in some places nearly 200 feet. You have currents and tides, and you have ice, all of which added together pose a difficult engineering problem, I am informed. In any event, the board of engineers recommended in favour of the low-level bridge, and we engaged a competent engineer, namely, Dr. Pratley, whose reputation is among the highest in his profession. Dr. Pratley prepared plans and specifications for the construction of a low-level bridge. Objection was taken to these plans and specifications by engineers of both the province of Nova Scotia and the Canadian National Railways. On the day the house adjourned in September of last year I had the advantage of listening in my office to the discussion that went on among all of these groups over these plans and specifications. After hearing the discussion I could come to no other conclusion than that the proper thing to do was to reconvene the board of engineers, the members of which were present, by the way, at this discussion and, in the light of those discussions, ask the board, "Have you anything further to recommend, in view of what you have already recommended? Have you anything further to tell the government, in view of the overburden that has been found there and in the light of the discussions that took place between these three various groups of engineers today?" The board has been reconvened. They have not yet handed down their report. When they will do so, I am not able to say definitely, but I trust it will be before the end of the session.

So that I can assure my hon. friend from Cape Breton South that there has been no undue delay, and there has been no obstacle placed in the way. I do hope that the reconvened board will report soon. What they will report I do not know. If I were an engineer I could deal more specifically with the points involved; but I hesitate to do so because I think I might be treading on rather dangerous ground.

I think I have dealt as fully as I can with the complaints of the hon. member for Cape Breton South, and I believe as completely as I can at this time with the suggestion and questions of the hon. member for Vancouver-Quadra.

Mr. Green: There was one further question, and that was as to the progress made in the general rate investigation by the board of transport commissioners.

Mr. Chevrier: I am sorry to report that there has been little progress made. The reason for that is that when the board reconvened its sittings to deal with the general freight rates investigation early this year the provinces moved immediately for a stay of proceedings and a stay of the hearing until such time as the royal commission had handed down its report. The board agreed to that motion made by counsel for the provinces, and fixed a further date. When that date had been reached the report had not yet been tabled, and a further adjournment was granted.

In view of the recommendations of the commission now I think it would be in the interests of the country for the board of transport commissioners to get along with this investigation as quickly as possible. I can see no objection to the board's proceeding now with the investigation while we deal with the amendments that might be necessary in connection with the Railway Act. When its report is ready it may very well be that if we are ready with our amendments to the Railway Act they will be of some assistance to the board of transport commissioners. But in fairness to the board I must say that they cannot proceed with the investigation until such time as the provinces and railways are ready and willing to proceed.

Mr. Black (Cumberland): Mr. Chairman, this is a very important discussion. We are under obligation to the hon. member for Vancouver-Quadra for his summary with

respect to the report of the royal commission on transportation. It is a subject of wide concern, and I do not feel capable of discussing it as it should be discussed.

The minister has said that these estimates were called for the purpose of permitting a general discussion on this subject, as well as other transportation matters. That is hardly fair to hon. members. I, for one, did not know the estimates of this department were being called.

Mr. Chevrier: I said that was one of the reasons.

Mr. Black (Cumberland): I do not think the minister knew they were being called, either.

Mr. Chevrier: Yes, I did.

Mr. Black (Cumberland): I understood some other departments were to be called. I am sure there are some members who would have liked to be here to discuss this subject, had they known that this was the occasion upon which these matters were to be discussed. I know there are some who should be here, whether they want to be here or not, in order that they might speak for their constituencies.

The matter of transportation is very important to all the provinces, but to no provinces is it more important than to the maritimes. We would never have entered confederation had it not been for the fact that transportation was being dealt with. Nova Scotia and the other maritime provinces, as well as the western provinces, have made representations before this royal commission. They have spent weeks—yes, months—in the study, and have engaged the services of experts.

Speaking for myself, until I have had the opportunity of learning the views of those who represented Nova Scotia at the hearings, I would not be in a position to state to the committee the viewpoint of that province in relation to the commission's findings. I know there is discontent in Nova Scotia and in the other maritime provinces in the matter of transportation as it affects those provinces. I know that steps should be taken to make it easier for the producers in the maritimes to market their products. I do not feel that I, as one of the representatives from the maritimes, am in a position tonight to deal adequately with the subject.

I do not fail to pay great respect to the commissioners as capable men who have given the matter of transportation thorough study. I am not saying their findings are correct, but I realize that we must pay them great respect. They are outstanding men, and I believe their service to Canada will be valued for many years to come.

They have dealt with some special matters, one of which is the maritime freight rates as proposed by the Duncan commission in 1927. Their recommendation is that it be accepted as a permanent feature in the freight rates structure of Canada. I believe that is considered essential by the people of the maritime provinces, but it is not enough to meet the requirements

They have made reference to the Chignecto canal. The commission in its report has turned thumbs down on that project. Whether they were qualified to do so, I have my doubts. I do not believe for instance they considered the matter from the standpoint of defence. In my view the building of the Chignecto canal is of great importance from the standpoint of the proper defence of North America, and I do not believe that phase was studied.

They referred to the Chignecto canal as a commercial undertaking that should pay its way. Certainly that is the effect of their finding and no other canal has been so treated. This project has been promised to that part of Canada since the days of confederation. Even if it will cost more than some people think it should, it should not be put on a paying commercial basis. The people of the maritime provinces feel that it should be built as a commitment on the part of Canada. No adverse report by this commission with respect to the building of this canal should be accepted as final.

Before I would be in a position to discuss their recommendation I should like to hear from the committee from the maritime provinces that gave months to a study of this project. They sent up the largest delegation that had ever come to Ottawa from the maritime provinces to urge the construction of this canal. The personnel of this committee gave much time and expended large sums to arrive at their conclusions and they will be dissatisfied with the adverse report by this commission, no matter how able it may be. From representations that have been made to me I know that there is great dissatisfaction with this report on the part of many people in the maritime provinces. I am not in position to discuss the report in detail and I do not think it was expected that it should be discussed at this time.

I should like to refer to the remarks of the hon. member for Cape Breton South with respect to the Canso bridge and say that I agree with much that he has said. There is great dissatisfaction in Nova Scotia that more headway has not been made in the

construction of this bridge. The delay is simply one more disappointment as far as we are concerned, especially when a definite undertaking was given by the minister and by the government before and during the last election that the bridge would be constructed. The results up to now are practically nil.

Mr. Macdonnell (Greenwood): The engineering difficulties are greater after an election.

Mr. Black (Cumberland): That appears to be it. The people of Cape Breton and Nova Scotia are not satisfied with the progress that has been made. I do not want to be too critical of the minister, but I do not think there is justification for the delay in the construction of the Canso bridge in view of the definite undertaking by the minister and the government.

Mr. Chevrier: The hon. member says that he agrees with the hon. member for Cape Breton South, but he is disagreeing with him now.

Mr. Black (Cumberland): If I am disagreeing with the hon. member, the people of Nova Scotia are agreeing with me. I do not think there is much more that I can say. The minister states, for the first time to my knowledge, that the engineers are again in consultation and I suppose they will bring in a further report before long.

Mr. Chevrier: I have made that statement three times already.

Mr. Black (Cumberland): The minister has made it again tonight. All we can do is wait to see what their report is going to be and what steps will be taken to have the Canso bridge built. With the entry of Newfoundland into confederation and the importance of the steel and coal industries to our defence efforts it is more important than ever that the Canso bridge be built without further delay. Speaking for the people of Nova Scotia I can say that there is grave disappointment that more headway has not been made in the construction of the Canso bridge in view of the definite undertaking given more than two years ago to the people of Nova Scotia and all Canada by the minister and the government. We shall just have to wait and see what is to be done.

Mr. Macdonnell (Greenwood): I should like to make a few comments on this matter. I feel, like the hon. member for Cumberland, that we have rather unexpectedly been pressed into the consideration of a document which I consider to be of great importance. I hope the minister is listening to me because I am going to ask him to consider whether it might not be a good thing to allow this to stand while he and I and many other people here go to pay our respects to the president of the French republic.

I hope the minister will forgive me for saying that I am reminded of a remark made in the British house of commons by the Right Hon. Anthony Eden to a minister who had dealt with a certain subject. He said that the minister had taken an amiable gallop through the material. I think that is just what the Minister of Transport has done tonight because after all this report is packed full with a great deal of important material.

I think we will all agree with what has been said about the tremendous importance of transportation in the days that we are now facing. The other night we heard an interesting description of the development of the Northwest Territories to the point where a new form of government is being set up. Up to the present the development in this country has been a kind of ribbon development, but I believe we are on the verge of great expansion. If the urgency of the defence preparations continues, I suppose our north country may develop in a way we can hardly imagine.

I realize that we cannot ask the minister to get up and announce government policy in connection with the twelve or fifteen things that are in this report. Perhaps it might be argued that there is no point in spending many hours in debating this report. But the fact is that the report contains many things on which we need education and on which the public needs education. One which seems to me to bristle with difficulties and to be of great importance is the relationship between road and rail transport which is dealt with in the report.

There is another thing that I put to the minister as a matter which perhaps it would be reasonable to ask a statement on, and this was referred to by the hon. member for Vancouver-Quadra. At the top of page 131 of the report reference is made to possible railway development, and I quote from the report:

> It seems to be generally assumed that most, if not all, railway expansion in the foreseeable future will be carried on by the government of Canada or by the Canadian National Railways which the government owns.

Then it speaks about the ill-conceived and therefore excessive construction. None of us will deny that there have been ill-conceived and excessive railway developments in the past. We can look back to the first ten years of the century as being a most extravagant time, yet if you go further back and consider the earlier railroads, I suggest to the minister that things might have been different when

the Canadian Pacific railway was built if they had applied the test contained in the second sentence on page 131 which reads:

> . . . no railway ventures will be undertaken excepting after thorough investigation of each project and always with due regard to the financial commitments involved.

To that I must add:

> . . . and unless it is needed by the settlers already established in productive areas.

On the one hand we do not want to indulge in foolish and harum-scarum development but on the other hand I imagine the minister will agree with me that if that test had been applied to the C.P.R. it never would have been built. It is the C.P.R. actually to which this country in its early decades of expansion after confederation owed such a lot. It did not wait to serve already existing settlements. It went ahead of settlements in many cases and enabled the country to be developed.

I am not going to dwell on that point. I am only raising it because there seems to be a statement here that something is generally assumed. I personally would not assume it at all. For instance, at the present time I suppose the most important railway development now under way is that going into the new iron mines of Labrador. If I am correct that is an entirely private enterprise. Would the minister say whether that is so?

Mr. Chevrier: Yes, it is.

Mr. Macdonnell (Greenwood): I would hope that there may be many others, and I would think that other people in this house who share my view as to the best way to expand the country's facilities would agree with me on that. Therefore, without wishing to make heavy weather about this or to stress it unduly, it seems to me that we might at some early time ask for a statement from the government as to whether a thing of that kind, which is stated as an almost self-evident fact, does or does not carry the approval of the government. I come back to what I said at the outset. Is there not some sensible way in which we can have this report considered by the house? I confess quite frankly that I have not read it. There seem to be a lot of things in it, and I happen to know there are other people who are not in the house tonight who would like to have a chance to discuss this very important report. I suggest to the minister that he might consider whether adequate time ought not to be provided to consider it. The minister has pointed out, and I think quite correctly, that we are now on the transport estimates and this is the natural time to discuss it, as we are in fact discussing it. However, we are doing it in a rather thin house and, as I say, rather by surprise and in the absence of a good many people, or several people at any rate, who would like to have their say. I would hope that the minister might consider that it would be a matter of importance that this report, which I suppose is the most important of its kind that we have ever had, might have adequate time for consideration.

Mr. Chevrier: Mr. Chairman, I hope that in anything I have said I have not conveyed a wrong impression. The hon. member for Cumberland and the hon. member for Greenwood as well seem to be of the opinion that there will not be an opportunity to discuss the report, and that the house has been taken by surprise. I think it was in answer to a question by someone in the C.C.F. group that the Prime Minister announced that the report could be discussed when the estimates of the Department of Transport were up for consideration. I presume that this is not the only time that these estimates will be before the house, and I am sure that if anyone has been taken by surprise tonight he will not be tomorrow night, next week, or when these estimates are before the committee again. As the house knows, these estimates do not go through overnight. It has not been my experience at least that the house was so extraordinarily courteous to me that they put them through in a day, so I imagine we will have some discussion. My hon. friend, and the hon. member for Vancouver-Quadra, referred to a statement made by the commission on page 131. Surely these two hon. members are not serious when they want me to get up and comment on it. You could pick out hundreds of statements made throughout the report and ask the same question: is the government of this view; is the government of that view?

The answer to these questions is that when the government decides to implement the recommendations of the commission, as I indicated a while ago, it will bring legislation forward for the consideration of parliament. In so far as this particular matter is concerned, I think we have had before the house at the last and previous sessions acts of parliament dealing with certain railway ventures. We had a private bill to construct a railway in Labrador. We had one concerning the Temiscouata.

Mr. Green: That was not new.

Mr. Chevrier: We had one concerning the P.G.E. We have had several of them. In accordance with custom the government deals with each project seriatim, and I do not think

we will depart from that policy. I hope that is the answer that my hon. friend had in mind.

Mr. Macdonnell (Greenwood): I think it is reasonably clear that the minister does not make this assumption.

Mr. Chevrier: Oh, thank you.

Mr. Knowles: I should like to support the request made by the hon. member for Greenwood. If the Minister of Transport feels that the argument was not as strong as it might be concerning the point that we were taken by surprise, might I underline the other point made by the hon. member for Greenwood. There are some members necessarily absent tonight who wish to speak on this matter, and the first item in the minister's department seems to be the place for it to be discussed. It would also seem desirable to have a continuous discussion. If the minister and the government insist that the best members of the house, as the hon. member for Vancouver-Quadra styled us, sit here for the rest of the evening, we may find ourselves changing the subject but still remaining on the first item. I think consideration might be given to the suggestion that the house adjourn.

Mr. Chevrier: I did not refer to that before I sat down. I think it is a matter for the house to decide. If the house is of the view that we should adjourn at this hour I have no objection.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier moved the adjournment of the house.

He said: The business for tomorrow will be the consideration of item No. 5, a resolution concerning emergency gold mining assistance; a motion to go into committee of supply for discussion of the estimates of the Department of Transport and Department of Agriculture, but not necessarily in that order.

Mr. Knowles: No motion is necessary.

Mr. Green: Could we not know whether it is the intention to continue with one department during the remainder of the day or whether both departments are to be considered?

Mr. Chevrier: I have not had an opportunity to discuss the matter with my colleague but if I could I should like to proceed tomorrow.

Mr. Green: Perhaps the minister could ask the Minister of Agriculture now.

Mr. Chevrier: I would rather leave it on that basis, transport and agriculture, either one or the other, but not necessarily in that order.

Mr. Knowles: Would it be possible for the various parties in the house to be informed tomorrow morning as to the order in which these departments will be called?

Mr. Chevrier: Yes.

Motion agreed to and the house adjourned at 10.10 p.m.

APPENDIX

ADDRESS

of

HIS EXCELLENCY VINCENT AURIOL
President of the French Republic

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS
AND THE GENERAL PUBLIC

in the

HOUSE OF COMMONS CHAMBER, OTTAWA

on

Thursday, April 5, 1951

The President of the French Republic was welcomed by the Right Honourable L. S. St. Laurent, Prime Minister of Canada, and thanked by the Honourable Elie Beauregard, Speaker of the Senate, and the Honourable W. Ross Macdonald, Speaker of the House of Commons.

(Translation):

Right Hon. L. S. St. Laurent (Prime Minister): Mr. President, in the lives of nations and of parliaments, as in the lives of men, there are significant and unforgettable moments. Your presence today, within this Canadian House of Commons, marks such an occasion in the life of our parliament and of our country as a whole.

(Text):

It is a great honour, Mr. President, to welcome you today in this House of Commons chamber on behalf of the members of both houses of the parliament of Canada. We are happy to be able at the same time to greet the charming first lady of France and the Foreign Minister of the French republic, His Excellency Mr. Robert Schuman. You may be assured, sir, that this assembly is fully representative of all the people of Canada in the warmth of our welcome.

(Translation):

This is the first time that we have had the honour of welcoming to our country the chief of the French government. We rejoice at your visit and we are happy also that you have made this a family occasion, as well as a political one, by bringing with you Madame Auriol, who so fittingly represents the domestic virtues, the charm and elegance of your country. We are happy also that you have brought with you Monsieur Robert Schuman, your Minister of Foreign Affairs, one of the great architects of European unity. Please allow me to associate, in the welcome we are extending to you, the names of Madame Auriol and Monsieur Schuman.

I extend this welcome on behalf of all of the people of Canada; first of all, on behalf of those of my race and yours, Mr. President, most of whom live in the great St. Lawrence valley, a valley where our common ancestors, in the belief that they were establishing a colony, founded a nation. I welcome you also on behalf of all Canadians, who, from the Atlantic to the Pacific, now make up a people bound by common national aspirations. Our people are proud of the honour of your friendship, a friendship of which I received such moving tokens from you and the people of Paris, only a few weeks ago.

It is fitting that this welcome should be given you in our parliament chamber where the whole country is represented. It is here indeed that the unity of our people daily finds expression. Here, in 1914 and in 1939, legislation was passed that brought Canadian soldiers to the defence of an ideal which we felt was so eminently upheld by your country.

Here, in 1949, was ratified the North Atlantic pact, which unites our two countries and ten others more intimately than ever before in time of peace. Here, measures are now being enacted that are considered necessary to deal with the new threat to our common civilization and heritage. Here, too, ways are being discussed to avoid a new conflict that neither France nor Canada is seeking but for which we mean to be ready if it should become unavoidable.

(Text):

You are visiting Canada, sir, at a difficult time in the history of our two countries—a difficult time in the life of free men all over the world. We had set high hopes on the United Nations organization as an instrument of peaceful co-operation among men and governments of good will; we still hope there are in the world enough men and women of good will to assure the ultimate triumph of those high purposes. Unfortunately, one of the great powers bent on extending the domination of its dictatorial masters has constantly worked to spread among its people, and among the peoples already under its domination, distrust, fear and unfriendliness toward their fellow men. This it is which has made it necessary for us to join together to build up our own military forces, not for aggressive purposes but to deter aggression by a firm demonstration of our capacity to overcome it if necessary.

You come to us, sir, after spending a few days in the United States of America. You cannot fail to have been impressed by the strength of that great country, and also by the sincerity of the peaceful aspirations of all its people. Here in Canada you will not fail to note the close, friendly relations which bind us to our southern neighbours, and also the untrammelled independence we enjoy in our own land. If our frontiers bordered on those of some grasping imperialistic neighbouring state, we might not have this opportunity of welcoming you in a free parliament as the distinguished and respected head of a free France. Canada is, I think, the best evidence, permanent and historic evidence, of the peaceful purposes of the United States.

These confident, friendly and co-operative international relations which we enjoy with our great southern neighbours we wish to share ultimately with the whole world, and in the meantime we expect to share them with all the nations of the north Atlantic community. We know we can count upon the people of France, and we wish to assure you the people of France can count upon the good will and effective co-operation of all the people of Canada.

(Translation):

I know that you share our convictions as to the means of warding off the danger which threatens us. This means is none other than the pooling of our forces in the face of any possibility of aggression and of any attempted domination or even intimidation.

As I have just pointed out, our generation has twice already seen Canadian soldiers fight as brothers-in-arms with French soldiers. Thousands of them rest side by side in the vast cemeteries of France.

It was not only your homeland that our Canadian soldiers went to defend, it was also their own, their physical as well as their spiritual homeland. Similarly, your own soldiers fought for an ideal greater than the defence of French territory. Neither you nor we could watch with indifference the fate of the glorious heritage which they preserved for us at the cost of their lives. Without a doubt, we wish to do everything possible to prevent a new disaster from sweeping down on our peoples, but we shall never give up the right to defend ourselves; we shall never try to escape the duty of helping to defend those who, like yourselves, are more immediately exposed than we.

Upon your return home, you may tell your compatriots that here in Canada you have met men of good will, a people anxious not only to prevent the iron curtain from falling on the shores of the Atlantic, but eager to ensure that the tricolour shall ever wave in the air of freedom, because the Canadian people realize that the free world would no longer be free if ever France or the Europe from which our ancestors came should lose their freedom.

Ladies and gentlemen, Monsieur Vincent Auriol, President of the French republic.

His Excellency Vincent Auriol (President of the French republic): Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, gentlemen: My heart is deeply touched with emotion and pride.

I realize the full significance for France of the warmth of your greetings, the acclamations of your people, the supreme honour you have done us in officially welcoming us in the imposing edifice of your parliament, and, finally, of the eloquence of the words just spoken.

I am fully aware of the value of this symbol: the President of the French republic bringing to Canada the affectionate message

of France on this very hill at the boundary of the provinces of Ontario and Quebec, the meeting place of forces, young and eager, English and French, the union of which has created your nation, which increases in strength and grandeur every day and constitutes an immense human treasure for the future.

Sons of the British isles, sons of France, what a magnificent example is given to the world, what a long path travelled together!

Great Britain and France—how long we struggled and fought! But in those hard and often long battles there never appeared the slightest divergence in our conceptions of life, in our forms of civilization. The reconciliation has been complete, and together we may admire today this vigorous Canadian nation which is the expression, diversified but united, of the genius of the two races.

The meeting of our spirits has begotten your spirit. And this spirit, illuminated with idealism, guides you toward a magnificent future. The two ancient peoples, their rivalries forgotten, are proud to recognize something of themselves in your common fidelity, and to find themselves rejuvenated and more closely united by your extraordinary ascent. They are moved to see Montaigne and Shakespeare preside over your debates in common respect for human dignity and common love of liberty.

Mr. Speaker of the Senate, I beg you to accept, as a Canadian of French origin, the message of friendship I am bringing to the faithful guardians of the French language and culture. They prove that in a solid national unity like yours you nevertheless cherish, as we do in France, the memory of your origins, and you perpetuate the Christian and human civilization that France was the first to bring to you. Your history, as a matter of fact, is in some ways our history. As Maurice Barrès has described it, "You have, as we did in France, reached the highway through bypaths, and you remain assembled beneath your banners". And those banners are always worthy of your love.

It is to you, Mr. Speaker of the House of Commons, that I address my message of friendship for the English-speaking Canadians, whose origin reminds us that Great Britain, also defender of the right, knew how to "beget consciences" and carry the flag of honour everywhere. A few months ago the world mourned the loss of a great Canadian statesman and a great democrat who, even in the darkest days, always affirmed his faith in the destiny of France. I pay respectful homage to the memory of William Lyon Mackenzie King, one of the principal artisans of the common victory of the allies. As our poet Rutebeuf has said, "He was not one of those friends that the wind carries away when it howls around the door".

I greet also the Prime Minister, whose visit to Paris permitted us to admire his fine spirit and generous heart. I greet his colleagues of the government, and also, if you will permit it to an old opponent, the parliamentary opposition.

And now, gentlemen, I take this occasion to tell you that at this very hour the whole of France joins with you and with me in paying homage to the sacred memory of thousands of Canadians who, in the course of two world wars, fought and fell for the liberty of the world; and to their families and to their surviving comrades I bring our affectionate greetings and grateful sympathy.

At Vimy, where a memorial reminds us of their legendary heroism, at Tilloy, at Dieppe, at Bretteville-sur-Laize, at Beny-sur-Mer and in so many other places which speak of their courage, France, whose heart beat faster when she saw them parade through her towns, now tenderly watches over their eternal rest.

Finally, to the people of Canada I express the enduring friendship of France, our gratitude for all they have done for our liberation, and also for that inexhaustible generosity which, under the impetus of national and private organizations, has been lavish in its help to relieve the misery of our people exhausted by war and a long and awful oppression.

In this world which becomes every day smaller and smaller, and where the interdependence of nations is a fact, you have understood that our destinies are just the same, and that there are not for man, whether in the midst of storm or the calm of peace, several conceptions of virtue and honour.

Of this vital solidarity I never heard a more concise definition than that which I heard on the radio in a small mountain chalet where I had taken refuge after my confinement in prison, when I fled from the oppressor before my departure for London. "World prosperity, like security, is indivisible". They were the words of Mackenzie King. They must always be our common motto.

France, being the first country on the road of invasions and battles, knows perhaps better than anyone that security is indivisible. If

she had remained alone during the war she would have definitely succumbed. And with France enslaved, all Europe would have lost everything, even hope. If our old civilization were to disappear from Europe some day, what would become of the rest of the continents of the world in the face of an erupting Asia?

No nation, therefore, has the right to leave "to chance the smallest parcel of its security, its dignity or pride." Every nation has the duty to preserve the liberty of man against all those who would or could attempt, from their own autocratic will, to impose their fanatical ideology and thus unleash the most frightful of wars. Canada has understood this; for twice she has already given men, material and resources, an enormous and sacrificial contribution, to the victory of right and liberty.

Thus your determination has foiled the efforts of an enemy who hoped that, being far from Europe, you would not take any part in the conflict.

Certainly Great Britain could rely on your traditional loyalty, honour and courage. Certainly France could say she knew you were faithful to the motto of Quebec, "Je me souviens".

But the real truth is that the highest ideal inspired your action. You knew that liberty has no frontiers; that if anywhere in the world the light is extinguished, then the rest of the world is darker. You want to sustain the light and preserve for the nations the proud right to live in freedom and to flourish.

Thus you encounter France, because she has already experienced the horrors of war on her own soil, the sorrow of ruins because she knows what it is to endure, though temporarily, the oppression of foreign enslavement; because she experienced the mortal peril of solitude in the face of aggression she thought, like you, that our forces must be united in proper time for the founding of peace. With you, with Great Britain, with the United States, we had hoped that the charter of the United Nations, signed by all, would assure the protection of every nation by the organization of collective security, as well as the happiness of mankind by the co-operation of nations.

But the spirit of intolerance and the will to dominate has not permitted the materialization of this great hope. And the United Nations, partially paralysed, have not been able to save countries from losing their independence again or men their liberty. Once again, one after another as before the last war, the free democracies have been smothered. Vast countries are closed and hostile to the rest of the world. Violence has reappeared and menaces; it even strikes. And so the great democracies enjoying civil liberties had to organize into regional defence pacts. It was with great relief that we greeted the conclusion of the pact among the north Atlantic countries, due in great part to the clairvoyant initiative of Canadian statesmen—this pact which, ratified by the unanimous vote of your parliament, has established a powerful bond between Europe and America, a bond among the peoples united by the same civilization and by the same desire and anxiety to protect and defend it.

If the aggressors of 1914 and 1939 had known that France was not alone, that Europe was not alone, they would have retreated from the criminal folly of their enterprise. History is the witness: solidarity in defence is a token of peace.

France wants neither war nor servitude. Her sole aim is peace in justice and freedom.

It is for common defence, but also for common prosperity, that France strives to create a united Europe, to build a young and coherent federation.

In the military field, a European army that will be integrated into the Atlantic bloc is the first link of collective security.

In the economic and social field, the free association of productive forces, of which the Schuman plan is the first step, has to organize collective prosperity.

Eventually, in the political field, the European council of ministers and the assembly of Strasbourg is the beginning of federal unity to which we wish to give strength and efficiency.

For the success of this great design we have silenced our resentments toward the enemy of yesterday, who nevertheless was responsible for the death by torture of the best of our citizens. Our only condition has been and remains that he shall not forget his crimes and faults; that he shall renounce plans of domination and revenge; that he shall sincerely rally to the principles of democracy.

And so we want a democratic Europe, created not through the subordination of some nations to another, but through a fruitful harmony. And this free Europe, open to

all the peoples who respect the liberty of others, will associate itself with the new world so that upon this international economic and political co-operation may be built enduring peace.

Whatever it may cost us, the victory of peace is the prize.

Let us not miss any possibility of agreement, even partial, and no occasion to dissipate misunderstandings; but so long as the United Nations have not the necessary armed forces to maintain international order, we must neglect nothing in the organization of our common regional defence.

Let us not cease to proclaim the right and the principles of an enduring peace, but let us judge the sincerity of our partners by their acts and by their actual contribution to the easing of international tension.

France is not giving herself up to any naïve neutralism, and whatever sacrifices our rearmament efforts add to our already crushing burdens for rehabilitation and re-equipment, we know that no sacrifice is as heavy as that of liberty.

There is no better testimony of our resolution than the heroism of our soldiers who are fighting in Korea in the service of the United Nations, and for more than four years have been fighting in Indo-China, where it is now recognized, after much injustice, that they defend no selfish interest but the independence that France has given to the young states of Viet Nam, Cambodia and Laos. They mount guard at the gates of southeast Asia.

France is thus faithful to her traditions and the ideal of our common civilization.

Momentarily exhausted by the wounds she received while the world was unorganized, she always knows that it is in the exaltation of the spirit that great things—the proud cathedrals and lofty monuments of right—are wrought.

With Great Britain, Canada and the United States, and the free world, France shares a common faith. And the visit of the President of the French republic to your country is not only the manifestation of the enduring affection of France, but the expression of our will to work together to achieve greater liberty, greater justice and greater fraternity.

Hon. Elie Beauregard (Speaker of the Senate): Mr. President of the Republic, the Canadian Senate joins with the Prime Minister in greeting you as the first citizen of France and in wishing you a most cordial welcome.

To your visit among us we owe the honour to pay our respects to Madame Auriol and the pleasure to renew acquaintance with some of the best builders of the alliance of nations and of world peace.

Even before your arrival we had heard of the message you bring to America, a message of co-operation and of solidarity. It will help strengthen the feeling of true democracy that Canada has inherited from its two mother countries.

The position of our country—a country in some respects so new—its abundant natural resources and its life ideals have caused it to occupy in the council of nations a place formerly held by nations of greater population.

Canada enters the scene at a time when western democracies must, more than ever before, maintain a social order mindful of the true scale of values, where money serves production, where production serves humanity and humanity itself serves an ideal that gives life its true meaning.

That objective has always been pursued by the civilizing power that is France. Today, the French people, who have witnessed, within thirty years, two invasions, two victories and, need I add, two post-war periods, remain the unconquered champions of human freedom. Not only have the French people fought alone for several years against Asiatic communism, but they remain the cornerstone of the fortress which western democracies must build in Europe.

Four million Canadians share with the French people an inalienable heritage based on a glorious past and a culture of universal significance. One of your historians was thinking of that past and culture when he said that England is an empire, Germany a country, and France a lady. May I be permitted to offer to that lady, the mother of letters, arts and arms, the tribute of our attachment and of our admiration.

(Text):

Hon. W. Ross Macdonald (Speaker of the House of Commons): Mr. President, the Speaker of the Senate has expressed to you in the beautiful French language our appreciation of your eloquent and inspiring address. May I add an expression of appreciation in the English language. Canada is a bilingual country, and whether we speak in French or in English we speak the language of Canada.

The President of France

Canada over the years has been honoured by visits by the heads of state of several great countries, but never in its history by the President of France. Canada was discovered by a Frenchman in 1534. Our existence, therefore, has been known for 417 years, and although it could hardly be said that we have waited all those years for this visit, nevertheless I can assure you, Mr. President, that the warmth of our welcome is in direct ratio with the warmth of the 417 summers of our existence.

As we listened to your address this afternoon we recalled that when we go back to the birth of our nation we go back to France. It is interesting to note that when the first Frenchman arrived in Canada he sailed up those great waters which were to be known as the St. Lawrence or St. Laurent, and that when the first president of France to visit Canada arrived in our country he was greeted by a great prime minister bearing the same name, St. Laurent.

It was Jacques Cartier, a Frenchman from St. Malo, who first set foot in Canada and carried the cross and the fleur-de-lis to the island of Hochelaga. It was another Frenchman, Champlain, who established the first colony in Canada and founded the city of Quebec. It was a French Jesuit priest, Marquette, who first sailed in a frail canoe through the treacherous waters which led to the great lakes and on to the Mississippi. It was French civilization which was first implanted in Canada. Since that time we have added the customs, the traditions, the language and the literature of the British, and, in more recent years, of many other countries. In 417 years we have grown from a trading post, to a colony, to a nation. The progress which we have made would not have been possible had we not been blessed with peace. Throughout our history we have never had an extensive war within our boundaries. Geography, partly, has made that possible for us. We trust that in the future the good sense and the unselfish spirit of mankind will make that possible for France.

On behalf of the members of the House of Commons of Canada I would ask you to extend greetings to the members of the national assembly of France, and to assure them that your visit has made even stronger the ties which bind Canada and France together as friendly peace-loving nations. Vive la France! Vive le Canada! Vive le Roi! Vive le Président!

HOUSE OF COMMONS

Friday, April 6, 1951

The house met at three o'clock.

COINAGE

MINTING OF NEW FIVE-CENT PIECE OF STEEL IN CHROMIUM FINISH

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to table two copies, in English and in French, of order in council No. 1608, dated April 4, 1951, under the Emergency Powers Act, authorizing the minting of a new coin of steel in chromium finish to the value of five cents to be issued on and after July 1, 1951, as a substitute for the further issue of the pure nickel coin.

Mr. Knowles: What will it be worth?

TELECOMMUNICATION

ANNUAL REPORT OF CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION FOR 1950, AND BUDGET FOR 1951

Hon. Lionel Chevrier (Minister of Transport): Pursuant to section 23 of the Canadian Overseas Telecommunication Corporation Act, I beg leave to table, in English and in French manuscript form, the annual report of the Canadian Overseas Telecommunication Corporation for the calendar year 1950, together with the budget of the corporation for 1951.

(Translation):

UNITED NATIONS

CANADA'S SHARE IN THE WORK PERTAINING TO FOOD AND AGRICULTURE IN 1950-51

Mr. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, on behalf of the Secretary of State for External Affairs, I wish to table copies in French and English of the report on Canada's share in the work of the United Nations pertaining to food and agriculture during the year ended March 31, 1951.

(Text):

PRIVATE BILL

INDUSTRIAL LOAN AND FINANCE CORPORATION

Mr. Alan Macnaughton (Mount Royal): I should like to move, seconded by the hon. member for Iles-de-la-Madeleine (Mr. Cannon):

That the petition of "Industrial Loan and Finance Corporation" for an act to change the name of that company to "Community Finance Corporation," presented on April 4, 1951, together with the report made thereon by the clerk of petitions on April 5, 1951, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

PETITION OF RIGHT ACT

ABOLITION OF GOVERNOR GENERAL'S FIAT

Hon. Stuart S. Garson (Minister of Justice) moved for leave to introduce Bill No. 192, to amend the Petition of Right Act.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Knowles: Explain.

Some hon. Members: Explain.

Mr. Garson: The main purpose of the amendments to the Petition of Right Act which are proposed in this bill is to provide for the abolition of the governor general's fiat which is now required before a petition of right can be proceeded with.

Motion agreed to and bill read the first time.

WEIGHTS AND MEASURES ACT

GENERAL REVISION—AUTHORITY FOR CLASSIFYING WEIGHING AND MEASURING DEVICES, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved for leave to introduce Bill No. 193, respecting weights and measures.

He said: Mr. Speaker, the present Weights and Measures Act was passed, I believe, about 1873. The purpose of this bill is to bring the measures up to date, and particularly to bring the language of the act into conformity with the language used today. It is proposed that if and when the bill is given second reading it will be sent to a committee for detailed study.

Motion agreed to and bill read the first time.

CIVIL SERVICE

QUESTION AS TO APPLICATION OF RECENT SALARY INCREASES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of Finance (Mr. Abbott). Perhaps in his absence his parliamentary assistant could answer. Were the

recent increases in civil service salaries awarded to all civil servants? If not, can the information be given as to what individuals, groups or classifications were not given the increase, and why?

Mr. Speaker: Order. I think that is a question that should appear on the order paper. I do not think the Minister of Finance or his assistant could be expected to have an immediate answer for that question.

Mr. Knowles: May I point out, Mr. Speaker, that I did send notice, and an indication was given to me by the parliamentary assistant that he was prepared to answer it.

Mr. Speaker: Under the rules of the house it is a question which should appear on the order paper.

LABOUR CONDITIONS

INTERNATIONAL UNION OF MINE AND SMELTER WORKERS—ORGANIZING ACTIVITIES AT YELLOWKNIFE AND PORT RADIUM

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to ask a question of the Minister of Labour. Has he any information as to the organizing activities reputedly being carried on by the international union of mine, mill and smelter workers at Yellowknife and Port Radium?

Hon. Milton F. Gregg (Minister of Labour): The department and the minister have some information on the matter, yes.

Mrs. Fairclough: I can understand the minister may not wish to give that information now, but may I have a copy of it?

Mr. Gregg: I assure the hon. member that I did not intend to be discourteous. We have information on the subject, and I shall be glad to provide any information I feel is pertinent to what my hon. friend desires. It will be done early next week.

POSTAL SERVICE

INCREASE OF RATES ON CIRCULARS, PRINTED MATTER, ETC.

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to ask a question of the Postmaster General. Have certain postal rates been increased, and some of them doubled? If so, why has parliament not been notified or consulted? How does this fit in with the economy program announced by the department?

Hon. Edouard Rinfret (Postmaster General): The hon. member for Selkirk was good enough to send me notice of his question about five minutes ago.

[Mr. Knowles.]

Mr. Bryce: On a point of order, I sent it at eleven o'clock this morning.

An hon. Member: By post?

Mr. Rinfret: Certain postal rates have been increased recently and have been duly announced in the *Canada Gazette*. The rates on circulars and printed matter have been increased. The old rate was one cent for each two ounces or fraction thereof. The increased rate is two cents for the first two ounces, and one cent for each additional two ounces or fraction thereof. This old rate had been in existence since 1904. The purpose of the increase has to do with the third question the hon. member asked, because it is part of the economy program of the department. First of all it is to be used to pay off the deficit that is being encountered at the present time by the department, to the extent of about $2,250,000 on the printed matter alone. It also has to do with the economy program, in that with this increased rate it is the estimate of the department that the amount of printed matter sent by mail will be decreased by approximately twenty-five per cent, and to that extent the letter carriers will be relieved of the loads they have to carry at the present time.

The second increase that has been made is in connection with parcel post rates. This is a quite complicated matter, and has already been announced in the *Canada Gazette*. The third increase that has been made recently is in registration fees. They have been increased from 10 cents to 20 cents on the first $25 indemnity, and a relative increase over that amount. The average cost of registration in Canada at the present time is 23 cents. We were losing money on each one of those registrations in the lower denominations.

The hon. member's second question was as to why parliament had not been notified or consulted. According to section 7(e) of the Post Office Act, the Postmaster General has the discretion to fix the rates on all mailable matter except first-class mail, newspapers, magazines and the like. The reason, I imagine, for this discretion being given to the Postmaster General is that in connection with first-class mail, newspapers and magazines the postal department has a complete monopoly, whereas in connection with other matters, such as circulars and registration fees, parcel post and the like, we are in competition with other companies doing a similar business, and we have to have authority to act quickly if a condition develops that requires speedy action.

Mr. Bryce: I should like to thank the minister for his answer, and to congratulate him upon the remarkably fine job he did in five minutes.

OLD AGE PENSIONS

REQUEST FOR COST OF LIVING BONUS

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I should like to ask a question of the Minister of Finance (Mr. Abbott) or some other member of the government, notice of which I have not previously given. Considering the rapid increase in the cost of living since the last budget was presented in 1950, would the government seriously take into consideration a proposal to grant a cost of living bonus to old age pensioners, in an endeavour to restore to them the purchasing power they had a few years ago?

Mr. Speaker: Order. The government can take notice of the question, but I do not think a reply should be given at this time.

PRICE CONTROL

REFERENCE TO REPORT IN WINNIPEG "FREE PRESS" OF STATEMENT OF MR. GARSON

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I have sent notice of a question to the Minister of Finance (Mr. Abbott). In his absence I would ask for an answer from the Minister of Justice. My question arises from a recent report in the Winnipeg *Free Press* in which the Minister of Justice is reported to have predicted ruthless remedies to deal with inflationary prices, similar to those used in the second world war. I would ask if this means that the government is considering price controls?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the report to which the hon. member refers was a not completely successful attempt on the part of the reporter to condense a longer statement I had made, and does not fully represent my views, which I shall have no hesitation in repeating on the proper occasion during the course of debates in the house.

PUBLIC BUILDINGS

REPORTED PURCHASE OF BUILDING IN LONDON, ONT., FOR USE OF INCOME TAX DIVISION

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I wonder if the Minister of Public Works can answer the question which I asked yesterday, as reported on page 1646 of *Hansard*?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I read the hon. member's question before coming into the house. First, the hon. member wishes to know if the government will be purchasing a building in London for the use of the income tax division. The answer is yes. On March 21 parliament approved a vote to provide for this purchase. Next the hon. member states that the city of London will lose a certain amount of taxes because of this transaction, and he asks if the government will make provision to compensate the city. The city will be treated with the same generosity as other cities in Canada are treated which have government properties valued at more than four per cent of the total assessment value of the city or town.

The hon. member then went on to make a statement which is not according to the facts. The option to purchase is for $600,000, and the $550,000 which the hon. gentleman mentioned was for the building under construction to which we requested an extension to increase the space and on which we got an option of $600,000. Then the hon. member made another statement which was not correct. The option does not expire after ten years; it expires at the end of this year.

Mr. Speaker: In my opinion that question should have appeared on the order paper. However, the question was allowed to stand and for that reason I have allowed the answer. When questions of this kind are to be asked I would ask hon. members to place them on the order paper.

EMERGENCY GOLD MINING ASSISTANCE ACT

MODIFICATION OF APPLICATION AS TO LAST QUARTER OF 1950 AND EXTENSION IN MODIFIED FORM TO 1951

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to modify its application with reference to the last quarter of the year 1950 and to extend the application of the act in a modified form to the year 1951.

He said: Mr. Speaker, with your permission I should like to make a brief statement.

I hold that a healthy gold industry in Canada means a healthy mining industry as a whole. The search for commercial base metals and strategic minerals can most effectively and economically be carried on with the search for gold. In other words,

gold mining is the stimulus which provides encouragement to search for new mineral wealth.

Much of Canada's future growth is bound up in the development and colonization of our northern country; and gold mining is the pioneer industry in opening northern Canada for development. The gold mines give employment to about 23,000 people, in addition to employees in dependent communities directly supported by them. They give further employment to large numbers in the cities and towns across Canada where mining machinery and supplies are manufactured. Our Canadian gold production provides a supply of ready foreign exchange with no marketing problem, and Canada is known among the trading nations of the world as one of the important producers of the precious metal. Gold mining is a truly Canadian venture and Canadian people control the majority of the mines.

All these facts were no doubt in the mind of the Canadian government when the Emergency Gold Mining Assistance Act was first enacted in 1948. Its purpose was to assist the Canadian gold mine operators in restoring normal operations and in meeting the greatly increased costs of production while facing a fixed price for the industry's product. It was under these conditions that what has been termed the "cost-aid" program was commenced for a three-year period to cover the calendar years 1948, 1949 and 1950. This "cost-aid" program has definitely assisted the mines in meeting the increased costs of production and in restoring efficiency in their operations, which efficiency had been greatly impaired by the labour shortages and material restrictions of the war years.

However, throughout the years 1948, 1949 and 1950 the cost of production of gold continued to increase, and in the fall of 1950, following representations made by the gold mining industry, and after consultations with the international monetary fund, the government decided to recommend to parliament the continuance of the "cost-aid" program for another year.

The bill which it is now proposed to introduce in this house has a double purpose. The first is to provide for additional assistance covering gold produced and sold during the last quarter of 1950, to compensate for the decreased premium on the Canadian dollar. The second and most important purpose of the bill is to extend to the calendar year 1951, on a revised basis, the Emergency Gold Mining Assistance Act.

It is expected that the "cost-aid" to be distributed to the gold mines in 1951 by virtue of the amended act will amount to something between ten and eleven million dollars.

The hope is hereby expressed that the new program of assistance will help the gold mines to meet the continuing high costs of production, and that consequently these mines will not fail the northern communities which they have been instrumental in setting up and which now depend wholly or largely upon the mines for survival.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, if I am not mistaken, this is the first bill which the minister has introduced since he attained cabinet rank. May I take advantage of this occasion to say that I am sure there is no member of the government who commands a greater measure of good will among members in all parts of the house than the minister who has just introduced the resolution.

The resolution before the house impresses us at once with its limited nature. It reads:

> That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to modify its application with reference to the last quarter of the year 1950 and to extend the application of the act in a modified form to the year 1951.

One cannot read those words without being impressed by the temporary nature of this measure which is re-emphasized by the resolution. The limited scope of the legislation is foreshadowed by the resolution. Apparently we are still thinking in terms of an emergency which is to be dealt with on a session-to-session basis.

I was glad to hear the minister stress the importance of the gold mining industry to innumerable communities in various parts of Canada. The minister stated that 23,000 persons are directly engaged in the gold mining industry, and I think it is fair to state that the number of persons who indirectly derive a livelihood from the operations of the gold mines is not less than 100,000.

In the days gone by also the gold mining industry has played a vital role in maintaining the economy of Canada. Those who remember the unhappy history of depression days will not have forgotten what the health of the gold mining industry in those days meant, not only to the communities adjacent to the mines, but also in providing employment in industrial areas and markets for agricultural producers in all parts of Canada.

It seems to me that there has not been in this house the recognition of the importance of this industry that it deserved. In July, 1949, Dr. Charles Camsell, the former deputy minister of mines and resources, had this to

say about the Canadian gold mining industry in a notable speech he delivered at Oxford, England. I refer to a Canadian Press dispatch of his speech reporting him as saying:

> Many of Canada's legislators do not appreciate to what extent gold has been responsible for the development of Canada.

The report continues:

> "The influence of gold on our Canadian economy has been vastly greater than mere production statistics would indicate," Camsell said in the paper.
>
> A casual trip through the belt extending through northern Ontario and Quebec revealed the influence of gold deposits in developing the country and making it possible for permanent industry or agriculture to "live and thrive." Canada today needed strong mining industry more than ever before, particularly for strategic reasons. "Our production in 1948 was the greatest in our history."

I point out he is speaking of our total mineral production. He went on to conclude:

> I know of nothing that will take any considerable body of population into that country—

He is speaking there of the Northwest Territories.

> —except the lure of gold or some other mineral such as uranium.

Therefore I hope that in speaking on this subject this afternoon, and drawing attention to the importance of the gold mining industry and the importance to all of Canada and to people in all walks of life in Canada of the health of that industry, we shall not hear such flippant remarks as have been made sometimes in this house about serving the interests of the Toronto stock exchange and things of that kind. Let us be honest enough and realistic enough to recognize the vital importance of the gold mining industry in Canada for all Canadians.

It seems to me that the minister might have gone further and spoken of the difficulties which confront the gold mining industry today. I think it is not unfair to describe these difficulties in terms of the plight of that industry today. The minister of mines of the province of Ontario, the Hon. Welland Gemmell, said in the legislature of Ontario on February 26 of this year, as reported in the *Globe and Mail* of February 27:

> Unless the federal government takes a realistic attitude toward gold, communities such as Kirkland Lake, Timmins, Red Lake and Geraldton face a serious and precarious future, mines minister Gemmell, member for Sudbury, told the legislature yesterday.
>
> Without going into details as to what the dominion should do the minister said, "I fervently hope the near future will bring good news from the standpoint of the yellow metal."

The minister of mines of Ontario was looking forward there to an announcement from the federal government as to legislation that was to be introduced at the present session, and I am afraid that the legislation foreshadowed by the resolution now under discussion will be received with very great disappointment.

The Prime Minister (Mr. St. Laurent) had accurate words to describe the plight of the gold mining industry as he found it in June of 1949 during the election campaign, because in a speech at Timmins he described conditions in that gold mining community in these words: "The grim shadow of mine shutdowns that has been hanging over many gold mining properties". That was the way he described the condition. Then he went on to indicate what the present act, as it stood on the statute book in 1948, had accomplished by way of assistance to meet the situation; but he also admitted the inadequacy of the legislation because he then foreshadowed further assistance to gold, which, as hon. members will recall, was introduced in the fall of that year at the second session of 1949. Here are his further words from his speech at Timmins:

> Many gold mines in Canada now are just staggering along because they are being squeezed between the fixed price of gold, $35 an ounce, and the high cost of production per ounce of gold recovered.

These words of the Prime Minister in June, 1949, can be just as accurately applied to conditions today. The fundamental problem confronting gold production in Canada today is, as indicated by the Prime Minister in that last quotation, that while costs of production have been advancing with very great rapidity and unhappy results, the price at which producers may sell their product is fixed. It is set by the government. It is not simply set by the government; it is actually tied down by the government through international agreement.

Rising costs have affected every mine, regardless of the stage of production or development. Mine development costs, mine production costs, have risen with startling effect. I am sure I do not need to say to this house that very often the narrowest kind of margin between the cost of production on the one hand and the sale price of the product on the other means the difference between turning ore into useless rock or vice versa, turning otherwise useless rock into what may be valuable ore. The position is just as simple as that.

In the extract I read the Prime Minister mentioned that the fixed price of gold at that time was $35 per ounce. You will remember, sir, that was the price fixed by the United

States. That was an established United States price which found its way into international agreement when various nations entered into the Bretton Woods agreement. After devaluation of the Canadian dollar on September 20, 1949, the price in terms of the Canadian dollar was advanced by 10 per cent to $38.50, and some little benefit was enjoyed by the gold mines in consequence. But then you will remember that it was only a few months later that the government decided to set the gold mines back exactly where they had been, by reducing by an equivalent amount, namely, $3.50 per ounce, the maximum assistance allowed under the Emergency Gold Mining Assistance Act. Therefore in that respect the mines were put back in the position they had been in prior to devaluation.

I should like to say a word about the history of the Emergency Gold Mining Assistance Act, and I wish to be quite fair about it. The bill was introduced first in 1948, to assist the gold mines to overcome difficulties which at that time had become almost insuperable. The government was slow to act. The threatening situation confronting gold production in Canada had been laid before the government repeatedly in previous sessions. They moved at last in 1948. I think it is fair to say that the measure never promised to do more than render some assistance. It was never looked upon by the government as anything more than emergency legislation to contribute for a very limited period, because the period has always been limited by statute. We have literally been extending on a year-to-year basis the kind of limited assistance which the act offered.

The report of the administration of this act for the fiscal period ended March 31, 1950, had this to say in general terms in its opening paragraph:

> The purpose of the Emergency Gold Mining Assistance Act was to assist Canadian gold mine operators in meeting the greatly increased costs of production of gold for which, unlike all other primary mine products, there had been no compensating increase in the price. It was designed primarily to assist the high-cost or marginal mines to continue in operation over a difficult period and also to enable such mines to continue to maintain their dependent communities.

I read that, Mr. Speaker, to emphasize that the purpose of this act was not simply to assist persons who might have had the fortune or misfortune to hold gold mining stocks. It was put forward to give some limited assistance to the industry because of the great benefits that industry brings to all Canada, and particularly to enable those gold mines to continue to maintain their dependent communities.

What has been accomplished under this act? Well, the accomplishments are limited. Assistance has been given; and to the extent of that assistance the act has been helpful. I make no attempt to deny that the legislation has been helpful as far as it has gone. With all its limitations, with all its imperfections, the act has been of assistance. For instance, in the first year of operation, 111 mines received assistance. It is perhaps significant that in the following year, 1949, the number of mines assisted dropped to 95. The report for the year ended March 31, 1951, has not yet been issued, so we do not know the total number of mines assisted in 1950. The minister did not give us that information this afternoon, but it would be interesting to learn whether that downward trend has continued or has been reversed.

In terms of amounts paid out under this act the situation is not dissimilar. In 1948 the amount of assistance provided under this act, in round figures, was $10 million. In 1949, again in round figures, it was between $12 and $13 million; and today the minister indicated that in 1950 the amount of assistance had dropped to between $10 and $11 million.

At this point I think it is fair to comment that the burden imposed on the public treasury in consequence of this act has not been very great. When you consider how readily parliament has been voting large sums of money to assist others, it seems to me that an average of $11 million over a three-year period is at most a very limited amount of assistance to an industry of such great importance to the economic welfare of all Canada.

The act has had this further drawback, that its operation has been tied to a very complicated formula. In its effect it has been quite artificial. I do not care how ingeniously the draftsmen of such legislation apply their intelligence in an endeavour to work out formulae that may be fair in their general application throughout the whole industry, I do not consider it possible for legislation of this kind to be fair to all types of mines and all types of properties under development.

In fairness to this act, let us recognize that the production of gold has increased during the period of its operation. The amount of gold produced in Canada from gold mines only, not including gold produced by base metal mines, in 1948 was 3,159,934 ounces, which represented a welcome increase over

the previous year. In 1949 gold production in Canada increased to 3,673,971 ounces from gold mines alone, and 4,123,518 including gold produced by base metal mines; and in 1950, according to a recent bulletin issued by the dominion bureau of statistics, Canada's gold production from all mines amounted to 4,448,396 fine ounces, an increase of eight per cent over the previous year. We will all welcome those increases. We will all acknowledge that this act has played some part in bringing them about. That is not to say, however, that the act is perfect or that parliament should simply stop with the enactment of amendments to it in such limited terms as are foreshadowed in the resolution now under debate.

Now may I say a word directly about this proposed amendment. We observe that it proposes simply to continue the present act for a limited period. The amendment is to modify the application of the act for the last quarter of 1950 and extend its application in a modified form to the year 1951. We have had very little indication of what the modification is to be; but again, like its predecessors in the past three sessions, this must be considered simply stop-gap, temporary legislation. Having regard to the very serious difficulties confronting the gold mining industry today; having regard, as we must have regard, to the sacrifices that are being imposed upon the gold mining industry by deliberate government policy, I think we can only regard this measure as disappointing and inadequate. Obviously it intends to continue all the present artificiality and uncertainty of government policy with respect to this important industry. We have seen changes made from year to year in the method of application, the extent of assistance or the basis of that assistance under this act. Today no gold mining operator in Canada knows what government policy in this respect is going to be at the conclusion of this calendar year. How is the gold mining industry to build for the future; how is it to expand, if it is to be confronted with all the uncertainties as to government policy and future assistance attendant upon legislation so temporary in character as that now before the house?

Again we are being asked to look at this problem as simply a temporary emergency. Apparently it is the idea of the government that the needs of the industry should be met on a hand-to-mouth basis. Where long-term policies on the part of the government and parliament are needed today, we are simply offered short-term, hand-to-mouth, stop-gap legislation.

Gold Mining

In considering the position of gold and the industry, we must have regard to recent international events. Probably the most striking development in connection with gold in the past year has been the reversal in the movement of gold with respect to the United States. There has been a reversal of the trend which had been in effect for years when the United States was, year by year, a big net importer of gold. Within the past year the United States has been transferred into an exporter of gold. That is apparently largely the result of the improvement in the economies and trade of some of the nations abroad with whom the United States has been trading. It is due in no small measure to the policy of the United States government in stockpiling materials that can only be purchased abroad.

Another fact of very great consequence amongst international events during the past year has been the firm position taken by the government of South Africa to protect the gold mining industry in that great country. You will remember, sir, that last May the government of South Africa announced it was no longer going to be bound to sell its gold at the price fixed by the international monetary fund, the agency established for this purpose under the Bretton Woods agreement. The statement made in the parliament of South Africa by the minister of finance, Mr. Havenga, is reported by the Associated Press, in a dispatch from Capetown dated May 5, 1950, as follows:

> South Africa has reserved the right to sell its gold at the highest price it can get in the world's free markets contrary to the wishes of the international monetary fund.
>
> N. C. Havenga, finance minister in a strong statement to parliament tonight, expressed the nationalist government's dissatisfaction with the board of directors of the fund. Wednesday the board rejected a South African proposal that gold producers be permitted to sell half their output in free markets at the best price obtainable above the fixed monetary price of $35 an ounce.
>
> The United States strongly opposed the South African proposal to the monetary fund. Havenga in parliament said the United States was the most outstanding example of countries which had conformed to monetary fund policy when it suited its convenience.

Now, sir, the South African government has indicated it is no longer going to impose upon the producers of gold in that country the sacrifices which would be exacted of them by a continuation of the fixed price of gold at $35 an ounce, U.S., under the international monetary fund. Important consequences have followed from that firm action on the part of the government of South Africa. In the *International Financial News Survey*, the bulletin issued by the international monetary

fund on February 9, 1951, we have a summary of an article appearing in the *Times* of London on January 29, which in this bulletin is dealt with as follows:

> The *Times* reports increased activity in international free gold markets. Over the past month premium sales to Middle and Far Eastern countries have been exceptionally heavy and, . . .

May I remind you, sir, that this is London speaking.

> . . . when allowance is made for gold which goes into hoards, for gold manufactured in Europe and producing countries, or for gold used in other ways which are not easily visible, there can have been very little net accretion to monetary gold stocks. The amount of newly-mined gold for monetary use is indeed still large, since it includes some sixty per cent of the South African output and virtually the whole output of Canada, Australia, British West Africa, and Southern Rhodesia; on the other hand, the Bank of France is reported to have sold gold fairly freely at open market prices, and a few other monetary authorities have supplied the market in a more limited way. The recent revival of demand has restored the open market price to about the level to which it had risen immediately after the invasion of South Korea; it is now about $42 per ounce.
>
> The South African Chamber of Mines is reported to be asking for a higher premium; revenue from premium sales, which was only about £100,000 in the second quarter of 1950, rose to over £500,000 in the third quarter and then to nearly £840,000 in the last quarter. The net premium collected in the last quarter appears to have been about five per cent after allowing for handling charges, which would not be considerable. There has, however, subsequently been a further increase in the premium price, which, if maintained, could mean an addition of up to about eight per cent to the gross revenue of the South African mines.

Sir, when the Canadian gold producer—and this applies to everyone who derives benefit from the health of that great industry—sees the benefits accruing to the producers in South Africa and to the whole economy of that country from the way in which producers in that country have been afforded an opportunity of selling at least a portion of their production on the free market, thereby gaining the benefit of what is called the premium price, one may fairly ask by what rule of justice and equity the Canadian gold producer is called upon to continue to bear sacrifices and to forgo the benefits that would accrue to him if he were not precluded by government policy, and were able to dispose of his product in a free market.

It is quite apparent to me that the time has come when parliament must review and re-examine this whole matter of Canadian government policy concerning the price of gold. When we in this parliament entered into the Bretton Woods agreement by chapter 11 of the statutes of the second session of 1945, we did so with high hopes. I am afraid that in a considerable measure those hopes have been dashed in the light of subsequent experience. We made certain basic postulates in entering into that agreement. May I just remind members of one of the fundamental articles to which all signatory nations committed themselves in 1945. Here is an extract from paragraph (iv), article 1, dealing with the purpose of the international monetary fund:

> To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign restrictions which hamper the growth of world trade.

Measure that idealistic statement of purpose against the sombre background of the history of international exchange in these recent years, and you have a yardstick with which to measure the extent to which the basic postulates behind our ready assumption of the benefits and burdens of that agreement have proved erroneous. We thought then we could trust Russia. We had no reason to think that Russia was going to embark on a policy of bedevilling the efforts of the freedom and peace-loving people throughout the world to establish those basic and settled conditions under which international trade and exchange, and peace in consequence of international trade, might hope to flourish. I think also that we underestimated—and this goes for all nations as well as for those of us who sat in parliament in the fall of 1945—we underestimated the extent of the economic exhaustion of Europe at that time.

Mr. Blackmore: Will the hon. member permit a question?

Mr. Fleming: I hope it will not be long, because I am worried about my time.

Mr. Blackmore: I do not suppose the hon. member has time to elaborate in answering this question. Does he honestly believe that if Russia had accepted the stipulation of the international monetary fund, conditions would have been any different from what they are?

Mr. Fleming: That question assumes something so radically different from the course of events that I do not believe any man could do more than say he might speculate as to what the results might have been had Russia's course been different. No one can speak with certainty on that subject. My opinion may be worth very little, but I shall give it to my hon. friend for what it is worth. If Russia had come in and played the game with the other nations of the world, fairly and honestly, in a spirit of co-operation and in an attempt to build international trade and settled international relations, I believe there would have been every good reason for hoping that an agreement of this kind could

be expected to succeed. I will cling to that hope, even though my friends at the time held a different view.

Mr. Low: The triumph of hope over experience.

Mr. Fleming: I am prepared, in the light of subsequent experience, to say, whether my friends were right at the time or whether they were not, that the situation today is radically changed, one might fairly say almost fundamentally changed, from the conditions that we assumed in 1945 when we readily entered into this agreement.

Mr. Blackmore: "Assumed" is right.

Mr. Fleming: Well, we are acting on assumptions all the time. I think the people of Canada acted a bit on assumption in June, 1949, for instance.

Mr. Blackmore: Hear, hear.

Mr. Fleming: Sir, I think in addition that we underestimated at that time the place, the high importance, the almost necessary position, of gold in facilitating the trade of the world; and we certainly had no expectation at that time that trading conditions would be bedevilled and defeated by the erection of this iron curtain, by aggression and machinations on the part of the tyrants in the Kremlin.

I wish to make one or two further brief observations, sir, about the way in which this agreement has worked out. It is not unfair, I think, to say that the policy of the international monetary fund has been largely dominated by the United States. It has been influenced to a considerable extent also by policy of the government of the United Kingdom. I do not believe any one of us can think that Canadian interests have played a very important part in the shaping of policy on the part of the international monetary fund. Canada is a producer. Its net position is overwhelmingly on the production side. The United States' net position has been, with the exception of the past year, that of an importer. Great Britain has been historically an importer of gold.

Now, how can you reconcile the fundamental divergence of interests of these nations under a scheme such as this? I think one result has been, sir, to shackle a very important arm of Canadian production. Another has been pressure on certain forms of the Canadian economy, and the introduction of further measures of artificiality in a situation that we had already made artificial by national and international policy in 1945.

I believe the time has come, sir, when parliament must re-examine the whole position of gold and the price of gold. I believe Canada must ask herself, and we in this House of Commons must ask ourselves: are we interested in obtaining a better price for our product?—because we are not obtaining for it today the value of it. We are selling it below the price that it would bring us if those shackles imposed by national and international policy were struck off.

In reviewing and re-examining Canada's interest in this issue, please do not misunderstand me; I am not taking a narrow view in measuring where our interest lies. I am not saying that simply because the price of gold in the free market of the world is considerably higher than the fixed price at which we are compelled to sell to the Royal Canadian Mint or for export, that alone must determine all the details of Canadian national policy. But I think we must give due weight to those facts.

Now, there are two further factors, which are deserving of consideration. I am always conscious of the fact, sir, as I am sure all members of this house are, that in any aspect of our economic life where we are brought into close contact with the United States, we must not take a narrow view of the particular issue. We must weigh it against the benefit of those broad measures of co-operation between this country and the United States which are not only the hope of this continent. but to a very large extent underwrite the hopes of the whole world; therefore, sir, I am not proposing that we proceed in any aggressive or shortsighted manner in this respect. But I do wish to be sure that Canadian interests in a matter of this kind, closely related as we are to the United States, and suffering as we are today by reason of the supremacy of the United States' interest in the administration of the international monetary fund—I want to be sure that sacrifices are not being imposed unfairly on some particular branch of Canadian production. It seems to me the case is unanswerable that unfair sacrifices are being imposed upon the Canadian gold mining industry; and when we are importing inflation from the United States, I wonder whether it would not be justifiable on our part to try to better our position by getting a better price for this important product of ours when it is sold to the big and friendly importer to the south of us.

Why should the Canadian gold mining industry be made to pay the price—and a heavy price it is—for national and international policy, particularly when, as it seems to me, sir, we must open our eyes and see that these policies are defeating their rightful purpose and must be re-examined and revised?

The other question is this. We must take into account in all fairness the possibility of inflation in Canada in consequence of an increase in the price of gold. Now, sir, there are many who associate the idea of an increase in the general price level with an increase in the price of gold. That idea probably dates back to the early 1930's, when President Roosevelt increased the price of gold as a means of trying to counteract the strong deflationary influences at work at that time in the United States. But, sir, who can stand in this house today and contend that to permit the Canadian gold production to earn more money for Canada is going to have an inflationary effect on the Canadian economy? I say, sir, that there is no one who can argue that proposition with any confidence. I do not believe there is proof available to anyone that an increase today in the price of Canadian gold would have an inflationary effect on the level of general commodity prices in Canada. On the other hand, I can think of a great deal of benefit that would result from an increase in the price of gold we export, and the way in which the consequent results can be applied to counteract the importation of inflation into this country from the United States.

Sir, I think the direction in which we must move in Canada today is toward greater freedom in trying to enable gold to yield its fair value in the markets of the world. Bear in mind that I am not for one minute saying —and I am trying to make this abundantly clear—that we should just cut loose from the international monetary fund, or that we should ignore our commitments there, or that we should proceed without due regard to the broad question of our relations with the United States or to other aspects of the effect of such measures on our economy. But, sir, I say that the case, on balance, is overwhelming for a substantial movement at the present time in the direction of a freer market for Canadian gold. And as long as we are going to have agreements such as the international monetary fund shackling an important wing of the Canadian economy it seems to me that the duty of this parliament is clear, namely, to face courageously and honestly the limitations, the drawbacks, the weaknesses, the handicaps of the international monetary fund, and address ourselves to seeking a correction and amendment of them.

I do not think for one moment that we can any longer submit to a mere continuation of the present structure and policy of the international monetary fund. Unless there is some change in the price of gold at which we may sell our production in the markets of the world, then it seems to me that we must pound on the doors of the international monetary fund, and of those responsible for its administration. And unless there is some change in their policy, then I think this parliament must be prepared to take action.

I hope the house will not fail to recognize the importance of gold both in our economy and as the means of exchange throughout the world. Gold is still what it has been for a long time, the universally accepted medium of international exchange. It is still sought by all the nations of the world today, and not least of all by Russia herself. There have been times in recent years when the United States dollar undertook to challenge gold as the accepted medium of international exchange. Sir, I think that time is past, when we see today the way in which inflation has weakened the value of the United States dollar, and the way in which gold has been moving in the net position away from the United States.

Let me say further that I think it is high time the foreign exchange control board re-examined its holdings in its reserves. I think it is high time that due regard should be had by the board for the fact that the United States dollar has not the value it had before, either in terms of its intrinsic purchasing power or in terms of the prestige and confidence attached to it in the world. I think the time has come when the reserves of the foreign exchange control board, to a degree far greater than has been the fact hitherto, should take the form of gold and not United States dollars. I think the time has come when, on the part of those administering the foreign exchange control board in this country, there has to be a recognition of the importance of building up those reserves in the form of gold rather than in United States dollars.

If we are going to cling to any hope of re-establishing the kind of world to which we looked forward in 1945, we must have regard to the place of gold as a means of assisting the convertibility of currencies, with all the attendant benefits that has for the trade of the world, and in particular for a country like Canada which has trading relations with the two great trading blocs in the world, the sterling bloc and the dollar bloc.

Lastly, I hope the government will not deny to the house the opportunity of reviewing the whole of our national policy with respect to gold. Those who sat in the committee on banking and commerce in the fall of 1945 will never forget the importance of those hearings, and the way in which

members of parliament informed themselves, with, of course, considerable assistance from Mr. Louis Rasminsky, a very distinguished Canadian economist, whom we all respect. That was five and a half years ago: conditions have changed vastly since that time. I hope an opportunity will be afforded, through the medium of a committee like our committee on banking and commerce, to review the matter in detail, and with all the evidence that is required or relevant before us, so that we may review and re-examine the whole question of international and national policy with respect to gold.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, the hon. member for Eglinton (Mr. Fleming) has rendered a distinct service to the people of Canada and the House of Commons in his remarks this afternoon. So far as I know this is the first time since 1945, when the Canadian parliament in a fit of complete hysteria allowed itself to be precipitated into the Bretton Woods agreement, that any member of parliament, other than Social Credit "cranks", has undertaken to call in question the validity of the Bretton Woods agreement. The hon. member has not meant to call in question the validity of that agreement; he has simply undertaken to show the house and country how the agreement just cannot possibly work to the advantage of Canada, or any other nation in the world except the United States.

I should like to draw to the attention of the house and the people of Canada the absolutely preposterous position in which the Canadian parliament now finds itself. First I would read the innocent little resolution we are now debating:

> That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to modify its application with reference to the last quarter of the year 1950 and to extend the application of the act in a modified form to the year 1951.

I would say in a general way that if parliament does not have complete authority to pass that resolution, then it has abdicated its power to be a sovereign parliament of a sovereign nation like Canada. That must be obvious, without further argument.

Yet the minister, when introducing the resolution, used these words, if my memory serves me correctly, "that after consultation with the international monetary fund the government decided to recommend to parliament a continuance of the cost-debt program for another year."

I take it that this means that the government would hardly dare introduce this measure without the consent of the international monetary fund. Hon. members may reflect upon these facts themselves. Take those facts in the light of the observations so ably expressed this afternoon by the hon. member for Eglinton, and then meditate upon the condition of affairs in which we find ourselves. I do not propose to speak in any extended fashion in the matter this afternoon. I shall merely make this observation, based upon the remarks of the hon. member for Eglinton and of the minister, that each of these hon. gentlemen has undertaken to say that the welfare of the whole mining industry of Canada is in large measure involved with the welfare of the gold mining industry.

What does that mean? It means that without the consent of the international monetary fund this country is unable to take measures designed to benefit the mining industry, which is one of the major industries of the nation.

May I say a word or two with reference to the question I asked the hon. member for Eglinton. Perhaps it was a mean question to ask a man who was speaking on the subject to which the hon. member was then directing his remarks. But I felt it was a question that ought to be asked of a gentleman as learned as the hon. member for Eglinton, and as able as he has shown himself to be during the years of his sojourn in parliament.

One of the assumptions the house adopted was that the international monetary fund and the bank for international settlements would somehow aid in the convertibility of currency in the world. To a person adequately informed regarding the fundamental principles of international trade and the international convertibility of currency; and likewise moderately informed concerning the restrictions and regulations in the Bretton Woods agreement, the assumption that that agreement could in any way, even in the remotest degree, aid in the international convertibility of currency, is utterly preposterous.

Members of this group laid down the fundamental principles time and again in December of 1945. I challenged any man in the Dominion of Canada, inside this house or out, to point to a single flaw in the fundamental reasoning of the Social Credit group on that occasion. Every principle was absolutely sound and in accordance with the best information concerning international trade and international convertibility of currencies. In effect we laid down this principle—I am going to illustrate it by citing an experience this country has had—that it is utterly impossible to make British pounds convertible into United States dollars unless the United States are prepared to accept a sufficient amount of British goods to render the moneys of the two countries equivalent in value. It is the

acceptance of goods and the selling of goods that governs the value of world currencies.

As this group indicated, and as hon. members fully know, the United States is the most powerful factor in world economy today, largely because of her tremendous population, her tremendous productive potential and the near approach she is capable of to self-sufficiency. When a nation is self-sufficient or nearly so it does not need to take in foreign goods. All it needs to be concerned with is selling its own goods. We laid down the principle time and time again that the primary concern of the United States administration in seeking to obtain general acceptance of Bretton Woods was to enable the United States to sell her goods in the world markets. That fact remains incontrovertible today.

Will anyone tell us how in the world the acceptance of Bretton Woods can contribute in the slightest degree to the convertibility of British pounds into United States dollars? Where is the stipulation in Bretton Woods which would so operate? The world has been afflicted by what I would almost call a tragic shortage of United States dollars ever since the Bretton Woods agreement was accepted, and that alone is incontrovertible evidence of the truth of what I am saying.

I should like to say a brief word regarding inflation. Yesterday the Minister of Finance (Mr. Abbott) in that jaunty way of his made a remark to the effect that this inflation was a world phenomenon. Of course it is a world phenomenon. I believe I shall ask the Minister of Finance before we finish this session to show why there is a world phenomenon of inflation and to show to what extent the Bretton Woods agreement has contributed to that world phenomenon. In fact I may ask him to show where we should be wrong in assuming that the Bretton Woods agreement is a major factor in the production of world-wide inflation.

Before I close I should like to make this general comment on the remarks of the hon. member for Eglinton (Mr. Fleming). He was not in the chamber when I paid him a compliment a minute or two ago.

Mr. Fleming: I was listening from behind the curtains and I appreciate the hon. member's remarks very much. I do not get many compliments.

Mr. Blackmore: I told the hon. member for Eglinton at the time of the Bretton Woods debate, in the banking and commerce committee and in the corridors of this building, that he was capable of understanding these matters as a great many members of this house apparently were not, and that therefore there rested upon him a considerable measure of responsibility in taking the position which he should take on the question of Bretton Woods. His remarks this afternoon indicate that my estimate of him was justified. All he needs to do is to go forward and keep the fundamental principle in mind that it is impossible to have convertibility of currencies unless there is a free and adequate interchange of goods and services.

The United States absolutely will not accept any more goods than she needs. Any goods that come into that country and which compete with goods produced by the people of the United States will be shut out ultimately. When she is in position to almost completely support herself, except in time of war, what conceivable reason can there be for believing that she will accept enough goods to render English pounds convertible into United States dollars?

Turning now to the Bretton Woods agreement: Can the Bretton Woods agreement, or a carload of such agreements, contribute even in the slightest degree to causing the United States to accept more British goods, or more Canadian goods, or more French goods, or more goods of any other nation? To ask the question of intelligent members, such as those now sitting before me, is to have them answer it with a thunderous "no". The measure of the efficacy of Bretton Woods in contributing to the convertibility of currencies is just completely zero. It can cause trouble to nations, as the hon. member for Eglinton has shown, in connection with the production in Canada of gold; it can interfere with trade, as it already has done, and render the situation infinitely more complex for such struggling nations as Great Britain and France and Germany; it can bring about an inflation that nobody knows what to do with. But it cannot possibly contribute in the slightest degree to the well-being of the nations of the world. That statement goes on *Hansard* with an open invitation to anyone who thinks he can answer it to do so. I will be right here through the remainder of the debate and right to the end of the session, if it is the Lord's will.

I would go further than the hon. member for Eglinton has gone and say that until the world abandons the Bretton Woods agreement and the international monetary fund there will be no hope of a return to normalcy. Not only must the world abandon those measures, it must abandon the other iniquitous measures which have been entered into in the spirit which actuated Bretton Woods. As the hon. member for Peace River says, that was

the agreement under which we sold a large part of our sovereignty. I think every hon. member realizes that, in the light of the situation presently confronting us.

I have been struggling to repress feelings which I think I should express. Yesterday we heard from the President of France a speech which we all enjoyed. We appreciate greatly the honour that was conferred upon us as a nation, as I believe he appreciated the honour we conferred upon his nation when he spoke before us. But there were things implicit in the speech that he delivered which are absolutely contrary to the well-being of the peoples of the world. They had to do in large measure with the general ideas that brought about the misconception to which the hon. member for Eglinton referred when he read that idealistic piece of nonsense from the Bretton Woods agreement.

It is interesting to recall that we had in December 1945 during the Bretton Woods debate a body of people across the floor belonging to the Liberal party who styled themselves as the "Little Chicago" group. These members just sat there and virtually bellowed and brayed at the Social Crediters to prevent them from putting the truth before the house and the country.

Mr. Riley: Don't look at us.

Mr. Blackmore: I realize that all members over there except one are new.

Mr. Low: There has been a real change since those days.

Mr. Riley: Don't cast reflections on us.

Mr. Blackmore: There is no reflection. The simple point is that if the members of that "Little Chicago" group were not appointed by the Liberal administration to try to silence this group of thirteen standing against the remaining members of the whole house, then all I can say is their performance on that occasion constituted one of the greatest disgraces in the history of the Canadian House of Commons. They helped also to stampede the country and parliament into the adoption of several genuinely iniquitous measures.

Mr. Riley: Did they influence you?

Mr. Blackmore: Not a bit, because we knew what it was all about; and if the hon. member is in any doubt he can ask us questions as the days go by and we will satisfy him on the matter.

I think the time has come when the house should contemplate seriously withdrawing from the Bretton Woods agreement and the international monetary fund. To that end I would invite the careful study of every member of the house and every person in the country. Until we can find a device whereby we can overcome the difficulty of the shortage of United States dollars we have not begun to see the light in the world with respect to convertibility of currency.

Is this parliament of this great nation, great already and far greater to be, to be trammelled to the extent that it cannot pass a simple innocent little measure like the one before us without going and pleading for the consent of the international monetary fund? Perhaps I had better not say what I think and know about the members of that organization for fear of doing them harm when they cannot answer in their own defence.

Mr. Sinclair: Our own minister is one of the governors, and Graham Towers.

Mr. Blackmore: If our own minister is one of the governors then we had better go right to work and educate him. Mr. Ilsley, who was minister of finance during the time when this measure was actually stampeded through the house—

Mr. Low: By threat of closure.

Mr. Blackmore: —by the veiled threat of closure on the part of the prime minister, went to Toronto the next year or two years later and gave a most glowing speech of hope for the future because we had accepted the Bretton Woods agreement! Let hon. members behold what a glowing future we have had.

Mr. Hansell: He has gone to his reward.

Mr. Blackmore: There is one other thing I think I had better say something about, the effect that Russia had in refusing to enter into the Bretton Woods agreement. I asked the hon. member for Eglinton if he believed that the entrance of Russia into the Bretton Woods agreement would have assisted in any way. I know I took him at an unfair disadvantage and I did not expect him to do anything except just what he did, and he did it very well. But let me say right now that if Russia had gone into the Bretton Woods agreement it would have made matters infinitely worse because you would have had this iniquitous international monster called the international monetary fund obtruding its offensive nose into the intimate affairs of every nation on the face of the earth, and with all the backing of the whole body of nations of the world.

The minister went and asked the monetary fund if he might introduce this resolution and pass the bill, and the monetary fund graciously consented that he might, because it really could not do much else. However, if the fund had the whole world behind it,

including Russia, Australia and New Zealand, one can imagine the way it would be cracking the whip and pointing to the line that Canada would toe not only with respect to developing our gold mines but every other kind of mining in Canada, and every other kind of industry in this country. Let not hon. members or anybody else lay any blame on Russia, Australia or New Zealand for the catastrophic failure of the Bretton Woods agreement. It was foredoomed to failure because it was founded on worse than quicksand if it was proposed to be a measure to improve the welfare of the world.

I am not going to go into detail on the general thesis that Russia's entrance would have made matters much worse instead of better because I think it would probably be a little too far afield from the measure. However, I say once more to members of the house and the people of the country: Beware of Bretton Woods. Beware of the international monetary fund. The sooner these things are taken down from their high position, put away in mothballs and ultimately buried and forgotten, the better it will be for everyone in the world.

Mr. J. A. Bradette (Cochrane): Mr. Speaker, before I proceed to my main remarks, which are going to be fairly brief, may I say that I believe it is my duty and obligation to say a few words on this very important resolution, the primary reason being that for twenty-three years of my public life I have had the great honour of representing one of the greatest gold-producing regions of our country, the Porcupine section. In that occupation I have always pursued a middle course between producers and labour. I have always had the respect and attention of both parties, and from that experience I have an idea of the importance of gold mining to the national economy of Canada. I want to compliment the present Minister of Mines and Technical Surveys (Mr. Prudham) on the resolution, and also on his appointment as minister. I know he will follow in the footsteps of his predecessors of the Conservative and Liberal parties. Whoever they were they always made a point to come on the ground and study the situation that existed in the gold mining sections of Canada.

A few weeks prior to the appointment of the present minister we had the pleasure and the good fortune of having a visit from the Minister of National Revenue (Mr. McCann), who at that time also held the mines portfolio, to the northern section of the province of Quebec and the Kirkland Lake and Porcupine regions. As had been done on other occasions by previous ministers, he showed by the speeches he made, and at the meetings he had with management and labour and the public, that he was fully familiar with the existing situation and the dire necessity of maintaining some assistance so far as the gold mining industry of Canada was concerned. I listened very attentively to the speech of the hon. member for Eglinton (Mr. Fleming). As usual he was eloquent; he presented some good arguments; I know he was sincere, and I compliment him on his remarks. I am not going to try to follow the hon. member for Lethbridge (Mr. Blackmore), who spoke almost entirely on the Bretton Woods agreement. All I want to say at this point is that the agreement did give us a yardstick based on gold standard; that is why gold is mentioned in the agreement.

I do not entirely agree with the statement of the hon. member for Eglinton that the present government has done almost everything possible to be disagreeable to the gold mining industry. After all, the situation confronting the gold mining industry in Canada was not created by the government. I remember vividly when Mr. Ilsley, then minister of finance, announced to parliament and the country that the Canadian dollar would be placed on a par with the United States dollar. I knew the gold mining industry of this country was going to be hit. That very night, while I was still listening to the minister of finance, I received phone calls from some people vitally interested in that industry. I told them there was no doubt they were going to be hit, but that personally I felt that in bringing the Canadian dollar to parity with the United States dollar the government was doing a good thing for the country as a whole and that some remedies would be found. I believe I was right in what I said at that time, and the Canadian people have agreed with me. That evening I also received three telephone calls from high officials of large newsprint and sulphite industries in my constituency, asking what was going to happen to them. I told them not to worry, because the prices of newsprint and sulphite were flexible and could go up or down as required, following world prices. I was much more worried about the gold mining industry, in which the price was standardized and is still standardized at $35 an ounce, than I was worried about the newsprint industry. As it has turned out I was absolutely right. We all know what happened to newsprint, pulp, sulphite, lumber and almost everything else. Lumber, for example, has gone up from 200 to 400 per cent since those days.

The Canadian parliament, and more particularly those hon. members in whose ridings gold mining was a very important factor, knew the situation was serious. I remember

that my dear colleague from Timiskaming spoke to me the same night, saying, "Joe, what are we going to do?" I replied that there was only one thing to do; we would go back to our respective constituencies and tell them the exact situation. They were reasonable people; they were good Canadians, and they would understand the situation. If it was a good thing for Canada as a whole to bring the Canadian dollar to parity I was sure our people would accept it, though it might seriously affect the gold mining industry. That is what we did. Within two weeks we visited our section of the country and explained the situation. Our people understood, though naturally they expected that the matter would receive the attention it deserved from the federal treasury, and to a large degree these hopes have been fulfilled. I agree with the hon. member for Eglinton that we should not necessarily be completely satisfied with this legislation. We want more. We are something like the western farmers, the eastern industrialists and all the others; the more we get the better we are pleased, though at the same time we are very practical in our requests.

I believe this is a good measure. The hon. member for Eglinton asked for permanent legislation but I must say that at the present time it is absolutely impossible to have permanent legislation as far as gold production is concerned. The hon. member made another statement with which I do not agree when he said that government officials and perhaps other people in Canada thought that if we increased the price of gold here it would have an inflationary effect. I have never heard one Canadian express the opinion that a higher price for gold would be inflationary. That statement has always come from the United States.

Mr. Fleming: If the hon. member will permit me, I do not think he quite followed what I said. I was dealing with a possible argument, and I said I did not think anyone could establish the proposition that an increase in the price at which Canadian gold might be sold abroad would be inflationary on the Canadian market.

Mr. Bradette: I am glad to accept that statement, because I do not know of any Canadian who would argue that an increase in the price of gold in Canada would be inflationary. Three years ago I visited Washington where I had some discussion and argument with some high officials of the government. They told us very definitely that it was impossible for the United States to increase the price of gold. At the time we thought we might have a chance to get some $10 to $15 more an ounce. I argued until I was blue in the face trying to show them that an increase in the price could not possibly be inflationary. I tried to point out that the United States was the greatest holder of gold bullion in the world, and that if the price was increased by their own volition it would only be beneficial to that great country. However, that feeling still prevails among the higher officials of the United States, and I believe it is one of the things on which the president is absolutely convinced.

Now I am going to say a few words about the Bretton Woods agreement, because in several places it mentions the necessity for at least a 25 per cent gold backing for that fund. I do not entirely agree with the opinion of the hon. member for Lethbridge. In my opinion the Bretton Woods agreement was a wonderful thing, not only for Canada, but for the whole of the civilized world. When that agreement was drawn up mentioning gold it showed that there was a reason for that metal; it showed there was a need for such a yardstick for our own monetary system and that of practically every other country. That is the first point in favour of gold production. Then there is a demand for gold by artists and craftsmen, in dentistry, and for many other things for which people would gladly buy gold if it were available. For instance, I believe that if tomorrow our mint should issue say $50 million in $5 and $10 gold pieces, they would be distributed within two or three weeks at the most. People want something tangible in their monetary system which they feel they do not have at the present time. They are right, of course, in that feeling, but I am just giving the opinion of the people in my own constituency. Only last evening at the reception at the French embassy I was told by a Frenchman from North Africa that practically the only currency which was accepted during the war in North Africa, Spanish Morocco, Sicily and southern Italy was the $5 and $10 gold pieces carrying the United States eagle. He told me, and I believe it to be true, that those gold pieces had saved the lives of hundreds, yes thousands of young Americans, Canadians and allied troops.

So there is a meaning for gold in our monetary system; and if there is a meaning and acceptance of it there is no reason why it should not be dealt with at least to some extent as other mining like base metals and other production is dealt with. We all know what has happened to steel, copper, lead, zinc and all the other metals. Mind you, gold is one of the most difficult metals to extract from the entrails of the earth. There is no placer gold in northern Ontario. At

the present time there is only a little placer gold in Yukon and the Northwest Territories. There is no placer gold in northern Quebec or the Kirkland Lake section. It comes from solid rock, and many of the mines are operating today only by the skin of their teeth. The Hollinger mine, for instance, has always been working some very low grade ore, on which they pay very small dividends indeed. It is only because of the ingenuity of the men running these mines, their good management and the fine miners working in them that they have been able to keep in operation. What has happened to the base metals? What has happened even to silver? What has happened to cobalt and to aluminum?

The prices of those products have increased by twenty per cent, forty per cent, sixty per cent and in some cases by three hundred per cent. Gold production has remained absolutely stationary. This is a situation which cannot be tolerated much longer because gold production looms large in our national economy, as the member for Eglinton said so well a few moments ago. It has its beneficial effect in all streams of our Canadian life. It affects, beneficially, the cities of Toronto, Montreal and Vancouver, regardless of what the member for Comox-Alberni (Mr. Gibson) states. In our section we buy a lot of lumber from the hon. member's province, and we pay a great deal more for it than we used to pay. We are not complaining about that. The hon. member ought to realize what gold has meant to all sections of Canada, even the Yukon Territory, in the past, what it may mean in the future.

I have at least established this argument that gold is a metal which is not only being used as the yardstick for the monetary systems of most of the nations of the world, but it is a metal that the people generally throughout the world will accept, whether it be minted or in any other form. I recall that my grandfather had one of those heavy gold chains. I believe it was almost pure gold, twenty-four carat. It was an heirloom and he cherished it. If you try to buy one of those gold chains today, you will not be able to get it. Only a few days ago I was in one of the large jewelry shops in Ottawa. I was told by a responsible man in that shop that if they were allowed to buy gold and use it as they liked in jewelry they would buy hundreds of thousands of dollars' worth of gold. There is a reason for gold; there is a necessity for gold; there is a demand for gold. If there is a demand, it should follow the trend of other metals.

[Mr. Bradette.]

If there is no necessity for that yardstick in our monetary system, if the people do not request it, let us close the mines and forget about it. Then, you will have an immediate reaction because gold will always be a metal that not only carries glamour but has general acceptability. To illustrate to the Canadian people what it is worth in international transactions, I shall read a few sections of the Bretton Woods Agreements Act. Article IV, par values of currencies, section 8 dealing with maintenance of gold value of the fund's assets, reads:

> The gold value of the fund's assets shall be maintained notwithstanding changes in the par or foreign exchange value of the currency of any member.

There, you see the thread of my argument. I am not speaking as a theorist because I participated in the discussion. A member of the Social Credit party was in attendance, and when that paragraph was mentioned it was agreed to by the member for Acadia (Mr. Quelch). I always listen to him with attention because he is well versed in the monetary systems, not only of Canada but of the world. Then, subsection (b) reads:

> Whenever the par value of a member's currency is reduced, or the foreign exchange value of a member's currency has, in the opinion of the fund, depreciated to a significant extent within that member's territories, the member shall pay to the fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of its currency held by the fund.

Again there is mention of gold there. It never disappears from that act.

Subsection (c) reads:

> Whenever the par value of a member's currency is increased, the fund shall return to such member within a reasonable time an amount in its currency equal to the increase in the gold value of its currency held by the fund.

I shall not read at length, but I should like to cite one other section to show how important gold is considered. Article V, transactions with the fund, section 6, page 9 of the act reads:

> Any member desiring to obtain, directly or indirectly, the currency of another member for gold shall, provided that it can do so with equal advantage, acquire it by the sale of gold to the fund.

Subsection (b) reads:

> Nothing in this section shall be deemed to preclude any member from selling in any market gold newly produced from mines located within its territories.

Now, the terms of this subsection might seem to be ambiguous, but at the same time there is a good reason for it. This is not the time or place to discuss the reasons. I believe that these sections will prove to parliament that there is a necessity for maintaining the solidarity of something so basic

so far as the Bretton Woods fund is concerned, regardless of what some members say on that score. I agree with the member for Eglinton (Mr. Fleming) when he says that in the world of today gold should at least be twenty-five per cent of the currency used. There is no reason in the world why we should be denied a good price for gold because of this act. We are in a very difficult position so far as gold is concerned. I am no prophet, but I believe that if gold mining played as important a part in the economy of the United States as it does in Canada, the price of gold would have been increased quite a few years ago. South Africa and Canada are to a large extent dependent on gold and the largest producers, excluding Russia—we have no access there at the present time, although they have found it possible to unload a very large amount in recent years on the money markets of the world.

It should be within the orbit of the government, and within the power of this parliament, to tell the Bretton Woods management that it is unfair to Canada so far as the price of gold is concerned to have it pegged at the present price. I am not going to argue that point at any greater length. I believe I have shown parliament the necessity of getting a good price for our gold. I do not like subsidies. I believe I was interrupted by a C.C.F. member a year or two ago when I said I have always been against subsidies. What else can one do under circumstances of this nature? You are dealing with a metal which is, in certain circumstances, a commodity. It is used as the yardstick for the monetary systems of the world, but the price of gold has remained stationary, it has remained pegged. What would the western farmers say today if the price of wheat were the same as during the depression years? What would the lumber operators say if the price were the same as it was sixteen years ago? I would be the first one to get on my feet, under those circumstances, and speak in favour of the lumber industry and the farmers. The gold mining section of Canada is not prejudiced; we always take a national viewpoint. When I was home during the Easter recess I heard no criticism of the bonus that was paid to the western farmers. In fact, some said that we should have given them a little more.

I am making this plea because I know this situation. No one wants to see fine centres of population like Timmins closed up. I know that a large number of members have visited that section of the country. No one wants to see centres like Schumacher and South Porcupine closed and many towns in northern Quebec. The gold mining industry has established them and has established schools, good hospitals, and all the up-to-date necessary utility services. These centres have a fine, healthy, prosperous population—not so prosperous today, but it has been, and hopes to be again.

Members may recall a few years ago there was a certain amount of colonization attempted in northern Quebec. When I was a young man going to school around 1900, I recall when the Canadian Pacific was built to North Bay. At that time it was thought that it was the extreme limit at which white people could live, according to the belief at that time. Today we are living four hundred miles from North Bay. In Hearst alone we have hundreds of people establishing themselves from year to year. You go into northern Quebec and you will find one of the finest colonization schemes. And how was it made possible? It was made possible not only because of the land and the forest, but because of the mines, copper and gold. No one wants to see that industry closed down. I know of the speeches that have been made here by the member for Lethbridge. Today the hon. member never said a word against gold, and I give him credit for that. He speaks as a Canadian. The leader of the party has been in our section, and he knows what a great factor gold mining is in our national economy. I also want to pay my compliments to the hon. member for Eglinton. I know that in his criticism he did not want to be unfair. He wanted to be constructive, because he also realizes the great importance that the gold mining industry is to Canada as a whole, and no one would want anything to happen to it. It is possible of solution. I do not believe in the open market.

No matter what we say, it is not only Bretton Woods that will stop us from selling on the open market. We must remember this. At the present time we may say that the United States is unfair to us; but when they increased the price of gold from $25 an ounce to $35 an ounce it was a marvellous thing for Canada. Every ounce of gold production was sent to the United States and paid for with United States dollars that we always needed. The same principle applies just as forcibly today. Every ounce of gold that is produced in Canada today finds its way to the United States, and there it helps us to balance Canadian dollars with United States dollars. Those are facts which we cannot forget in this country. To me it seems—I may be wrong—that you cannot bootleg against the United States treasury.

We hear a lot of talk about South Africa selling their gold. I have several articles saying that in some places they get $62 an ounce for it. I think it is said that they get $62 an ounce in Calcutta, and at Hong Kong they get as much as $43.75 an ounce, and that in some sections of Europe they are getting $42.75 an ounce, and at other places they get $40 an ounce. But is that a steady market? Is that a permanent market? What kind of money will you receive in payment for that gold bullion, and who will do the collecting?

If we had an open market for gold I would not want the government to assume the role of collector. They have enough to collect at the present time. Who would try to collect for that gold? All these are things that we must be very careful of when we mention an increased price for gold.

We do not kowtow to the United States but it is fortunate for us to be their neighbour. How fortunate it is for Canada to have as a neighbour that great big friendly nation to the south of us. They have their faults, the same as we have. I have no doubt in my mind that when we present our case logically and justly we shall have as always a good listening ear and they will listen to what we have to say. I have no doubt they are beginning to realize at the present time—I think it may come in the very near future—that the price of gold must of necessity be increased. But until that is performed by the United States treasury then it is the duty of parliament to pass some legislation that will allow that fine industry to survive. I use the word "survive" deliberately, because anyone with any business acumen will readily understand the precarious position that that industry finds itself in at the present time when all metal production and all other production, whether of the farm, of the soil or of the forest, has increased in price, and we are in agreement with it, while the price of gold has been stabilized. The thing of necessity must receive the attention of the government on that score alone.

I come again to the Bretton Woods agreement, and I agree with the hon. member for Eglinton, although I know that as a member of the United Nations and as a signatory to the Bretton Woods agreement we must give up in some instances some of our national sovereignty. But I do not believe it was ever meant that sovereignty would be conducive to this, that this agreement would compel the gold producers of Canada to accept an arbitrary price at the dictation of the Bretton Woods agreement.

Again I repeat, if an increase in gold is needed under that monetary fund, then gold, being a metal, of necessity must follow the prices, or the trends of other metals. If it were a thing that you could find by the pocketful in some creek or a thing of that kind it would be different. No doubt the hon. member for Villeneuve (Mr. Dumas) will speak after me and will give the house some statistics as to the great efforts the gold mining industry this country has put forth, the inventiveness and the genius that they have employed to survive. We sometimes hear that we have some rich gold mines. There are some very high-grade gold mines in Canada. We have one or two of them in the Timmins section, like McIntyre, and there are one or two in the Kirkland Lake section. None of them is in the Quebec section, and none in the northwestern section of northern Ontario. The same applies to the Northwest Territories and to Canada as a whole. There is no bonanza anywhere so far as gold is concerned. They are able to exploit those mines now by ingenuity, by modern inventiveness, and by doing all that they possibly can they have been able to survive, hoping that they will have a better day, hoping that some day in the not too far distant future the nations will realize, the United States and no doubt the Bretton Woods agreement will realize, that if they want to maintain the fund as sound as they wish it to be they will have to increase the price of gold.

I should like some of the hon. members to visit some of the newer mines in northern Quebec, for instance, where they will see much machinery on the second floor of the buildings. They will hear its continual buzzing, purring and whirring, you may say. They will see those tremendous and great machines crushing enormous amounts of solid rock. They will ask themselves: Where is the manpower? They may see one, two, three men managing one whole floor. These mines have been able to survive because they have kept up to date; otherwise, they would have been buried under their own weight two or three years ago.

I have an appeal to make at the present time first of all to the national treasury, asking them to use all their influence to assist the gold mines, because the yardstick of gold must of necessity be maintained, and so that the Bretton Woods agreement will not have the right to dictate to our country what the price of gold should be.

Personally, I do not think that even in the United States an increase in the price of gold would be inflationary because my information is that the gold bullion that the United States had five, six or seven years ago is almost depleted at the present time, and there is no

doubt also that they will continue to buy it owing to the necessity and the urgency of maintaining their supply.

Some people may ask, why does the Canadian government not buy gold at $35 or $40 or more an ounce and issue their own currency. I believed, and I still believe it, when Mr. Ilsley announced in the House of Commons that the Canadian dollar would be placed on a parity with the United States dollar, that the Canadian dollar was the belle of the ball; it was the soundest money in the world. Whether it is possible for the government to do that, I leave the question with the treasury benches. It has been possible for the United States during the last twenty or twenty-five years to buy all the gold bullion in the world and pay for it with paper money. I want hon. members to realize there is a small margin so far as Canadian gold production is concerned between the selling price and the cost price. There is a very small profit. The profits have never been very high; and if it was possible for the United States treasury to pay for the gold—because they are good businessmen; there are too many hard-headed businessmen there not to realize the full value of gold—they did that for many years at the cost of billions of dollars in the United States money. If they were able to do that perhaps it may be possible in the meantime for the Canadian treasury to try and make an experiment in buying gold at, we will say, $5 or $10 more an ounce, because we must experiment and try new solutions. As the hon. member for Eglinton said a few moments ago, the measure we have before us is filling a gap. It is not a permanent solution.

I know in my section, and I know that every member of parliament who is familiar with gold production realizes this, we hope against hope that next week or next month, or next year or two years from now we will hear that the United States treasury is paying $40 or $45 an ounce. If that happens immediately you will see the northern sections of Canada flourishing because it will bring other mining activities. They are not only developing that industry in the search for gold. In their search the fine prospectors of Canada have found not only gold, they have found copper, and other metals. The Rouyn-Noranda mining industry in northern Quebec was found by gold prospectors. They could hardly believe their eyes when they saw these great formations of copper—almost solid copper. In those days the sale of copper was so low that they built up great dumps of it. But we know what happened to copper in the last six or seven years, and we know what the copper industry has meant to the whole of Canada.

We would hope that within a reasonable period of time the price of gold might come into its own. We do not want an increase of 300 or 400 or even 100 per cent. We want only a reasonable increase in the price of gold. If that is done we will see those northern sections booming and coming into full fruition; there is no doubt about it. That will help every section of Canada. It will help the farmers in the west, the industrialists in the east, the lumber producers and industrialists in British Columbia. It will result in prosperity for all of Canada.

Let me again compliment those who have preceded me in the debate. There has been no acrimony. We all realize the seriousness of the situation in an industry which plays such a great role in the national economy of Canada.

Concluding my remarks, let me compliment again the Minister of Mines and Technical Surveys as well as the Canadian government and the Canadian parliament upon their open-mindedness so far as the gold-mining country is concerned. And if at the moment I speak on a matter of this kind, it is not because I have any personal interest. I am not a stockholder; but I have been in my constituency for the last forty-five years, and I realize the great part the gold-mining industry is playing in our Canadian life, and the great role it will be called upon to play in the future.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, the subject before us this afternoon has been discussed on a basis which is the proper one upon which a debate like this should proceed, namely the interest of the nation. I should like to be able to emulate those who have preceded me in the knowledge they have displayed of the international issues concerned, but even though I may be unable to do that I hope I shall be able to emulate them in the high plane on which they placed their remarks, and in keeping the debate free from acrimony.

Before coming to the particular points I wish to make this afternoon I should like to associate myself to the full with what was said by the hon. member for Eglinton (Mr. Fleming) regarding the over-all view which should be taken respecting the position of the gold-mining industry in Canada, and particularly I would associate myself with that portion of his remarks in which he said he felt the time had come when we could no longer treat the gold-mining industry on a hand-to-mouth basis, but that its position in the national economy demands that its problems be regarded and dealt with on a long-term basis.

I am not going to enter into the controversy referred to this afternoon as to whether an increase in the price of gold would mean inflation or whether it would help in the restoration of convertibility of currencies and therefore in the restoration of international trade in the world. I think, on balance, the probabilities are that the restoration of a free market for gold would do more to help than to hinder the free interchange of goods and the convertibility of currency. On balance, the evidence indicates also that a free market for gold or an increased price for gold would have more of a deflationary than an inflationary tendency.

But those are only opinions. I do not put them forward as expert opinions, because I do not regard myself as qualified to enter fully into those discussions, nor do I propose to pursue my remarks along those lines at greater length. However, I do think it is fair and also important to say that the policy suggested—and only suggested—by the hon. member for Eglinton, namely, a move in the direction of a free market for gold, which is a policy of which I should like to see further consideration, would have the effect of solving permanently the problem of the gold-mining industry. It is to a permanent solution that, in my view, we must direct our minds. And it is particularly because I believe that the increasing of the price of gold or, if it should be found possible, the granting of a free market for gold, would provide a permanent solution of the problems of the gold-mining industry, that I support the investigation and the consideration of that question, which the hon. member urged the government should give at this time.

The position of the gold-mining industry was recognized by the minister this afternoon when he said that it was the search for gold which in large measure had resulted in the development of the great mining industry, covering many metals other than gold, which now occupies such an important place in the economy of our country.

Not only should the problem be approached from the point of view of the position of the gold-mining industry, but it is important to look at the position of the men who work in the mines. I do not approve of a policy of pleading special cases for special industries, because to make a special case of one industry or another generally creates more complications than it does benefits. The old adage is still true, that hard cases make bad law. But in respect of most industries—and I would not confine it to industries alone, but perhaps should include agriculture and every other type of occupation—in a normal and free economy it can be argued with justification that those engaged in any particular pursuit take their own chances. No one forces them into a certain line of endeavour, and if they wish to go into it then, other things being equal, they must stand or fall by their decision and are not entitled constantly to come forward asking for special considerations. But the gold-mining industry is one the actions and markets of which are not free, but which are closely circumscribed by governmental and international policy, which has set a definite price limit on the end product of those mines.

Gold is the only commodity which has not been decontrolled following the war. Never since the introduction of an official price for gold in recent years has that price been set free. True, it has been subject to adjustment; but the price of gold has never been decontrolled and it is the only commodity I can think of which has not at one time or another, following the end of the war in 1945, been decontrolled. So that the gold-mining industry is a special case. It is a case where the end product is controlled, but where all the articles entering into the cost of production are decontrolled. This industry is accordingly entitled to special consideration by the government and by parliament in virtue of its special position as a result of government policy. Whether that government policy be part of international policy or not, the result in so far as the gold mines of this country are concerned is the same.

We have an unusual situation here in that the men who are engaged in the industry, the men who are working in the mines, are asking for a higher price for the product of their industry. It is not very often that we find organized labour making a request for higher prices. Organized labour in the gold mines—as every other Canadian with average common sense must do—realizes that if the workers are to continue to receive a decent wage, a wage which compares with the wages in other industries not subject to this control, they must support the request that an adequate return to the industry in which they work be made possible so that their wages can be maintained at an adequate level and can compare favourably with the wages paid in other industry, particularly in other parts of the mining industry. We are therefore now in receipt of requests from the industry itself, from mining associations and from the men who work in the mines, through their unions, for a new policy with respect to gold.

I do not believe that the resolution stage on the bill is the time to enter into a discussion of the details of that policy. That might better be done when we are in committee on the resolution or perhaps best of all when we

have the bill before us. But I am justified in laying these considerations before the minister at this time by the fact that I have received a number of requests that the policy, in so far as it has been revealed through press releases, with respect to gold mining assistance, requires alteration if it is to meet the needs of the industry.

I think our best chance of getting an alteration in the policy is on the resolution stage before the bill is actually introduced. It is only from that aspect that I shall refer to the type of policy which it is suggested will solve the problem of the gold mining industry. It is not necessary for me to enter into details because these have already been adequately covered by the remarks of the hon. member for Eglinton (Mr. Fleming), the hon. member for Lethbridge (Mr. Blackmore) and the hon. member for Cochrane (Mr. Bradette). There are two alternatives that might be adopted in an effort to solve this problem, but one or other must be adopted in the interests of survival of the industry.

The first is a free market for gold. I believe that on balance the evidence which is before the house indicates that a free market for gold would have beneficial effects on international trade and the convertibility of currency. I realize, as do hon. members who have spoken, that there are many difficulties in the way of a free market for gold. Most of those difficulties revolve around the Bretton Woods agreement. But I believe that those difficulties can be faced, and if grasped can be dealt with and resolved satisfactorily. That is one possible solution to the problem of the gold mining industry.

But if that course is not adopted, then I believe that some further measures will be necessary beyond what are now contemplated by the government in the bill to be based on this resolution. A measure of further assistance will be necessary to enable the gold mines to continue to operate. I rest the justification for further assistance on the minister's own words in which he described the importance of the gold mining industry and the fact that the plight of this great industry has arisen as a result of governmental and international policy and not because of any action or lack of action by the industry itself.

In my constituency as it is now constituted is located the largest gold mine in British Columbia, the Bralorne mine, and also the Pioneer mine, another large operation. Those are the only two major producers in the constituency, but in the Bridge river valley in which they lie are a number of other mines. Some of these mines are virtually abandoned, but others are only temporarily closed and I understand would resume operations if the position of the industry were resolved favourably. There is thus a large gold mining industry, both actual and potential, in the constituency which I represent.

The mine unions, particularly the one at Bralorne, have made a number of requests and representations which I feel I should lay before the minister, asking that further assistance be given to the industry. They support the view that if it is not possible to resolve this problem by a free market for gold, then there should be a measure of assistance over and above what is now contemplated. I can assure you that the gold mining industry in British Columbia faces an acute problem and it is doubtful if it will be able to continue operations without a further measure of assistance.

The men who work in the mines are vitally affected by the continuance of operations. Their families and communities are at stake and they have asked that their requests be laid before the government. There has just come to my notice today a memorandum from the Mining Association of British Columbia with a covering letter dated April 2. I do not know whether the minister has seen this. They produce figures which seem to be accurate—there is a detailed tabulation attached to the memorandum—and which show that from the best reports available the program which the government intends to embody in the bill about to be presented will make less assistance available to the British Columbia gold mines than has been available in the past.

From the tabulation they present here it appears that the actual assistance received by the six leading mines in British Columbia under the gold mining assistance act during 1949 amounted to $907,000. It is estimated that under what is understood to be the proposed formula the assistance in 1951 will amount to $594,100, or a decrease of $313,300 in the assistance which these mines will receive. Then they go on to say as follows:

> Because of wage increases granted during the past two years as well as substantial increases in the cost of supplies, equipment, and services, it is quite evident that the gold mines in British Columbia would, under the proposed new assistance formula, be much worse off during the ensuing year than at any time since emergency gold mining assistance was granted. Not only are costs higher for wages and supplies. The gold mines are subjected to an increasing disadvantage in competition for labour because of the unavoidable and growing discrepancy in wage rates. Competing sections of the mining industry are paying from $1.50 to $2.75 per day more for labour than the gold mines. Under these circumstances it is apparent that the gold mines in British Columbia will not be able to maintain production during 1951 at even the rate achieved during 1950, and there will be a consequent further reduction in assistance received.

Then in conclusion they urge that:

. . . fullest consideration be given to this memorandum, and that the necessary steps be taken to provide for an immediate reconsideration of the proposed assistance formula.

I should say there that the reference to the position of the men who work in the mines and the wage rates paid in the gold mines of British Columbia is fully supported by the representations I have received from the Bralorne mine local concerning the position in which they find themselves not only with respect to meeting their own costs of living but particularly in comparison with wage rates received in other parts of the mining industry in the province and in the rest of Canada. I believe there are some 6,000 actual workers engaged in the gold mining industry throughout the province at the present time. The house will realize that 6,000 men actually working in the mines means a good many more than that directly concerned as the families of these men. There are probably 18,000 persons, as a very rough estimate, in families directly dependent on employment in the gold mines. In addition of course there are the communities and service industries which have grown up and which are dependent themselves on the maintenance of these mines in prosperous and active condition. I mention that merely to emphasize the importance of this problem to the province of British Columbia.

In amplification and verification of that fact I should like to lay before the house the text of a resolution passed by the legislature of British Columbia yesterday dealing with the question of assistance to the gold mining industry. The legislature of British Columbia unanimously passed the following resolution:

Whereas the restricted price of gold is making it difficult for the gold mining industry of British Columbia to continue in operation, and whereas the gold mining industry in this province employs about 6,000 men who are located in such places that other employment is not available and on the continued employment of whom the existence of whole communities depends, and whereas the skill and experience of these men do not in many cases qualify them to find employment in defence industries so that a shut-down in the gold mines would result in much unemployment and hardship; therefore be it resolved that this house urge upon the dominion government the pressing necessity of taking such steps as may be requisite to ensure a price of gold which would keep the gold mines of the province in continuous operation.

That would verify, Mr. Speaker, if such verification be necessary, what I have said. I am quite certain that my colleagues from British Columbia will bear me out as to the importance of the problem to the economy of the province. The fact that the legislature of the province took the time, when they are engaged—as members who read the press well know—in other very controversial issues, to pass a special resolution which received the unanimous support of all members of that house, indicates clearly to this house, the government and the minister concerned, the vital importance of the problem to our province.

Therefore on the basis of the representations received from the mine workers unions, the mining association, the communities affected, and lastly from the legislature of the province of British Columbia, I would urge that even before the proposed bill is introduced the government's program and proposed solution for this problem should be re-examined in the light of these submissions.

Mr. Armand Dumas (Villeneuve): Mr. Speaker, this is certainly a happy day for the gold mining industry because it has received praise from all sides of the house. I do not wish to impose on hon. members, and it is not my intention to upset the work of the house by taking too much time. However, I feel it is my duty to say a few words on the resolution before us this afternoon. I wish to congratulate the minister on his appointment to the cabinet and on the very able manner in which he explained the resolution before us and which is presented to parliament for the purpose of extending the Emergency Gold Mining Assistance Act. I also wish at this point to congratulate the government on what it has done for the industry in the past, and on its desire to further that assistance during the present year.

Representations have been made to the Prime Minister (Mr. St. Laurent) and to other cabinet ministers by a delegation from the Canadian Metal Mining Association representing the industry, and also by another delegation representing the communities of northwestern Ontario and northwestern Quebec. These representations related to the difficulties encountered by the gold mines which have to face a steady rise in the cost of production and a fixed price for their product. These representations were well received by the government and culminated in a statement by the Minister of Finance (Mr. Abbott) not very long ago, and in the present resolution which is sponsored today by the Minister of Mines and Technical Surveys (Mr. Prudham).

The minister has given many reasons why the government feels not only justified but obligated to assist the industry further. The very beginning of the minister's statement is the key to the whole situation. It is one of the many arguments in favour of such steps as those being taken in order to temporarily extend assistance to an industry

which has meant so much to this country in the past, and on which Canada depends for opening up new areas and for bringing to light new mineral resources of all kinds.

I like to stress that point, because gold has always been an inducement to prospecting activities, as it still is today. All through history we find that the precious metal has been the inducement that brought most of the explorers. If we go back to the days of the discovery of America we learn of the first Canadian mining syndicate which was organized in 1497, a long time ago. The promoters of that syndicate were Henry VII of England and a sea captain named John Cabot. In forming this syndicate I think the king had the advantage, for it was understood that Cabot was to pay the cost of the exploration while the king was to retain an interest of 20 per cent. He commissioned Cabot to undertake a voyage of discovery in order to find gold. They were optimistic; they thought they would find gold on the eastern coast of Asia, which they expected to reach. In June, 1497, Cabot landed in Newfoundland. He did not find gold, but he noted that the natives wore copper earrings, and on his return to England reported that while he had not found gold he had found evidence of an abundance of copper. The king was quite disappointed, but bestowed upon Cabot the title of admiral just the same and made him the princely gift of £10. We read that in the little booklet on Newfoundland we received recently.

In 1654 Louis XIV granted a concession to Nicholas Denys to mine gold, silver and copper on Cape Breton island. Again they were disappointed and found no gold, but they found the famous coal mines of Nova Scotia. Just here I might interject that the first coal mined in Canada was mined in Nova Scotia. As we go through history we see that the lure of gold and adventure led to the discovery of the iron deposits of Baie St. Paul and those of the St. Maurice valley in the province of Quebec. In the early days of America other syndicates were organized. I am afraid some of them would not have qualified under the present regulations of the securities and exchange commission in the United States, or the labour code. Among them were the Frobisher and the Cortereal ventures. I am not going to tell you about those; but in spite of the limited success attained at the time it cannot be denied that the search for gold has brought America to what it is today.

Since then history has repeated itself many times. In British Columbia the search for gold led to the discovery of the biggest lead and zinc mine in the country, the Sullivan mine. In Ontario it was responsible for the discovery of the very important nickel and copper deposits at Sudbury. In Manitoba the first gold discovery dates back to 1881, and it led to the discovery of the valuable deposits of the Hudson Bay Mining and Smelting Company, and the Sherritt Gordon mines. In my own province, had it not been for prospectors searching for gold there would be no Noranda, no Quemont, no East Sullivan, no Golden Manitou, no Waite Amulet, no Normetal, and many others would be missing including the base metal mines in the eastern townships, in the Gaspe peninsula and other parts of the province. The famous iron deposits of Quebec and Labrador and the Allard titanium ore body probably would be unknown.

More recently in northwestern Quebec a spectacular discovery of zinc and silver ore has come to light. It is described in *Time* magazine of this week as North America's biggest base metal find of the year. Diamond drilling on the original find has outlined over 17 million tons of ore within the space of three months, and that is only a small part of the ore body. All around this new discovery other mining companies have outlined other ore bodies. This new zinc deposit in Quebec is so important, it is my firm conviction that in the near future we may see the construction of a zinc smelter to service the eastern part of Canada. This would be of great advantage. It would greatly enlarge our zinc-producing capacity and would eventually cut the cost of production. Even more important, it would keep needed United States dollars in this country. The zinc producers of eastern Canada should be given every possible assistance in undertaking such a project. The construction of such a smelter in eastern Canada has been discussed many times previously but with the finding of these large bodies of ore I believe it is time we thought more seriously about it.

(Translation):

Mr. Speaker, the mineral resources of Quebec have been hardly touched, and this holds true for the whole of the Canadian shield. Many very large deposits are still unknown, awaiting discovery. In promoting gold mining, we encourage prospectors to seek the precious metal and in so doing we may count that important deposits of copper, zinc and many other minerals will be brought to light.

Gold Mining

I referred a few moments ago to a deposit found in northwestern Quebec. I am glad to say that this discovery was made by young Canadians from the constituency of my hon. friend from Chapleau (Mr. Gourd). In fact, the Leclerc brothers had gone to Barraute township looking for gold; but instead they found metals which are now of great importance to all of Canada.

So far, only a minute portion of that deposit has been explored, yet it has been proved to contain 17 million tons of commercial ore. A 5,000-ton mill will be built there very soon and this development will provide jobs for more than a thousand workers.

Are we to shut our eyes and imagine that this zinc was come upon through sheer luck? No, we must admit that this metal came tc light because of the hard work of the prospectors who found it in their feverish quest for gold.

Some people keep asking the government to shut down the gold mines. I believe those people do not realize all the hardships that might follow such a step.

What would happen if the government decided to shut down the gold mines? It is easy to say that gold miners could be put to work in other metal-bearing areas; but when we see towns organized mainly by mine-workers, I believe we would have to think twice before we could say that those people could be moved easily. But I do not want to labour the point. Canada is destined to become the principal world purveyor of a wide range of metals. Our mining industry has meant a lot to us in the past, and will mean even more in the future.

Another very important factor to keep in mind is that the metal-bearing mines of Canada give employment to more than 112,000 men, including 23,000 who work in gold mines, and have more than 500,000 dependents. Every year these people buy farm products to the substantial amount of $65 million. I have no ulterior motive in mentioning that particular figure, although it has been mentioned quite frequently of late. Every year our mining towns and villages buy $150 million worth of articles of clothing, blankets, furniture, et cetera. In considering that amount, we readily realize what it means for the manufacturing centres of the country.

(Text):

Now, Mr. Speaker, these substantial amounts which I have mentioned do not include other supplies such as lumber, machinery, electrical equipment and hundreds of similar products. Goods purchased in these categories during 1948 amounted to $151·5 millions. With your permission, sir, I should like to read into the record a list of those products and their value. The list is as follows: Tools and machinery, $16 million; mine cars and locomotives, $1·8 million; other iron and steel products, $16·7 million; reagents and chemicals, $5·2 million; coal and coke, $15·4 million; petroleum products, $4·4 million; rubber products, $1·3 million; building products, $3·2 million; lumber and timber, $8·8 million; electrical equipment, $7 million; air-operated equipment, $3·2 million; explosives, $6·8 million; hydroelectric power, $9·9 million; freight and express, $31 million; miscellaneous, $20·8 million. These figures are furnished by the Canadian Metal Mining Association. As I have already said, during the year 1948 Canadian mines bought products to the value of $151 million, which represents thirty cents out of every dollar of revenue. In addition to purchases in the communities which are closely related to the mines, Canadian mines bought in over five hundred other communities all across Canada.

The figures to which I have just referred do not include capital expenditure. Even if we consider only two of the new mines which were recently put into production, this represents a substantial amount. For instance, the capital expenditure for Campbell Red Lake before production amounted to $3 million and for East Sullivan mines amounted to $5·5 million. I believe we should stress that point. After hearing hon. members I realize that we shall not have too much trouble in putting our point to them this afternoon. Everyone seems to understand the difficult situation in which our mines find themselves today. If I make mention of the base metal mines, it is only because our gold mines are closely related to all other mines. The search for gold is responsible for the finding of many base metals.

In 1948 the Canadian government realized the difficulty in which the gold mines were, and they enacted the Emergency Gold Mining Assistance Act. This act has been amended, and today we are called upon to amend it again in order to change the formula

and so on. We all realize that the government knows this is not a true solution. I have taken note of what the minister has said, that we have certain responsibilities towards international agreements and we have to observe those agreements. I accept his word for that. We are taking the only way we can to accomplish our purpose. I realize it is not possible for the government to break abruptly from the monetary fund, but I do hope that the government will find it possible to break away from this monetary fund. I believe that the Canadian government would be justified in paying higher prices for gold. It may not be possible right now, but I think it should be possible in the near future. If the United States could buy gold at $35 fifteen years ago, I should think that today, realizing the rise in the price of all commodities and wages, the Canadian government should see its way clear to asking a higher price for the gold. I think that is the true solution. If we believe we should stop the hoarding of gold, then the free market is not the solution because then we would be partners to such hoarding. I believe that the Canadian government is the one who should try to sell our gold at as high a price as we can get for it.

We have this resolution before us. We know that this act has been of benefit to the industry since it was enacted in 1948. It has helped many communities, it has helped the employees and the mines. Naturally, we hope that it will continue to do so. I am afraid that with rising prices the mines will have difficulty in keeping their costs down to avoid getting in the red. I shall support this resolution. I am very happy that it has been presented to the house today. From what we have heard, I believe it has the support of the whole house.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Herridge: I had hoped to speak this afternoon, but to facilitate the passage of the resolution, I shall leave my remarks until second reading.

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

The Chairman: Shall the resolution carry?

Mr. Drew: Six o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): At nine o'clock we will continue with this resolution and then take up the estimates of agriculture.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

CANADIAN-MONTANA PIPE LINE COMPANY

The house in committee on Bill No. 117, to incorporate Canadian-Montana Pipe Line Company—Mr. Bennett—Mr. Dion in the chair.

On section 1—*Incorporation.*

Mr. Cruickshank: Mr. Chairman, I should like to ask a few questions in connection with the bill. I have no intention of holding up the progress of the bill at all; but pipe lines, particularly natural gas pipe lines, are of vital importance to Canada, and I am sure the sponsor of the bill would be glad to give me any information I should like to have concerning this company. For instance, I would expect him to explain to me tonight who is financing the company and what interests are behind it. I have no doubt they are reliable financial interests, that he can readily explain to me who they are and where they expect to get their financial backing.

It is only fair to the people of Canada that this information should be on the record. Therefore I would ask the sponsor to explain to me in detail who these individuals are. I have a series of questions to ask tonight, and if the hon. member would prefer he could answer when I have finished; or it might be easier for him to answer the questions individually. Perhaps the sponsor would express his preference in this connection, just so as to expedite matters.

Mr. Knowles: Where is he?

Mr. Cruickshank: Well, if he is not here, I suppose the bill will be held over so as to give him an opportunity to answer the questions I shall place on the record.

As I have said, I am very interested in who is financing the company, and whether they hope to raise their funds in Canada, in the United States or somewhere else. Surely we are entitled to that information. I am sure other hon. members will have other questions to ask—because, after all, we are dealing with one of our greatest natural resources and possibly giving part of it away for all time. Therefore I am sure other hon. members as well as myself will be asking questions.

What experience has this company had in the building of pipe lines? I would suppose that anyone undertaking construction of this

kind would have had expert advice and vast experience. Perhaps the sponsor would explain that to me. For instance, has the company built any other lines in Canada or the United States—or even in Iran, which was mentioned the other night; and that was covering quite a bit of territory.

What arrangements have been made to get steel? I know of people in my riding who would be glad to learn that steel is readily available because there are some things we would like to do. I know of one lumber company that would like very much to expand. I am sure hon. members know that lumber mills in British Columbia are having great difficulty to get by because of low prices. It is impossible for them to make 102 per cent profit under present prices. But they have to get steel over on Vancouver island, for example, before they can expand.

I hold in my hand a newspaper article dated at Seattle, and headed "Pipe Line Firms Hunting Steel". This article states:

> The next thirty days will decide whether natural gas interests can get 190,000 tons of steel for a pipe line from Alberta to the Pacific Northwest, N. Henry Gellert, president of the Seattle gas company said Tuesday. He said in a speech that natural gas for the area is "inevitable."

If steel is as hard to get as that on the Pacific coast, I presume it is hard to get in Alberta as well, the point from where this company expects to take oil to Montana. I should like to know if they have an assured supply of steel, and if so where they are getting it from. Is it in Canada, the United States or Great Britain?

Unfortunately the sponsor of the bill is not here tonight, but before it passes I am sure he will give me this information. Assuming naturally that the information would be asked for, he is no doubt away securing it so that he may give it to me next Tuesday or Friday.

I should like to know what route it will take. I understand it is to go from a pocket in Alberta, to the Montana border, thence to connect up with another company. It is my understanding that it runs for about sixteen miles before it makes that connection, but I should like to be assured of that fact. Then, is it going in a direct route? We are asked to permit this company to be formed because it is needed by the Anaconda Copper Company in the production of war materials. Does the line connect directly with this American company, and run from there to the Anaconda Copper Company's smelter, or what route does it take?

Then, have they sufficient gas available? I do not know just how much is required to augment the present supply, and have they any assurance that they will get the amount they require? I do not wish to delay the passage of the bill, but I definitely want this information. I am sure other hon. members would like to have it, too, before the bill passes.

Mr. Green: There were some amendments moved to the bill when it was before the standing committee on railways, canals and telegraph lines and I wonder if the chairman could give us the details of those amendments?

The Chairman: There was an amendment to section 4, subsection 2, providing that the head office shall be within Canada. There was another amendment to section 6 providing for construction entirely within Canada.

Mr. MacInnis: This is an important bill and I think the hon. member for Fraser Valley is entitled to have answers to his questions, at least such questions as are legitimate and as far as I could hear they are all legitimate. The bill is sponsored by an hon. member of this house and if he is not here to give information when it is before the committee there should be someone else able and willing to do that. Otherwise, the bill should be laid over until hon. members can have the information they are asking for or some reason is given why that information cannot be given. If there is no one here to answer the questions asked by the hon. member for Fraser Valley then I suggest that you should report progress and ask leave to sit again.

Mr. Harris (Grey-Bruce): I am quite sure that that would be the proper thing to do but if there are other hon. members who have questions to ask I think it might be desirable that they put their questions on record so that when the hon. member who is sponsoring the bill comes to answer he will be prepared to give all the necessary information.

Mr. Macdonald (Edmonton East): Mr. Chairman, I was a member of the committee but I do not have the report of the committee before me to refresh my memory. However, I think I can indicate what happened in committee. I believe the members of that committee paid a good deal of attention to the bill when it was before them. A question was asked as to whether the pipe was available. The McColl-Frontenac Oil Company is going to supply the gas to the pipe line which will run through Canada and it was stated that the company has purchased the pipe and it is now available for the construction of the pipe line.

Some amendments were made to the bill. One was that the head office would remain

in Canada and another one was that the main transmission line of the Canadian part would be constructed within Canada. I was particularly impressed with what was said about the export of natural gas. It was pointed out by a witness that this gas had been requested by Mr. Wilson, chairman of the mobilization board of the United States, for use by an essential war industry, and it was to be delivered to that industry under a five-year agreement.

It was brought out that Mr. Wilson had resisted pressure from other concerns for gas, but the needs of the Anaconda Copper Company were considered to be so vital that he requested the premier of Alberta to permit them to have the gas and that is why this company has had this bill introduced to provide for its incorporation.

Mr. Applewhaite: Mr. Chairman, I wonder if I might take the responsibility of adding my views to those of the hon. member for Edmonton East. I have not the facts before me in writing, but I sat on that committee as did the hon. member and others who are here tonight. I think we all got the impression from the statements made to the committee on behalf of Mr. Wilson that this gas is vital to the defence efforts of this country and of the United States. I asked a question in committee as to when they expected to get the benefit provided the bill was passed and they said it was essential they should be in operation no later than the fall of this year. That would mean an early commencement of construction.

While I realize that the point raised by the hon. member for Fraser Valley and the hon. member for Vancouver East is a good one I would feel inclined to urge hon. members who are asking for information that they get that information from the printed report of the committee when it is distributed. I am sure they will get all the information they want and therefore they may perhaps be willing to waive their rights and let the bill go through.

I make this plea solely in the belief that this matter is in the interests of the country. I have no interest whatsoever in the bill or its sponsors.

Mr. Green: Mr. Chairman, there was one fact brought out in the committee which I think should be placed before hon. members. While this company is planning to take gas to Montana for the Anaconda Copper Company there is a further project in mind. The Montana Power Company which is an affiliate has applied to the Alberta petroleum and natural gas conservation board for two permits. The first permit is of a temporary nature for five years and is intended to cover gas to be used solely by Anaconda Copper. I believe the Alberta board has signified its willingness to grant a permit in those terms.

In addition to serving the Anaconda Power Company, the Montana Power Company serves a large part of Montana, if not all of the state. The temporary permit would cover the total requirements of Anaconda Copper and the Montana Power Company would then use Montana gas to supply the civilian users. The request for the temporary permit was endorsed by Mr. Wilson. No objection was taken to help being given on a temporary basis, but the company has a further plan which I think should be watched very carefully by members representing constituencies on the prairies and in the provinces of Ontario and Quebec because the second application is for a permit to export gas generally for civilian use in Montana. Mind you, they are getting a temporary permit but in addition to that they have another application for a further permit which will be for the use of the gas from this field in southeastern Alberta for civilian purposes in the state of Montana. That may mean that Canadians will go short. As hon. members know, there has been a bill passed by the house granting a charter to Trans-Canada Pipe Lines Limited. That company proposes to pipe gas from Alberta through Saskatchewan and Manitoba serving centres in those provinces en route, then to Fort William and Port Arthur, through Ontario to Montreal and possibly the city of Quebec. One of the fields from which Trans-Canada Pipe Lines Limited plans to get gas is the same field which is now to be tapped by Canadian-Montana Pipe Line Company.

Therefore the time may come when eastern Canada will be very much interested in whether or not this gas from southeastern Alberta goes down to serve people in the state of Montana on a permanent basis rather than on a five-year basis to help out Anaconda. Movements of that kind will have to be watched at all times if we are to have Canada served first by these companies. We may find that there will be an attempt by some other company to pipe gas down into Minneapolis and St. Paul rather than letting it go through to Winnipeg, Toronto, London, Montreal and various other eastern centres. There is always going to be that temptation for these people to shoot it off into the United States at the first opportunity.

The Montana affiliate of Canadian-Montana Pipe Line Company certainly has that intention. Eventually they hope to be able to get at least a portion of their requirements for civilian users in the state of Montana from

this southeastern Alberta field. The committee approved of the granting of the charter, but that was done, I think, on the basis that the gas is needed for a five-year period by Anaconda Copper. I point out the other feature about this plan to members of the house, particularly those from Ontario and Quebec, so that they may be on the lookout for attempts in the future to divert gas to the United States which will only mean that there will be that much less available in Ontario and Quebec.

Mr. Murray (Cariboo): As a member of the standing committee, I understood the committee was unanimous with respect to this matter on the basis of the appeal made for the defence of the United States. Anaconda Copper produce copper of course but they also produce chromium and manganese. They need the gas in connection with the production of chromium and manganese which, together with copper, are so essential for the defence effort. When Mr. Corette of the Anaconda people appeared before the committee I asked him if it really was a serious defence project, if it was for the purpose of making munitions and so on that they needed the gas, and he said yes. He quoted at length from Mr. Wilson, the top man in Washington, with respect to war industries and so forth. I said to him: Why do you not get a message from General MacArthur to put before the committee to doubly reassure some of our doubting Thomases on the committee that this is not a plot to steal gas from Canada and take it to the United States to warm some of their firesides? It is a defence project in Montana. They need the gas, and the situation in the Pacific may be a great deal more serious than we view it tonight.

We hear these little comments with respect to fear in the hearts of the Canadian people about robbing them of their birthright and so on, that it is to be stolen from us. Let me tell you that if the Red armies now opposing General MacArthur on the other side of the Pacific have their way we will not have any rights, any smelter, or any chromium or steel for Mr. Howe and the steel industries of Canada. That is the serious side of the question. I have no particular interest in the matter at all. It involves 26 miles of pipe line within Canada. The people of Alberta want to allow the Americans to have this gas for the purpose of making manganese, chromium and steel for the defence effort. I think it would be gracious of us to pass a bill and let them go ahead with the project.

Mr. MacInnis: Mr. Chairman, I wish at the outset to point out that I am not opposing the bill. As a matter of fact, as hon. members know, for reasons beyond my control I have not been able to attend the sessions of the house as regularly as I would like. Consequently I am not as well informed on this bill as I should be. However, I do not think it is sufficient for members who have been on the standing committee and have heard the evidence concerning the bill to say that they are satisfied that everything is in order and that the bill should be passed, and at the same time to tell us that the bill is so tremendously important as a defence measure. If the bill is as important as a defence measure as the hon. member for Cariboo says it is, then it is important enough for the government of Canada to sponsor it and not leave it to a private member.

I listened to the hon. member for Skeena for whose reasonableness on most matters I have a great deal of regard. I do not think it is good policy to say: Pass the bill now and when you get the report of the committee I am satisfied you will be satisfied that everything is in order. Surely that is a travesty on parliamentary procedure. Members of the house are entitled to information before the bill is passed because once it is passed by the house it is beyond the control of members to get information. Incidentally, private members assume responsibility for it because it is a private member's bill and not a government measure.

The hon. member for Cariboo said something about General MacArthur and the urgent necessity for the bill to be passed in order to help him out, or some such statement as that. If there is anything I am particularly tired of it is General MacArthur. I wish he would have the good sense to keep his mouth shut and give all his attention to directing the United Nations forces under his command on the field of battle. He should leave political matters to the political leaders of the various countries that have armies in Korea, including Canada. They know more about political matters and they are anxious to leave military matters to those like General MacArthur who know something about them. So I suggest that unless the sponsor of the bill or some member of the committee will answer the questions that have been asked by the hon. member for Fraser Valley, and other questions that may be asked later, it is not proper for us to go on and pass this bill now.

Mr. Harris (Grey-Bruce): The evidence heard by the committee is available, and I think it contains the answers to all the questions that have been asked this evening, except perhaps one. That is as to whether they have the steel available. I am not prepared to answer that, and as far as that goes I do not suppose it is a matter of moment

as far as this bill is concerned. If the steel is not available they will not lay the pipe, that is all. Nevertheless I would suggest that we rise and report progress, though I do repeat that the minutes of the committee are available.

Mr. MacInnis: Available to whom, may I ask?

Mr. Harris (Grey-Bruce): All members of the house may get copies if they wish. As the hon. member has said, there was no opposition to the bill. Certain amendments were made, but all clauses as they now appear were eventually carried by the committee without opposition. Nevertheless, Mr. Chairman, if there are any other questions about the bill that any hon. member feels he should ask, this is the time to ask them, so they will be on record and available next Tuesday.

Mr. Ferguson: Outside the iron curtain news travels freely, by newspaper and other methods, and we hear what General MacArthur is supposed to have said but never did say and all the rest of it. If General MacArthur could only read what has been said by people who do not know anything about war—

Some hon. Members: Hear, hear.

Mr. Ferguson: I am glad he does not, because he might stop winning the Korean war if he read some of the things being said about him by people who do not know anything about war but who are always glad to accept the protection of an experienced soldier.

Mr. Herridge: I support the remarks of the hon. member for Vancouver East as to the fact that the sponsor of the bill is not in the house.

Mr. Harris (Grey-Bruce): If I may interrupt, my hon. friends who are making remarks of that kind perhaps would not do so if they know the reason for the absence of the hon. member sponsoring the bill. Perhaps it would be as well to leave it at that. If delay is required, I suggest that we rise and report progress.

Section stands.

Progress reported.

HORTENSE MARIE THERESE LOIESE NEVEU

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 164, for the relief of Hortense Marie Therese Loiese Neveu.

Mr. G. A. Cruickshank (Fraser Valley): I should like to say a word on this, and I am doing so because the people of my riding asked me to. Other hon. members may not believe in bringing before this house everything the people in their ridings ask them to bring, but I believe in doing that. Incidentally I just came back from a most successful visit to my riding which happens to be the most beautiful, most successful and, in all modesty, the best represented riding in this country.

I am very glad the hon. member sponsoring these bills is here to answer questions. Let me direct my remarks to the first bill, and if I cannot pronounce the name it is because I am not familiar with divorce cases. That is Bill No. 164, letter Z-5 of the Senate. I like to use that word "Senate" because I am entitled to do so in this case; otherwise I have to refer to it as the other place. This is an act for the relief of Hortense Marie Therese Loiese Neveu. I am sure the sponsor will be able to say whether there are any children, and if so how they are to be looked after in the future, and who is going to educate them. We hear a great deal about juvenile delinquency these days; that is one of the greatest problems we have to face. I believe if there were fewer divorces we would not have so much juvenile delinquency. So I would like the sponsor to explain to me who is going to be responsible for the bringing up of the children, if there are any. Coming from the prairie provinces as he does, I am sure he is vitally interested in that matter, just as I am interested in it coming from the far Pacific where we have probably greater natural advantages for bringing up children than anywhere else in Canada.

I do not like to speak about the Fraser valley any oftener than I am compelled to, but there we have the second consolidated school district to be formed in Canada. We could tie that in with some previous discussions in this house, because we were able to bring that about through the assistance of the Rockefeller foundation. That foundation resulted from the great development of gas and oil, and because of their generosity we were able to establish a consolidated school area in Fraser valley of which we are very proud. That, together with the very low divorce rate in Fraser Valley, has prevented juvenile delinquency from developing to any great extent.

An hon. Member: Sit down.

Mr. Cruickshank: I will be glad to sit down if my hon. friend would like to take over. In the meantime I would suggest that some hon. members might acquire wisdom by emulating the performance of the little white dog in the famous copyright symbol of a certain phonograph company. Check it up and see what it was. As I was saying, we are vitally interested in the sanctity of marriage and many of us do not believe that the present divorce laws are adequate. Many of us do not believe that the divorce laws as they are now are sufficient. I am not against divorce. I am a little surprised, because you know I come from a rural riding, Mr. Speaker, at not hearing more about this particular type of bill from some of the rural ridings in the province of Quebec. I understand, sir, that the reason these bills come before us is that the people of Quebec have certain distinct ideas concerning divorce. Some of those ideas spring from religious convictions. One of the main reasons, however, as I understand it, that the people of the province of Quebec have such distinct ideas on divorce is due to the magnificent home life that they lead in that province. It is one of the oldest parts of Canada, and one of the finest settlements. In that province farms are handed down from family to family. The province of Quebec, as well as Ontario, has a great tradition of family life. I am indeed surprised that more has not been said by the members from Quebec about the looseness in the method of handing out divorces. Possibly their constituents do not desire them to talk about this matter in the house. On the other hand, my constituents do want me to bring it before you.

As an individual, I believe in divorce, but also as an individual I believe the present divorce laws are not adequate. In the first place, Mr. Speaker, if we are going to have divorce at all, I do not believe it should be handled by the members sitting in this chamber. I was not elected to be a judge in divorce cases, nor am I qualified to do so. I will not dispute the fact that there may be other members who can grasp the subject quicker than I can, merely by reading one of these lists.

Mr. MacInnis: Will the hon. gentleman allow me to raise a point of order? I came to his assistance on another bill a moment ago, but I now wish to point out that the member for Fraser Valley (Mr. Cruickshank) is out of order. We are not discussing the general principle of divorce, but a certain bill granting relief. The hon. member must confine his remarks to that bill.

[Mr. Cruickshank.]

Mr. Green: There are five bills.

Mr. MacInnis: There may be all kinds of bills but the hon. member mentioned one, if I recall correctly Bill No. 164. He will have to deal with that one, and if he is going to talk about divorce he will have to talk about that particular bill.

Mr. Deputy Speaker: I would ask the hon. member to confine his remarks to the parts of this bill.

Mr. Green: We are apparently debating five or six bills at once. What is the ruling in a case like that?

Mr. Deputy Speaker: If it is the desire of the house to deal with these bills separately, then the first is still Bill No. 164, and I would ask the member for Fraser Valley to confine himself to that bill.

Mr. Cruickshank: I am sorry that I was out of order. I believe, sir, you will appreciate the fact that it is most unusual for me to be out of order. Therefore, Mr. Speaker, I shall endeavour to be in order by discussing this case. I did not realize that by mentioning one bill I had to confine my remarks to it. I have heard them grouped from one to one hundred and forty-two and passed. I am not referring to the member for Vancouver East (Mr. MacInnis), for whose judgment I have the greatest respect, next to yours, sir. No one in this house knows the rules better, other than yourself, sir, or is more fair. I have no objection, but I have heard a hundred and forty-two bills read as a group. I bow to your ruling, sir, and I shall confine myself to the one bill.

Perhaps I had better put on the record, sir, that I am confining my remarks to item 14 on the order paper which reads as follows:

Second reading of Bill No. 164 (Letter Z-5 of the Senate), intituled "An act for the relief of Hortense Marie Therese Loiese Neveu."—Mr. Winkler.—E.F.

Mr. Knowles: What does that mean?

Mr. Cruickshank: Incidentally, so the record will be quite clear, I am quoting from *Routine Proceedings and Orders of the Day* of April 6, at page 13. That is a very good page, because I was born on the 13th. I should like to know from the sponsor of this bill, because there are—I shall not say more important matters coming before the house tonight than the possible wrecking of this family. Perhaps I had better keep to that family of Mrs. Neveu—I presume she was Mrs. I do not want to see this family wrecked. When I say there are other matters coming before us tonight, nothing could be more important nor more worthy of the time taken, Mr. Speaker, when we spend hours and hours

debating whether we shall take up unnecessary gold. Surely, we can spend part of one hour debating whether a family is to be torn asunder. I believe even the members from Ontario and Quebec will agree to that.

We shall take this particular bill to which I must confine myself. I am interested, Mr. Speaker, in knowing whether Mrs. Hortense Marie Therese Loiese Neveu has any children. If the member who is sponsoring this bill would prefer to answer my questions one at a time or as a group, he can say so.

Mr. Deputy Speaker: I believe the time to ask questions is when the bill comes before the committee of the whole house.

Mr. Cruickshank: I bow to your judgment, Mr. Speaker. I would even bow to your ruling if you did not have the authority, sir. It seems strange to me, however, that I get so much advice that I must not discuss the sanctity of family life, especially when there are so many members from the great province of Ontario here. I might not be here when the bills come up next time. Am I not permitted to put on record, for the people of my riding, what great organizations in the province of British Columbia apparently think of this particular bill? I cannot see why I am not permitted to put on the record what a percentage at least of the people of the province of British Columbia think of this particular divorce bill. Surely, that must be in order. I bow to your ruling, sir, but for instance consider this and see if it does not apply. As a matter of fact, now that I look at it I believe this particular letter was written concerning the bill for relief of Hortense Marie Therese Loiese Neveu. It is dated February 21, and to show that this feeling is not limited to the people of my riding, this particular letter comes from 2548 Pandora street, Vancouver, B.C. There is some reference to Vancouver. I do not know which riding it is in, or why the lady wrote to me. The letter reads as follows:

Dear Mr. Cruickshank:

Is it not possible for you members of parliament to do something about reforming our divorce law? There is so much suffering and loneliness caused on account of our present law, surely we should have desertion and incurable insanity as grounds.

I can quite understand that if you bring in incurable insanity it would probably cover quite a bit of territory. I continue:

The way things are now there are a great many illicit unions that would be made legal, and a lot of illegitimate children that would have their rightful name if we had more humane divorce laws.

Then I have another one from Chilliwack. Chilliwack is entitled to a positive view on this particular case or any other one regarding the sanctity of the family. Chilliwack is the leading agricultural town in the Dominion of Canada, in the centre of the great Fraser valley. It is right in the midst of that valley, Mr. Speaker.

Some hon. Members: Order.

Mr. Cruickshank: I should like to know what is out of order about referring to one's constituency. I think any hon. member should be proud to refer to his constituency, although it might work in reverse in so far as some constituencies are concerned. As I said, here is a letter from Chilliwack. I am sorry that the hon. member for Spadina (Mr. Croll) is not in the house because this writer knew that the hon. member for Spadina would unquestionably be interested in this particular bill, letter Z-5 of the Senate. This is what the letter says:

Recently Mr. Croll suggested a divorce reform. I was very disappointed to note he had no support. I hear this from many sources, also. Our divorce laws are antiquated and stupid, and not even human. I think our members of parliament should have supported this man's views and given us people who are supposed to be living in democracy a square deal. No one wants to go behind the fence and pay crooked lawyers—

Oh, that could not be true.

—big sums to get a divorce, but it's done all the time. Let's have a change.

This letter is right from the hub of the Fraser valley. I am absolutely confident that this particular bill, letter Z-5 of the Senate, an act for the relief of Hortense Marie Therese Loiese Neveu, is the one that the writer has in mind. I could go on, Mr. Speaker, because a great many people are interested. Probably some of my friends would like to take over from me. They can do so if they wish.

Mr. Weir: You have only five minutes.

Mr. Cruickshank: Then I have a letter from the divorce reform league of British Columbia, P.O. Box 276, Vancouver. It is dated January 31, 1951, and addressed to myself.

Mr. Hatfield: Potatoes.

Mr. Cruickshank: No, it has nothing to do with potatoes at all. It reads as follows:

George A. Cruickshank, Esq., M.P.,
House of Commons,
Ottawa, Ontario.

Dear Sir:

The attached memorandum, outlining the aims and objects of the divorce reform league of British Columbia, is herewith forwarded for your perusal and kind consideration.

They knew very well, Mr. Speaker, that this particular case, letter Z-5 of the Senate, was coming up tonight. I continue:

In so far as the Canadian laws with respect to marriage and divorce are concerned, the divorce reform league of British Columbia wishes to go on record as advocating legislation closely patterned after that now in effect in Great Britain* and which the league feels to be more consistent with the needs of Canadians.

The league therefore earnestly requests that you give serious consideration to subscribing to an enabling act of parliament which would grant to each province now empowered to try its own divorce cases, the additional power to decide what constitutes grounds for divorce.

Judging by the attitude of some provinces, that may not be advisable. The letter continues:

The foregoing communication to you has been authorized by unanimous motion passed by the divorce reform league of British Columbia at a general meeting held in the Pender auditorium, 339 West Pender street, Vancouver, British Columbia, on Thursday, January 25, 1951.

Respectfully yours,
S. V. Boyce, Secretary.

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*Ref. Matrimonial Causes Act, 1937
1 Edw. VIII, and Geo. VI, Ch. 57.

I am sure they were referring to this particular individual case, Mr. Speaker. This is the form of the declaration:

Societies Act

Schedule 1

Divorce Reform League of British Columbia

Declaration

1. The name of the Society is "Divorce Reform League of British Columbia."

2. The objects of the society are:

For the true support of marriage, the protection of children, the removal of hardship, the reduction of illicit unions and unseemly litigation, and the restoration of due respect for the law, to promote by every lawful means the amendment of existing parliamentary legislation relating to matrimonial causes to provide for:

(1) The addition of the following grounds for divorce:

(a) The desertion by a spouse of the petitioning spouse without cause for a period of at least three (3) years immediately preceding the petition for divorce.

(b) The treating with cruelty by a spouse of the petitioning spouse.

(c) Incurable unsoundness of mind of a spouse after continuous care and treatment for a period of at least five (5) years immediately preceding the petition for divorce.

(d) Reasonable grounds for supposing that a spouse is dead.

(e) Habitual commission of criminal acts by a spouse.

(2) The addition of the following grounds for the annulment of marriage:

(a) The suffering from venereal disease in a communicable form by a spouse at the time of marriage if unknown to the petitioning spouse at that time.

[Mr. Cruickshank.]

(b) The unsoundness of mind of a spouse at the time of marriage if unknown to the petitioning spouse at that time.

(3) Free legal aid to any persons who otherwise would be unable to avail themselves of a remedy at law in matrimonial causes owing to lack of funds.

(4) A discretionary power in a judge in matrimonial causes to forbid or limit newspaper reports of such causes.

(5) Any other provision pertaining to matrimonial causes which the society may in general meeting adopt.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion? Carried, and referred to the standing committee on miscellaneous private bills.

Motion agreed to and bill read the second time.

Mr. Deputy Speaker: Order. The hour for private and public bills having expired, the house will resume the business that was interrupted at six o'clock.

Mr. Harris (Grey-Bruce): Mr. Speaker, on a point of privilege, several members of the committee which considered the pipe line bill we were dealing with a few moments ago have drawn my attention to the fact that I did not correctly state the situation with respect to steel. It appears that in the evidence given before the committee it was stated that the pipe had been purchased in Canada and was on the ground ready for use.

EMERGENCY GOLD MINING ASSISTANCE ACT

MODIFICATION OF APPLICATION AS TO LAST QUARTER OF 1950 AND EXTENSION IN MODIFIED FORM TO 1951

The house resumed consideration in committee of the following resolution—Mr. Prudham—Mr. Dion in the chair:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to modify its application with reference to the last quarter of the year 1950 and to extend the application of the act in a modified form to the year 1951.

The Chairman: Shall the resolution carry?

Mr. Green: Will the minister explain how much money was spent under this act in each of the years, and how much it is expected will be required for the present fiscal year?

Mr. Prudham: The figures for the years previous to 1949 are all listed in the annual report. I have the figures up to date but I prefer to give them when the bill is before the house. I understand we are dealing with the principle now.

Mr. Green: Oh no. I understand this is the minister's first resolution. However, I think we are entitled to have those figures.

If he has not the figures with him tonight I shall not press the matter.

Mr. Prudham: I shall be glad to give them when the bill is before the house.

Mr. Green: The minister does not have them tonight?

Mr. Prudham: I have the annual reports here.

Mr. Green: Cannot the minister tell how much was spent in 1949 and 1950, and how much it is expected will be required in 1951?

Mr. Prudham: I have all that information but I hope to give it when the bill is up for second reading. I do not think it is required at this time.

Mr. Green: The minister is quite wrong in that. I have asked how much money was spent in 1949 and 1950. That is the information to which the committee is entitled. How much is it expected will be required in 1951?

The Chairman: We are discussing the principle of the resolution. The hon. member may ask his questions when the bill is before the committee of the whole.

Mr. Green: Perhaps I should say why it is important that these questions be answered. Members from British Columbia have received a memorandum from the mining association of that province in which it is set out that under the proposed plan the assistance to the gold mines in the province will be a great deal smaller than it was in 1950. We want the information to find out whether or not that statement is correct. Because if it is correct, then I for one wish to make submissions now, before the bill is brought down, in the hope that there will be changes made in the bill to meet the situation. It is not just a case of being on a fishing expedition. The minister has admitted he has the information, and I do not think there is any doubt that it should be given to us.

Mr. Prudham: Estimated payments on account of 1950 will be affected by the provisions of the bill, and I cannot say with accuracy what that will be until the bill is passed.

Mr. Green: No.

Mr. Prudham: I can say this, that we expect we will spend $3 million more under the new amendment than we did last year.

Mr. Green: What was spent in 1950?

Mr. Prudham: The payments for 1950 are not complete, because the last three months are affected by the amendment we are about to introduce.

Mr. Green: The minister has an estimate of what will have been spent in 1950—what is that estimate? He must have had some figure on which to base his estimate that there will be an increased expenditure of $3 million.

Mr. Prudham: Yes, we anticipate that about $9,200,000 will be paid on account of 1950.

Mr. Macdonnell (Greenwood): On the old basis, or is that importing the new basis for the last three months?

Mr. Prudham: That is an estimate of both.

Mr. Green: Then is it estimated that in 1951 the total expenditure will be $12,200,000?

Mr. Prudham: It is estimated that assistance payments to gold mines in the designated year 1950 will increase from approximately $7,200,000 to approximately $10,500,000 for the year 1951.

Mr. Green: Then the figure for 1950 is $7,200,000, and not $9,200,000.

Mr. Prudham: Yes, apparently it is—without considering the new amendment.

Mr. Green: And that figure for 1950 is including the increase for the last quarter?

Mr. Prudham: Yes.

Mr. Green: Apparently the mining association in British Columbia is quite correct when it says that there is to be an additional $3 million paid to the gold-mining industry?

Mr. Prudham: Yes.

Mr. Green: That being so, why is it that these gold mines in British Columbia are to be cut by at least one-third of the assistance they have had in previous years?

Mr. Prudham: I did not see the brief from the British Columbia association until a few minutes ago. I sent it up to my deputy in the gallery, to get his opinion upon it; but I am quite sure they are wrong in their calculations.

Mr. Green: Is it the intention of the legislation to increase payments generally in all parts of the country?

Mr. Prudham: The formula will apply differently in different parts of the country, depending upon the operations of the mine. We have no way of forecasting what the payment will be to any one mine. It depends upon production, costs, and so on. I do not think it is possible to estimate accurately what the payments would be in any one province.

Mr. Green: But the changes are obviously being made for the purpose of increasing

the payment. What I find it hard to understand is that the gold mines in British Columbia, instead of getting larger payments, are to have their payments cut. If that is so, there must be some error in the method being used to arrive at the amount of the payments. Is that the intention of the legislation, or has a mistake been made in the case of British Columbia? If so will such mistake be rectified? Obviously it would mean that some different formula is being used.

Mr. Prudham: There is a different formula being used, one which is modified slightly. I can say that there is a slight shift being made in the rate to favour the higher cost mines. It is not a big difference, but that is the change that is anticipated; and it is also anticipated that the assistance will apply to a larger number of ounces produced.

Mr. Fulton: It is alleged that the fact that the formula is now being modified so that more assistance will be available to the high-cost mines has the effect of reducing the assistance to the lower cost mines. On the face of it that might seem to be justified if stated as a simple proposition. I think you must realize the fact that lower-cost mines, perhaps the more efficient producers, are now faced with increased costs notwithstanding their efficiency. Those costs have increased over what they were last year in virtue of increases in wages and increased cost of materials entering into their production. It will be seen that even though they are efficient producers and what are classified as low-cost operations, nevertheless they are being penalized or discriminated against in the amount of assistance made available. In spite of the fact that they have tried to cut down their costs, they find that their costs are still increasing. It will be seen that this will have a prejudicial effect on such operations as Bralorne and Pioneer. That is the result that they fear and are convinced they will be faced with.

Mr. Prudham: Is my hon. friend suggesting that the company that is making favourable profits should be subsidized?

Mr. Fulton: That statement does not seem to me to get to the root of the issue at all. I made it quite clear this afternoon that I felt that there was a solution which would permanently solve this question and remove from the gold mines the necessity of having to come here for assistance. I suggested that the solution was to give them a free market for gold. Apparently the government is not willing to introduce that set of circumstances which would enable the gold mines to stand on their own feet. The government is attempting to work out a formula for assistance and surely we are entitled to ask that that formula should not penalize the efficient operators and producers.

I am saying that they have a definite feeling that they are going to be penalized by the formula as they understand it. I think the reason is to be found in what the minister has just said, that this formula is designed to benefit the high-cost producer. Is the minister in a position to give us any definite assurance that this modified formula will not in effect penalize or have the effect of reducing the assistance to the large scale, low-cost producers?

Mr. Prudham: I am quite sure that when the bill is introduced hon. members will be satisfied that there is no discrimination against efficient producers. In my opinion there is an ample spread allowed for the most efficient mine to make plenty of money without being penalized. The rate of assistance starts at a figure which will give any mine whose costs are below that figure a chance to make a legitimate profit and meet present-day conditions.

Mrs. Fairclough: I must admit to being a little bit in the clouds on this issue. The hon. member for Vancouver-Quadra has said that apparently there is quite a substantial increase, and the minister has given figures which indicate an increase from $7,200,000 to perhaps $10,500,000. That is an increase of $3,300,000, or approximately 50 per cent, over last year. And, as he said, that is not taking into consideration adjustments for the last three months of the preceding year. This is about a 46 per cent increase. The minister has referred to it as a slight shift, but it seems to me that it is more than a slight shift, it is a major operation. I cannot understand why with such an increase any group of producers could be penalized.

Mr. Prudham: I have a full statement containing all the statistics which I am prepared to give when the bill is introduced. I think I was right in the first place and we should stick to the principle of the resolution and not deal with the statistics at the present time.

Mr. Fleming: Mr. Chairman, I think it was shown this afternoon that all who have participated in this debate wished to be helpful and constructive. I think it is a mistake for the minister to withhold statistics until the bill is up for second reading or in the committee stage thereafter. It seems to me that the whole purpose of discussing a resolution in

committee is that all information and details necessary for the proper understanding and debate of the bill on second reading can be made available.

I am not going to deal further with the point that has latterly been under discussion. I think that as long as you have an artificial basis of assistance to an industry, such as is embodied in this act, you are bound to have a situation that unquestionably will create discriminations. You cannot avoid them. I am not suggesting that those who drafted the bill have not done their best to avoid them; undoubtedly they have, but the whole method of assistance involved in this legislation is artificial in nature. It seems to me that so long as there is artificiality in our approach to this problem there are bound to be discriminations. Until we come to grips with the problem in an attempt to solve it at its roots we are bound to have these unfortunate discriminations.

A reference has been made, which I do not quite follow, to a 46 per cent increase in gold production this year.

Mr. Green: Payments, not gold production.

Mr. Fleming: If I followed the minister correctly this afternoon he stated that the payments for 1951 would be between $10 million and $11 million. That is actually a reduction as compared with 1949; it is not an increase at all. The report on the administration of the Emergency Gold Mining Assistance Act for the fiscal year ended March 31, 1950, shows at page nine that for 1949 the approved payments totalled $12,230,359.42. According to the report it is estimated that the total amount of assistance payable, including all commitments to be made in the next fiscal year in respect to obligations relating to the designated year of 1949, will amount to approximately $13 million.

Actually what happened is that there is a reduction in 1950 as compared with 1949 of about $2,500,000 or something like 20 per cent. Therefore we are not increasing the payments; the payments are showing a reduction. Can the minister give the number of producers who received benefits under the act in 1950? I think that would be interesting as showing the trend. I do not know whether the trend in 1950 as compared with 1949 was up or down, but it will be recalled that this afternoon I gave the figures for the first two years of the operation of this act. In 1948, 111 producers received benefits under the act, and in 1949 the number dropped to 95.

Mr. Prudham: My understanding of the purpose of the Emergency Gold Mining Assistance Act is that it was to meet an emergent situation. The intention of the government at that time was that it would help the industry over an emergency and that eventually it would be able to stand on its own feet. It was expected that the rate of assistance would gradually taper off until the mines were self-sufficient. It has not worked out exactly that way because of inflation and other reasons. Although the mines have got back to efficient operation their costs have been rising. For that reason we propose to extend the provisions of the act for another year on a slightly modified scale.

The hon. member for Eglinton this afternoon criticized the proposal because it did not contain any long-term solution. It never was intended as a long-term solution. It is just an emergency measure. He referred to the international monetary fund and the Bretton Woods agreement. He spoke favourably of the way South Africa had broken with the fund, and how they were getting a premium for their gold on the world market. In my opinion if the whole world went on the free market the high price might not be maintained. It is my opinion that it is because of the restricted volume on the world market that these high premium prices are paid. I may be wrong in that assumption but I have talked to many mining men who are rather doubtful that the price would remain at that high level if we established a free market. However, that is just an opinion and no one really knows.

The fact remains that our country entered into the Bretton Woods agreement with other nations of the world. Canada is a signatory thereto, and as long as we intend to honour our international obligations we have to abide by the provisions of the agreement until they are changed in an orderly manner. I am not trying to defend the Bretton Woods agreement, but as long as Canada is a signatory to it we have to abide by its terms.

The hon. member for Lethbridge made sarcastic remarks about the government referring to the fund before introducing this amendment. Canada's action was just a matter of good international etiquette, if you will, honouring one of our international obligations. My colleague, the Minister of Finance, made a brief reference to that when he made his statement to the house. He said:

> All I need add at this moment is that this modification in our gold assistance formula has been discussed with the fund which has raised no objection.

Mr. Low: It could have.

Mr. Prudham: The amendment forecast by the resolution is not a radical change. It continues fairly closely the pattern that has

been followed for the last three years. It makes a slight alteration in the rate and, as I said before, it is proposed that it will apply to a greater number of ounces and give encouragement to mines for greater production.

Mr. Fleming: I think I should enter a word of correction in the light of the statement just made by the minister. He attributed to me a statement that I had favourably—that was his expression—commented upon the action of the government of South Africa. I wish to correct that. I referred to the action of the government of South Africa in releasing a portion of the gold production of that country for sale on the free market. I did not comment on it either favourably or unfavourably. What I said was it was a fact of which account must be taken. When the world's greatest gold producer releases a large portion of the gold production of that country for sale on the free market it seems to me that Canada can no longer allow herself to be shackled in the way in which she is shackled today. I made it quite clear there must be no departure on our part from international obligations. That is not to say that we are to sit still with hands folded. The whole burden of my remarks was to the effect that in the face of this situation we must face up to the fact that the Bretton Woods agreement is working a very great hardship on the gold producers of this country.

There are ways in which that agreement can be changed. I think the time arrived some time ago,—it certainly has arrived now—when it is our duty as the parliament of the Canadian nation to undertake to initiate measures to bring about needed changes in the Bretton Woods agreement in order that justice may be won for the gold producers of Canada.

Having said that by way of correction of the interpretation put on my remarks by the minister, may I return now to ask him for the figure as to the number of producers who received assistance under the act during the year 1950.

Mr. Prudham: I am sorry; 75 have so far received assistance.

Mr. Fleming: That indicates what I feared, a very definite continuation of a downward trend in the number of producers receiving assistance under the act. Just note these figures: 1948, the first year, 111; 1949, the second year, 95; 1950, the third year, 75, a very drastic reduction. It simply comes down to this, that in view of the terms of the legislation, in view of the way in which it is being administered with this very artificial formula, the number of producers to whom the act brings any assistance has shown quite sharp reductions. In the face of the crippling problem confronting the gold mining industry today, with rapidly rising costs and a firm ceiling fixed on the price at which they may sell their product, it seems to me the figures given to the committee now by the minister emphasize more clearly than ever the utter insufficiency of this measure as an expedient to meet the needs of the Canadian gold producers.

Mr. Herridge: I understood the minister to say a few minutes ago that the assistance to be provided to gold mines requiring assistance under the act would be sufficient to pay present operating costs and leave a margin to pay a legitimate profit. If that is correct I should like to ask the minister this question. In using the phrase "to pay present operating costs" does he mean that under the terms of the act the gold miners working in the mines covered by the act will from this point on be paid wages equal to those of miners working in the base metal industry.

Mr. Prudham: Mr. Chairman, I am not in a position to answer that question. In order to make clear what I intended to say before, the formula that we propose to introduce will apply to those mines that need assistance rather than to those that do not, and the floor above which the assistance applies is low enough that all mines that can operate and produce at a cost below that floor will have ample opportunity to make a profit.

Mr. Herridge: The minister says he cannot answer my question. It is obvious that the minister intends that, regardless of the scale of wages paid, the mines will make a profit.

Mr. Gibson: He did not say that.

Mr. Prudham: I think these questions can all be answered much better when the bill is printed and before the house.

Mr. Fleming: May I in all friendliness suggest to the minister that this controversy might come to an end if he would put on the record now the table of statistics to which he has referred so that members may have the opportunity to see it in print and study it before we debate the bill on second reading. I think that will be helpful to the house and in the long run will probably greatly reduce the scope and length of debate.

Mr. Prudham: I am very anxious to please the opposition, and if I have your permission, Mr. Chairman, I will put this statement on record tonight.

Some hon. Members: Agreed.

Mr. Knowles: Is it a statement, or does it contain figures?

Mr. Prudham: It is a complete statement.

Some hon. Members: Read it.

The Chairman: Shall the resolution carry?

Mr. Blackmore: There seems to me to be some difference of opinion as to what may take place while the resolution is before the committee. Any member who desires any information at all pertaining to the matter under consideration is entitled to ask for that information and have the answer given. That is one of the safeguards we have, as the hon. member for Eglinton pointed out, to assure hon. members that they are not working in the dark. So I suggest that the minister give the details he thinks the committee requires so we may comprehend what he is aiming at in the bill.

Mr. Prudham: If I give this statement I do not want hon. members opposite to demand the bill so they can see whether or not I am right.

Mr. Fleming: We cannot get the bill until the resolution passes.

Mr. Prudham: This statement deals with proposals that will be set out in the amending bill when it is printed. We are probably getting a little ahead of ourselves, but I see no real objection to putting this statement on record now provided hon. members will bear with me until the bill is printed before offering too much criticism.

Hon. members will recall that the reason for introducing the Emergency Gold Mining Assistance Act in December, 1947, was to assist the primary gold producers in meeting the increased cost of production of gold. After experiencing a very difficult period during the last war, they faced a major reconstruction job including the recruitment of working forces, rehabilitation of mining and milling plant, development of new ore reserves and the restoration of efficient capacity operation. Wages and other costs of production had risen very substantially. It was hoped that at the end of the three year assistance period, that is at the end of 1950, more normal operating conditions and costs would be experienced by the gold operators. I would like to state that the payment of cost-aid has been of great assistance to the operators and has most satisfactorily served the purpose for which it was chiefly designed. The mines have been rehabilitated and restored to efficient operation. But for the assistance rendered by the government to the industry, many of the high cost mines would have been compelled to close. However, because of a certain amount of inflation which has occurred, the gold mining industry now experiences still higher costs of supplies, labour and other services for the production of gold, while the price of the product of the mines remains the same as in 1947. It is thus apparent that the gold mines now are more in need of assistance than they were formerly if the gold mining industry is to be kept alive.

In my statement earlier today I indicated the importance of the gold mining industry in the Canadian economy. I would like again to stress this important relationship. The gold mining industry has been a pioneer in the development of northern Canada. Owing to the fact that gold can be readily transported without the building of expensive railroads, gold mines have been established in the north country where few transportation facilities are available. In many cases the mining of gold has drawn attention to the areas in which the gold mines are situated with the resultant discovery of commercial base metal and strategic mineral deposits which are essential for maintaining a high industrial economy as well as for defence production. This is true in northwestern Quebec, British Columbia, Manitoba, Ontario and the Northwest Territories. Base metal mines, however, cannot operate without adequate transportation facilities. Consequently further development has led to the building of railroads into the north country and the settling of communities around the mines in order to supply products, particularly those of the forest and agriculture, to the mining communities. Thus the growth of Canada's northern development has been dependent on the search for gold.

The gold mines now in operation give employment to about 23,000 people. In addition to employees and dependent communities directly supported by the gold mines, employment is sustained in cities and towns across Canada where machinery and supplies are manufactured and agricultural and forest products are grown. Many isolated centres are directly dependent upon one or two mines for existence. Assistance to the gold mining industry means an incentive to both the prospector and the financier who provides funds for development to bring the prospective mine to the production stage. The incentive to the prospector means that new mines, both gold and base metals, will be discovered. In view of the present fast rate of depletion of metal mines, owing to the great defence demands of the past eleven or twelve years, it is essential that old mines be replaced by new mines if the mining industry is to retain its position of providing a billion dollar yearly income for Canada and the necessary strategic metals for defence.

Gold Mining

Hon. members will also recall that in September, 1949, steps were taken by the government to devalue the Canadian dollar in relation to the United States dollar. This action resulted in a change in the Royal Canadian Mint price for gold from $35 to $38.50 a fine ounce, that is an increase in the gold price amounting to 10 per cent. As a result of this increase in the price the government introduced legislation to amend the Emergency Gold Mining Assistance Act which provided that during the designated or calendar year 1950 the total amount of assistance payments paid to the operator of any mine would be reduced by an amount equal to the number of ounces of gold to which the rate of assistance is applied multiplied by three dollars and fifty cents. This act was approved by parliament and given the royal assent on December 10, 1949, and resulted in assistance payments for the designated year 1950 of approximately $7,200,000 on an approximate production of 3,850,000 ounces as compared with assistance payments for 1949 of $12,500,000 on a production of 3,614,000 ounces and assistance payments for 1948 of $10,500,000 on a production of 3,163,000 ounces.

On September 30, 1950, my colleague, the Minister of Finance, announced the abolition of the official fixed rates of exchange. The rates of exchange as of October 1, 1950, would be determined by conditions of supply and demand for foreign currencies in Canada. A direct result of this policy has been a reduction in the price paid by the mint to the gold producers from the $38.50 price established in September, 1949. My colleague the Minister of Finance also announced that the reduction of $3.50 in the assistance payment in respect of the designated year 1950 would not be applied in respect of gold produced and sold during the last quarter of 1950.

The necessary amendment to the act to implement this announcement is contained in section 1 of the bill to be placed before the house. The way in which this amendment will work can best be illustrated by giving examples of its application to an old mine and a new mine. With the consent of the house I will place on *Hansard* an example as appendix "A" showing the application of the present act and the proposed amendment in both cases. The effect of this will be to give increased assistance to the mines in respect of the production of the last three months of 1950. The appendix is as follows:

Appendix A

Emergency Gold Mining Assistance Act

Examples Showing the Application of Section 3 (5) of the Present Act and of the Proposed Section 3 (5).

1. Old Mine

If the production of an old mine in the base year was 30,000 ounces and the production during the year 1950 was 40,000 ounces, (ie. production of 30,000 ounces during the first nine months and 10,000 ounces during the last three months) the amount of the assistance payment for 1950 assuming a cost per ounce of $30 would be as follows:

(a) Present Act

Assistance Payments = $\frac{1}{2}$($30.00—$18.00) (40,000—$\frac{3}{3}$ × 30,000)—(20,000 × $3.50)=$50,000.

(b) Proposed Amendment

(i) Assistance Payment for first nine months—$\frac{1}{2}$ ($30.00—$18.00) (30,000—$\frac{3}{3}$ × 30,000 × 273/365) —(15,041 × $3.50)=$37,602.50.

(ii) Assistance Payment for last three months =$\frac{1}{2}$ ($30.00—$18.00) (10,000—$\frac{3}{3}$ × 30,000 × 92/365) =$29,754.

∴ Total Assistance = $67,356.50.

2. New Mine

If a mine commenced its first year of production on January 1, 1950 and produced 40,000 ounces during the year 1950 (i.e. production of 30,000 ounces during the first nine months and 10,000 ounces during the last three months) the amount of the assistance payment for 1950 assuming a cost per ounce of $30 would be as follows:

(a) Present Act

Assistance Payment = $\frac{1}{2}$ ($30.00—$18.00) (40,000)—(40,000 × $3.50)=$100,000.

(b) Proposed Amendment

(i) Assistance Payment for first nine months—=$\frac{1}{2}$ ($30.00—$18.00) (30,000)—(30,000 × $3.50)=$75,000.

(ii) Assistance Payment for last three months—=$\frac{1}{2}$ ($30.00—$18.00) (10,000)=$60,000.

∴ Total Assistance = $135,000.

Hon. members may recall that on October 24 last my predecessor as minister of mines and technical surveys announced that legislation would be introduced at this session of parliament which would extend assistance payments beyond the three designated years 1948, 1949 and 1950 as now provided for in the act. This is accomplished by section 2 of the bill to be placed before the house which adds a new section to the act and provides for assistance payments in respect of gold produced from a mine and sold in the year 1951. This section also implements the announcement by my colleague the Minister of Finance made in the house on March 9.

It is proposed that the rate of assistance in 1951 will be one-half of the amount by which the average cost of production per ounce of gold produced from a mine and sold exceeds $22 with a maximum rate of assistance of $11.50. This maximum rate of assistance is applied when the cost of production of gold is $45 per ounce or over. The

rate of assistance in 1951 will be applied in the case of an old mine to the number of ounces of gold by which the number of ounces produced from the mine and sold in the year 1951 exceeds one-half of the number of ounces produced in the new base year which is the calendar year 1949. Where a mine has been unable to increase its production in relation to its 1949 production, the rate of assistance will be applied to one-half of the number of ounces produced and sold during the calendar year or designated year 1951.

In the case of new mines coming into production on or after January 1, 1949, the base year means the first year of production as determined by the Department of National Revenue. The rate of assistance in 1951 will be applied to all the gold produced and sold from a new mine during that part of the designated year 1951 that is also part of its first year of production. With the consent of the house I will place on *Hansard*, as appendix "B", examples showing the application of the act in the designated year 1951.

It is estimated that section 1 of the bill will mean that the assistance payments to gold mines in respect of the designated year 1950 will increase from approximately $7,200,000 as now provided to approximately $9,200,000 and that section 2 of the bill will mean an expenditure of approximately $10,500,000 in respect of the designated year 1951.

In conclusion, I would like to state that the effects of this bill will be of encouragement and assistance to the industry in meeting the rising costs of gold production and maintaining their dependent communities.

The Chairman: Shall the resolution carry?

Mr. Fleming: Do I understand the minister is placing these two appendices on *Hansard* with the consent of the committee?

Some hon. Members: Agreed.

Mr. Prudham: Appendix B is as follows:

Appendix B

Emergency Gold Mining Assistance Act

Examples Showing the Application of Assistance Formula in 1951

1. Old Mine

Assume a mine's production to be 30,000 ounces of gold in 1949, the base year, and that the production in 1951 is 40,000 ounces at a cost of $40 per ounce.

$\therefore$. Assistance Payment=$\frac{1}{2}$ (40.00 — $22.00) (40,000 —$\frac{1}{2}\times$30,000)=$225,000.00.

2. Old Mine

Assume a mine's production to be 30,000 ounces of gold in 1949, the base year, and that the production in 1951 is 20,000 at a cost of $50 per ounce.

The rate of assistance in this case will be the maximum of $11.50 which is used when the cost is $45 per ounce or over.

$\therefore$. Assistance Payment=11.50\times$(20,000$\times\frac{1}{2}$)=$115,000.00

3. Old Mine

Assume a mine's production to be 30,000 ounces of gold in 1949, the base year, and that the production in 1951 is 50,000 ounces at a cost of $22 per ounce.

$\therefore$. Assistance Payment= $\frac{1}{2}$ ($22.00—$22.00) (50,000 —$\frac{1}{2}\times$30,000)= nil.

4. New Mine

Assume that a mine commences its first year of production on January 1, 1951, and produces 30,000 ounces during 1951 at a cost of $50.

The maximum rate of assistance of $11.50 is used.

$\therefore$. Assistance Payment=11.50\times$30,000=$345,000.00.

The Chairman: Shall the resolution carry?

Resolution reported, read the second time and concurred in.

Mr. Prudham thereupon moved for leave to introduce Bill No. 194, to amend the Emergency Gold Mining Assistance Act.

Motion agreed to and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration, $336,942.

Mr. Ross (Souris): If the minister wishes to make a statement, it is all right with me.

Mr. Gardiner: I should like to make a short statement. The item is departmental administration, and throughout all the years I have been here it has been customary to have a sort of general discussion on that item. I have no objection to that being done on this occasion. I should like to call attention to the fact that the total amount in the general estimates for 1951-52 is $53,131,838, and the total amount for last year showing in these estimates is $81,805,497. That is the total amount which was in the general estimates last year plus the amount of the supplementaries, so that there is not an actual decrease of $28,673,659—or at least there will not be by the time the supplementaries are included.

One of the largest items that make up the $28,673,659 is shown here on page 7, appropriations not required for 1951-52, and the amounts which are involved there are shown on page 118. At the bottom of the page there is shown "Appropriations not required for 1951-52", and there is an item for losses on the purchase, sale and export of agricultural

products, $4,350,000. Last year we agreed to pay a subsidy on hogs sold by way of Wiltshire sides to Great Britain, and on cheese, and the amount voted was not all used. The vote here shows $4,350,000. The second amount is required to recoup the agricultural prices support account, $3,484,918. Then, there is assistance to apple growers, $2 million, and that is the apple growers of British Columbia. There is assistance to the apple growers of Nova Scotia, $500,000. Those four items make up a total of $10,334,918. Those items are not to be voted this year.

The second largest item is to be found in vote 39, freight assistance on western feed grains. Now, that is not properly designated a reduction because the amount quoted there is simply the amount to carry us through until the end of the crop year. The practice has been to bring in the supplementaries later to take in further payments which are to be made. The difference there is simply the difference between the amount which was voted last year in the general estimates, plus the amount put in the supplementaries. On this occasion we only have the original amount to deal with, as we had in the general estimates last year.

Those are the two big items which make up the greater part of the amount. A smaller item is one of $2,081,000 which covers the major irrigation and water conservation projects. Of that amount, $800,000 is due to the fact we are coming towards the completion of the St. Mary's project in Alberta and because we are near the end of the project we do not require as much this year as was voted a year ago. The amount is approximately $800,000 down. There are some other items from the over-all activities in connection with irrigation which account for the other $1,200,000. Those are the usual items that make up part of the reduction; but I may say we estimate that when the supplementaries are all in there will be a reduction, as compared with the actual expenditures, of about $12 million in the total estimate. That is all I think that I would care to say at the moment. As I said at the beginning, the discussions at this stage have usually been of a general nature, and we welcome discussions of that kind at this time.

Mr. Ross (Souris): Mr. Chairman, I am glad to have that statement from the minister because in these estimates for the year the reduction of $28,500,000 did seem a very heavy decrease. I had anticipated it would not be that much after the supplementary estimates had been tabled that the minister speaks of. But there is a matter that I should like to make reference to at this time because on another occasion many statements were made that agriculture, especially in western Canada, has had a period of five of the most prosperous years in the history of this country.

However, that discussion referred only to income. I never heard the Minister of Agriculture or any other minister say that these farmers had also gone through a period of five of the most expensive production years in the history of this country. I think that should be brought out.

The reason that I want to deal with this now in particular is that we had one of the minister's colleagues, the Minister of Justice, addressing several farm meetings throughout the province of Manitoba, in fact in Marquette, his own constituency. I thought probably he was briefed by the Minister of Agriculture. If not, certainly he had followed him very attentively on some occasions because his arguments were very difficult to follow through by anyone who was a farmer, at least.

He pointed out how well off the farmers had been through those five years and are today, the most prosperous period in the history of this country. But he never referred to the greatly increased production costs of those five years, and to the increase in cost right today.

I know the minister believes in the small family farm. I think most of us do. But those statements about this prosperous period are not true for the small family farm in this country. The large opertaor with modern equipment may be getting along, and may be having a prosperous time of it, but I hold in may hand the *Economic Annalist*, put out by the Department of Agriculture, dated December, 1950. At page 137 we find the following heading:

The Farm Business in the Gilbert Plains and Sifton Areas of Manitoba, 1949

It is a survey by J. G. MacKenzie and T. O. Riecken, and reads as follows:

The investigation of the farm business in the Gilbert Plains and Sifton areas is part of a comprehensive inquiry into economic and social problems associated with the utilization of land in Manitoba.

Farther on in the page it states:

The business year 1948-49. The period covered by the farm business record was June 1, 1948, to May 31, 1949. The 1948 crop year was a normal one for this area in which crop yields are fairly stable.

Then on page 138, dealing with the farm size and tenure it says:

The farms of the area are small; nearly half are farms of one-quarter section, slightly more than a third are half-section farms and the remainder are

larger than a half-section. The average size was 300 acres in the Gilbert Plains area and 257 in the Sifton area.

These areas are in the federal constituency of Dauphin, bordering on Marquette, the riding represented by the Minister of Justice, who was making these speeches. It is right alongside that area. There are several pages of this, giving very useful detail.

Then on page 139 there is a table showing the average farm capital in the Gilbert Plains and Sifton areas for the years 1948 and 1949. It shows real estate, machinery and equipment, livestock, feeds and supplies and seed. In the Gilbert Plains area the average per farm was $15,837; the average in the Sifton area was $8,341.

Then it deals with the average livestock of various kinds per farm, and on page 140 it says:

The cost of operating and repairing all farm machinery and equipment averaged $498 in the Sifton area and $1,018 in the Gilbert Plains area. If the costs of depreciation and investment in machinery were added to the current operating costs, these figures would probably be increased about 40 per cent.

Then page 141 deals with the size of the farms and the labour income. Table 5 follows which shows that in the Gilbert Plains area this survey was conducted on 81 farms and in the Sifton area on 80 farms, which was a fair number for a detailed survey. On page 142 we find the following:

While the farms of the Gilbert Plains area are generally more productive than the farms of the Sifton area, the returns from the quarter-section farms in both areas are generally too low to provide sufficient surplus to provide for the living of the operator and his family. After allowing for an average expenditure for living expenses of $939 in the Gilbert Plains area and $916 in the Sifton area, the net income on these farms in the former area was minus $208, and in the latter area minus $240, which indicates that part of the cost of maintaining the family could not be paid out of current farm revenue. The half-section farms at Sifton had a net income of $160 and at Gilbert Plains the same size farm had a net income of $469 over living expenses.

That is a survey carried out by officials of the department itself, and I think it should be proof of how prosperous many of these farmers have been throughout those years, and are today.

May I say a word as to present conditions? We have had considerable alarm throughout the country with respect to the rapidly rising increase in the cost of living. It increased steadily month by month for the twelve months of 1950. It has been increasing much more rapidly since the first of this year. We had an increase announced just the other day, bringing the index up to 179·7—a terrific increase there. That is very burdensome on all the people of this nation. The statistical survey of the Bank of Canada for February, 1950, gives the farm prices of agricultural products. It is a very interesting chart, because while it shows the average through Canada for 1950 of 249·3, it gives the averages by provinces. If you take these figures and compare them with the final month of the year it will give you a picture of the trend throughout the various parts of this nation. I will give the provinces. For 1950 the average in Prince Edward Island was 188·3; for Nova Scotia, 206·2; for New Brunswick, 216; for Quebec, 260·6; for Ontario, 264·7; for Manitoba, 255·5; for Saskatchewan, 226·4; for Alberta, 253·9; for British Columbia, 243·8; and then the average that I spoke of for all Canada, 249·3.

Then for December of 1950, that month alone the provinces showed up as follows: Prince Edward Island, 181·6; Nova Scotia, 213·6; New Brunswick, 217·9; Quebec, 276·5; Ontario, 276·8; Manitoba, 238·6; Saskatchewan, 199·7; Alberta, 237·3; British Columbia, 259·3. The average for Canada for that month was 245·4. Now, then, in relationship the fact that the national income for agriculture decreased about 12 points last year is rather significant. In round figures it means that in the last month of 1950 the agricultural income of the province of Quebec increased 16 points while in the same month in Manitoba there was a decrease of 17 points, and in Saskatchewan a decrease of 26 points. So that it shows the trend throughout the nation. These are both government journals from which I have been quoting. One of them is produced by the Department of Agriculture—I am referring to the *Economic Annalist*—and the other by the Bank of Canada. I do not think anyone disputes those figures.

These figures are proof that agriculture is slipping in these last few years in the matter of income. The survey made in central Manitoba is proof that the small family farm operator is still up against a pretty tough proposition. All the statements which have been made in the house and on the hustings during the Easter recess are not borne out by the facts as set forth either by the Department of Agriculture itself or by the Bank of Canada. I thought this was the time and place to give those figures and to make the necessary correction, because when I was home at Easter I heard such a great amount of agitation among the people and, I will admit, a great deal of confused thinking and discussion. That is not to be wondered at. As I travelled on the trains and busses, and on the street cars in

Winnipeg I found that people, whether they were farmers or not, were talking about a previous debate on a very important matter connected with agriculture that had taken place just before the Easter recess. Those people said they were entitled to be confused in their discussion, and they did not think it would be any worse than the discussion that took place in the house between the ministers and members of parliament for a couple of weeks before the Easter recess.

I want to tell the committee that, at least in the prairie provinces, there is great concern about the plight of the agriculturist, on the average. I am not denying the fact that some agricultural operators with modern equipment are getting by pretty well. But the great majority of the farmers, those on the small holdings, as is borne out by this booklet from the Department of Agriculture, are having a very tough time of it. Many of them are not able to provide a living for their families from their farms.

I wish to put those facts on the record. I know we will wait expectantly for a statement from the minister before these estimates are passed as to what agriculture may expect in the near future, in these most harrowing times with which many farmers are having to contend right now. I wished also to put this information on the record because there are many people who blame the high cost of living on the farmer and, in the majority of cases, that is not the situation. I wish to make it clear, if possible, that the farmer is not to blame in many instances for the greatly increased cost of living.

At another time I referred to an article which appeared in the Winnipeg *Tribune* dealing with prices in Minneapolis and Winnipeg. I did not go into detail because I thought it would be out of order. I have not the chart before me now. However, one hon. member from Saskatchewan found fault with me for criticizing what the farmers were receiving in Winnipeg. The point borne out by the article was that there is something wrong in this country in connection with processing and cost to the consumer, as compared with what farm producers get.

For most of the commodities referred to in the article appearing in the *Tribune* the farm producer in the United States near Minneapolis was receiving more for his raw products than was the farmer in western Canada. Yet when the farm or urban wife over there went to purchase a processed article she was able to do so at a cheaper price in Minneapolis than it could be purchased in Winnipeg.

That is the point I am trying to make. I have repeated it in two or three years and given statistics to prove it—that there is something radically wrong in so far as the middleman in this country is concerned. While over there the farmer is much better paid for his raw materials; his wife—and the same applies to the urban wife—can purchase many of those articles for less than they can be bought in this country. That is a condition which should be rectified to some extent.

I hope that after some discussion the minister will give us some lead as to what agriculture may expect in the future. Let me say that agriculture can be depended upon to produce for this nation and to have a surplus of many goods for the underfed nations of other countries. It is most important at a time like this, when the production of essentials is so greatly needed.

Mr. Argue: Mr. Chairman, I was sorry to see a reduction in the estimates for the Department of Agriculture. Even after the minister's explanation I was sorry to note a reduction of $12 million in the estimates for agriculture during the current year. I know that in view of our defence program every possible saving will have to be made in the various departments but I do think that a healthful agricultural industry, geared to full production, should and must be an important part of our defence program.

I do not think it is a service to agriculture to be cutting the estimates of the minister's department by about 15 per cent. I agree with the remarks of the hon. member for Souris, that agriculture at this time faces many grave problems. While the prices for many agricultural products are high, nevertheless agricultural costs are increasing by leaps and bounds. Looking at our prospective markets for the future and our available markets today it does not seem at all certain that agricultural markets are in any sense guaranteed.

I am sorry that as a nation we have not been able to hold the British market for bacon or apples, or other important farm commodities. It is true that, so far, we are getting by through utilizing the Canadian and the American markets to a greater extent. But it does seem to me that the British market, which has been our best outlet in the past, is of great importance for the future, and every effort should be made to regain our position there.

One point I would emphasize, and which I feel is a real threat to Canadian agriculture both in the east and on the prairies, is the great difficulty western farmers are now having in marketing their grain. The eastern producer is interested in getting western oats, barley and wheat. The government is paying a considerable amount of money by way of freight assistance. But before this grain

can be of value to agriculture in eastern Canada it has to be moved from the prairie provinces to the lakehead, and by boats to ports in Ontario and other markets in the world. At this time we are faced with the most severe box car shortage in our history; and unless something is done, and done soon, to solve the box car problem on the prairies, we are going to find millions and millions of bushels of grain rotting in the bins, because much of that grain is damp or tough.

It was promised by the Minister of Transport that this serious agricultural problem would be dealt with. The minister assured us that the railways were co-operating and that no stone would be left unturned to improve the situation, even if our Canadian box cars had to be sent back empty from the United States. That statement was made on February 19, and just three days before statistics were published indicating that 29,000 Canadian box cars were in the United States. Approximately a month after that statement was made, on March 15, the date of the last available statistics, there were 4,000 more Canadian box cars in the United States, or a total of 33,000. The net position of the excess of Canadian box cars in the United States increased within that one month period by 2,400 even when we were told that this serious situation was going to be corrected and dealt with.

The Saskatchewan wheat pool estimate that in order to move grain from the prairies to eastern Canada between now and the end of the crop year 1,200 box cars will be required daily. Last year there were only 600 box cars used daily, but this year it looks as though we are not going to have even 600 cars daily unless something is done about this serious situation. We need twice as many box cars as we had last year and we have not nearly as many cars as we had a year ago.

The Saskatchewan wheat pool has called upon the government to appoint a controller to handle the box car situation and to see that our Canadian box cars are returned from the United States. I remember a few years ago when the problem was the other way around and we were retaining United States box cars. If my memory serves me correctly a Mr. Eric Johnston was appointed controller and he placed an embargo on United States cars coming to Canada. The result was that United States cars in Canada were soon sent home. I think it is time the government appointed a controller and put an embargo on Canadian box cars going to the United States in order to bring about a return of Canadian box cars from that country.

The Minister of Agriculture is a man of considerable ability in a great many ways and I am sure that he would have some influence on the government in seeing that something was done about this matter. I am taking advantage of this first opportunity since the announcement made by the Saskatchewan wheat pool to ask the minister to use his influence with his colleagues in the cabinet in order to have this shortage of box cars corrected, and to ensure that we have sufficient box cars between now and July 31, the end of the crop year, to move all the grain off the farms to the head of the lakes, to the eastern feeders and to the export markets of the world so that this food, which is such a valuable commodity at this time, will not be allowed to spoil on our western farms.

I would hope that the Minister of Agriculture could give the committee some idea as to what the government is doing to remedy this situation. Another statement by the Minister of Transport, if it does no more good than his statement on February 19, will only result in a greater number of Canadian box cars going to the United States. That minister told us that the problem was going to be dealt with, that not a stone would be left unturned to see that we had sufficient box cars to handle the shipment of Canadian grain. Nothing has resulted from that statement except that the situation is much worse. Therefore I ask the Minister of Agriculture to tell us what the government is likely to do in order that grain on western farms may be brought to market and not be in danger of spoiling this spring.

Mr. Blackmore: Mr. Chairman, may I say that I very rarely have found the farmers in my constituency so gloomy and disposed to a sort of peculiar kind of despair as they are at the present time. Not only are they facing the difficulties which have been discussed already, but the income tax which is being levied on our farming population is becoming destructive of productive courage and initiative. I do not propose to discuss this matter at any great length at the present time, but if we are going to maintain our agricultural productive machine in working order we shall simply have to do a whole lot more than shrug our shoulders concerning some of these matters which are destroying the morale of the agricultural population of western Canada. I do not know whether the same thing is taking place in eastern Canada.

Having said that, may I turn to another matter about which I am sure the minister has heard. The farmers in my constituency are positive that it will be the merest kind of justice to them if between now and an

early date in the spring there should be contributed by the dominion government another $48 million to the pool fund to be divided among the farmers as minimum compensation for the 30 cents per bushel subsidy that the Canadian wheat growers paid to the Canadian consumers in order to keep down the price of their bread. I support the farmers of my constituency in this contention.

On pages two and three of a pamphlet entitled, "The case for the western wheat grower", reprinted and distributed by the Alberta wheat pool, Calgary, under date of December 1, 1950, is set forth the statement that between March 1, 1945, and February 17, 1947, 160,000,000 bushels of Canadian wheat were consumed by Canadians in Canada. If that 160,000,000 bushels of wheat had been sold to Britain the price would have been $1.55 per bushel. If it had been sold to any other nation than Canada it would have brought more than $1.55 per bushel. It was sold by the wheat board to Canadian millers at 77⅜ cents per bushel. The wheat board received from the Canadian government an additional 47⅝ cents per bushel, which constituted a direct government subsidy on all wheat going into Canadian bread.

Mr. Gardiner: On a point of order, I do not want to interfere with the discussion but this matter does not come under my estimates at all. The general discussion on the first item of the estimates of a department should be confined to what the estimates cover. The matter under discussion now is one which would be dealt with either under the estimates of the Department of Finance or under the estimates of the Department of Trade and Commerce, certainly not in the estimates of this department.

Mr. Blackmore: Mr. Chairman, the minister himself said at the opening of his remarks that it was customary to allow a wide range of latitude on the first item.

Mr. Gardiner: On agricultural estimates, not on somebody else's.

Mr. Blackmore: This matter certainly applies directly to agriculture. Let no one ever question that for a minute.

Mr. Gardiner: Mr. Chairman, I should like a ruling. The question that is being discussed does not come under these estimates in any way at all.

The Chairman: The point of order is well taken. The question has already been decided by the house, and there is nothing in the estimates concerning this matter.

Mr. Blackmore: There is plenty to talk about without going further, but I will just say that the result of the whole set-up has been that the wheat growers paid directly as a subsidy to the consumers of Canada 30 cents a bushel on every bushel of wheat that the Canadian consumers used throughout that period. There have been criticisms from eastern Canada and other parts. Therefore I urge every single member of the house to take into consideration that that fact actually occurred. We will leave that aspect of it. When you take 30 cents a bushel—and I am passing rapidly to bow to your decision—on 160 million bushels you have $48 million, and that is what all the farmers of western Canada believe ought to be given as the bare minimum remuneration for that most astonishing procedure.

There are five main considerations which I believe ought to be borne in mind in dealing with the problem of the farmers of western Canada. In the first place—and this again touches on the first point but it will be the last one that will touch on the question of the $48 million—the $65 million was only part payment of the amount of money which was absolutely stolen by the government from Canadian farmers raising wheat, and "stolen" is the word. No communist ever did any worse than to seize vast hundreds of millions of dollars from producers, and there is no question that it was done. The matter can be established and will be established just as soon as this question is in such order that the Minister of Agriculture cannot object.

Western wheat growers have paid huge sums in taxes. When we were discussing the $65 million item not very long ago you would have thought that every single dollar to pay that amount was coming out of Ontario.

Mr. Cardiff: A lot of it did, just about half.

Mr. Blackmore: Of course it did but you must understand that a lot of it came out of the west. In a few minutes I am going to give some facts which are just as strong as the ones the hon. member for Souris gave.

An hon. Member: How about Temiscouata?

Mr. Blackmore: We will come to Temiscouata in due time. I tell you, Mr. Chairman, that what has happened out there is a matter that simply must be recognized. If we have got to stay here until next December to get everybody in the house to understand this matter we will stay here until we do, because we westerners simply cannot be kicked around the way we are being kicked around by people who do not understand our problem.

The next point developed by the hon. member for Souris was well taken. The farmers are not well off notwithstanding the propaganda that has been spread abroad

throughout the country. The farmers once again, Mr. Chairman—and I presume this is completely in order—are being forced right now to subsidize the people of Canada, Great Britain and thirty-seven other countries right now to the extent of 37 cents a bushel on every bushel of wheat consumed in those countries.

The Canadian farmer is much worse off than the farmer in the United States, as the hon. member for Souris pointed out. I propose to give some facts to bear out the statements I have made which hon. members can read at their convenience. Perhaps I shall be out of order if I read the first one, Mr. Chairman. It is a statement by the Alberta wheat pool on March 16, 1951, bearing upon the question of the necessity of the $48 million being paid. If that is out of order I simply will not read it now but I will do so at a later time.

Let me come to the matter of taxation. I want to say that since I have been in this house I have never objected to any favour given to any part of the Dominion of Canada. I have always supported hon. members in their contentions. Dear me, if they are suffering losses in the production of their apples I would be the first one to support something to help them, and the same with fishing or any other product of the Dominion of Canada.

If the producers of the goods that make Canada what she is are suffering, and therefore unable to produce those goods, that fact is one of the most serious considerations for the whole of the Dominion of Canada whose wealth and well-being are directly related to the production of goods by every group of producers throughout the nation. When I speak directly to some members from other parts of the country—and I hope I do not have to—I trust they will remember that I have been here fifteen years and I have seen the Canadian parliament in operation for all of those fifteen years.

An hon. Member: Too long.

Mr. Blackmore: I realize it is too long for some hon. members. They would give a lot if they could get me out of here but my constituents have not felt that way. Here is an article written by Chester A. Bloom, and I imagine easterners will accept this man because he seems to be a quite popular and respected writer. The article is to be found in the Lethbridge *Herald* for March 24, and must have appeared in a great many other papers. The heading is "The Prairie Farmers Pay". The article reads:

> During the five-year wheat pool including the four-year Canada-U.K. wheat agreement, while selling their wheat to Britain at cut-rate prices, the prairie farmers paid 77 per cent of all the farm income taxes in Canada. During the four years of the U.K. wheat agreement, 1946-49 inclusive, the prairie farmers paid 81 per cent of all the farm income taxes paid in Canada.

These are the very men to whom you are giving $65 million now.

Mr. Stewart (Yorkton): May I ask a question? Who hires Chester A. Bloom?

Mr. Blackmore: You may ask all the questions you desire.

Mr. Stewart (Yorkton): Who hires Chester A. Bloom?

Mr. Blackmore: You may ask all the questions you desire.

Mr. Stewart (Yorkton): That is a straight question. Who hires Chester A. Bloom?

Mr. Blackmore: How in the name of common sense do you imagine I know, or anybody else? The hon. member's question if it is anything at all is a direct insult to Chester A. Bloom. It presupposes that Chester A. Bloom will not tell the truth. The hon. member had better be careful to get his facts right before he challenges the figures that are given here. Meanwhile, may I tell the hon. member that is one of the cheapest questions I have ever been asked on the floor of the house, and especially coming from a man from the prairies.

Mr. Stewart (Yorkton): On a point of order, it is not a cheap question.

Mr. Blackmore: It is.

Mr. Stewart (Yorkton): On a point of order, Mr. Chairman, it is in order for hon. members to raise points of order in this house. The hon. member is just making a speech for his constituents and I am getting rather tired of it.

Mr. Blackmore: You will get a lot more tired. Let us hear the point of order.

Mr. Stewart (Yorkton): The point of order is that you cannot cast a reflection upon an hon. member.

Mr. Blackmore: The hon. member cast the reflection upon himself; I cannot do any better than he did. As I said a moment ago, the amount paid in those four years by the western wheat growers was $48,254,000 out of a total of $59,489,000 paid in farm income taxes from coast to coast in Canada. I continue quoting from Chester Bloom's article:

> The farmers of the three prairie provinces were getting gypped two ways—their wheat was sold at bargain prices while they carried more than three-quarters of the farm tax load in Canada.
>
> The answer is easy—their wheat was sold by a government board. The government tax collectors knew every cent of their income—not so with all

the other farmers of Canada. No wonder governments like handling farm products through boards.

The 1950 farm tax returns are not yet available. But the prairie farmers have been paying an average of more than $12 million a year in farm income taxes. Their 1950 taxes will surely be up to the average so, during the five-year pool into which the government is making a $65 million final payment, the prairie farmers will have paid taxes in that period within $5 million of the $65 million.

It is quite obvious why the government did not use these figures to rebut some of the $65 million criticisms. It is one of the big national tax scandals of Canada.

Remember, this is an easterner talking, and he is talking so all easterners may hear him.

Here are some of the figures culled from a return furnished February 22 last by the Department of National Revenue answering a question asked in the house by H. R. Argue, M.P., Assiniboia:

In 1946, the total farm income taxes collected in Canada were $9,843,000 of which prairie farmers, largely wheat growers, paid $8,143,000 or 82·5 per cent.

1947—Total Canadian farm income taxes collected, $13,581,000; prairie farmers paid $10,567,000 or 77 per cent.

1948—Total Canadian farm income taxes collected, $18,095,000; three prairie provinces paid farm income taxes of $14,168,000 or 78 per cent.

Mr. Hatfield: We didn't make any money in the east.

Mr. Blackmore: Well, remember that this is not a sign that they were making money. After they paid their income taxes and looked after all the other details most of these people had no money left.

1949—Total Canadian farm income taxes collected $17,970,000; three prairie provinces farm taxes, $15,385,000 or 85 per cent.

The only provinces which came anywhere near approaching these prairie records of farm income taxes were the immensely wealthy farming province of Ontario whose farmers in 1949 paid $1,940,000 in farm income taxes while British Columbia farmers paid $544,000. Quebec farmers paid only $51,000. The smaller populated maritime provinces that year paid farm income taxes of: Prince Edward Island $4,000; Nova Scotia, $33,000; New Brunswick, $11,000; and Newfoundland, $2,000.

Even before the Canadian wheat board had records of prairie farmers' wheat receipts, however, the three prairie provinces were furnishing since 1941 more than 50 per cent of the total farm income taxes collected in Canada. Here are the records 1941 to 1945 inclusive:

1941—Total farm income taxes collected, $1,592,000; prairie payments, $860,000; 1942—total farm income taxes paid, $3,372,000; prairie payments, $2,045,000; 1943—total for Canada, $11,630,000; prairies paid $8,563,000; 1944—total for Canada, $20,482,000; prairies paid, $16,838,000; 1945—total for Canada, $13,392,000; prairies paid $8,047,000.

I guess the hon. member who wanted to ask me a question feels a little unnecessary now. I do not need any authority attached to those figures; they stand on their own feet.

There are other difficulties still, in addition to the points made by the hon. member for Souris. As I was saying, there exists a general idea that the western farmers are well off. The statement by the hon. member for Souris indicated that general impression. I would commend the admirable work of the Minister of Justice in giving those very speeches to which objection was taken, because he faced the whole situation honestly and straightforwardly and showed that Britain was not in any way responsible for the difficulties in which the prairie farmers find themselves. That is a great thing, because if we can find out just who is responsible we shall know upon whom to call to discharge the responsibility.

Now I should like to point out just how well off the farmers were with this $1.83 a bushel. The Minister of Trade and Commerce pointed out—and this is not intended as any reflection on him—that $1.83 was probably the very best payment the farmers had received; and I think the Minister of Justice pointed this out also. Let us see. I am quoting from the Searle Grain Company letter—

Some hon. Members: Oh, oh.

Mr. Blackmore: I hear a lot of silly cackling, but the Searle Grain Company can give accurate figures as well as anyone else. They interpret the figures in their own way and I have no sympathy with the way that company interprets the figures.

Mr. Stewart (Yorkton): I am going to raise another point of order. You cannot read the Searle grain report in this house, because it changes every week, as every farmer knows. I am getting tired of these constant reports. If you agree with the Searle Grain Company, say so.

Mr. Blackmore: The hon. member must be quite ill tonight; he does not seem able to get things straight in his mind. I think he will be quite surprised when he reads his remarks in *Hansard* tomorrow.

Mr. Stewart (Yorkton): I am raising the point of order.

The Chairman: The hon. member is quite in order.

Mr. Blackmore: I am reading now from the Searle Grain Company letter of March 28, 1951, on page 2:

Some people are saying that prairie wheat growers must be quite well off because they have received for five years an average price for their wheat of $1.83, which is a higher price, it is alleged, than has been registered in the history of grain marketing for any five years.

These speakers forget one important fact, that farmers do not live on price, but only on what price

will buy, and that the Canadian dollar has suffered a serious depreciation in purchasing power in recent years, to the extent, according to the Dominion Bureau of Statistics publication entitled "Price Index Numbers of Commodities and Services Used by Farmers, Basis 1935-39," that $1.83 is worth today no more than approximately 86 cents, and that $1.83 has had on the five years average a purchasing power of only $1.03 in terms of the purchasing power in 1935-39. The 61 years of recorded official grain prices reveal that there have been only two periods of five years when the price farmers received averaged as low a purchasing power, on the 1935-39 basis, as the $1.83 has had for the past five years. For the majority of all the 61 years the price received by farmers has given them a purchasing power for a bushel of wheat considerably higher than the purchasing power for the last five years at the price of $1.83.

That puts an entirely different light on the $1.83 a bushel, does it not? Then I go on to one more paragraph:

The initial price of $1.60, which farmers are now receiving under the international wheat agreement has, on a 1935-39 basis, a purchasing power of only 75 cents. This is the real reason why farmers today are so gravely discontented, for they find they simply cannot pay their high-cost 1951 bills with this depreciated Canadian currency and with the present price of wheat.

Now, I am quite sure that even the member who has interrupted me twice will realize that his points were very poorly taken when he reads this.

Mr. Stewart (Yorkton): The member who interrupted wants to ask again whether you believe these Searle grain reports that you have read.

Mr. Blackmore: Let me ask the hon. member, who is so foolishly irresponsible he is making himself silly—

Mr. Stewart (Yorkton): On a point of order, Mr. Chairman. No member in this house can say that another member makes himself silly. I have yet to watch a sillier member than the hon. gentleman.

Mr. Blackmore: If the word "silly" is too strong—

The Chairman: I wish to say that the discussion should relate to the item under consideration.

Mr. Blackmore: I was just going to answer the hon. member who raised the question, and whose information concerning this matter seems to be utterly deficient for a man representing a western constituency, and I am asking if he questions the figures which are given by the dominion bureau of statistics publication, "Price Index Numbers of Commodities and Services used by Farmers, basis 1935-39". I do not think he will, but if he does it will make him look foolish, which is just as bad as silly.

Now, the next important matter is one which was developed by the member for Souris, and that is the comparative prices which farmers received in Canada as related to the prices which farmers in the United States received.

I am reading again from the Searle Grain Company report of March 28, 1951, on the last page. Once more I believe we shall find these figures are authentic. It reads as follows:

According to the United States government publication, Agricultural Prices, dated February 28, 1951, on page 8, the farmers of North Dakota received on February 15 at their country elevators for the average quality of wheat they hauled $2.24 a bushel compared with the price received by Canadian farmers at their average country points and for the average grade they delivered of $1.20. The Canadian average price is based on initial payment of $1.60 Fort William and for the average grades between No. 4 and No. 5. This prairie wheat, however, is being sold by the wheat board at $1.88 for No. 1 northern . .

Mr. Gardiner: Mr. Chairman, on a point of order, my hon. friend says that he is giving authentic figures. Every member from western Canada at least knows that the farmers have not been selling wheat for $1.20.

Mr. Blackmore: I did not say $1.20.

Mr. Argue: It is down to 83 cents.

Mr. Blackmore: I shall read the details again since some of them might have confused the minister. I shall read the whole thing.

According to the United States government publication, Agricultural Prices, . . .

If these people are wrong, all right. I have always found these people to be correct, although I do not agree with them as to—

Mr. Dewar: Then why call them to witness?

Mr. Blackmore: If you would just let me—

Some hon. Members: Order. Sit down.

Mr. Dewar: An hon. member cannot call someone to witness if he is not going to rely on him.

Mr. Blackmore: The hon. member will cool down by tomorrow. The fact is, I do not agree with the Searle grain people as to—

Mr. Dewar: Then do not call them to witness.

Mr. Blackmore: —their belief that we should sell our grain on the open market. I do not agree with them at all in that respect. However, I have never found their figures to be in error and I have been dealing with them for fifteen years.

Mr. Dewar: I have been dealing with them for twenty years.

Mr. Blackmore: If the hon. member would just let a person speak and say what he has to say, the hon. member would not make himself look foolish. The minister would like to hear this, so I shall read it again.

According to the United States government publication, Agricultural Prices, dated February 28, 1951, on page 8, the farmers of North Dakota received on February 15 at their country elevators for the average quality of wheat they hauled $2.24 a bushel compared with the price received by Canadian farmers at their average country points and for the average grade they delivered of $1.20.

Mr. Gardiner: Everyone knows that is not correct; that is the advance payment on wheat, it is not the price of the wheat delivered.

Mr. Argue: The minister is out of order.

Mr. Gardiner: It is only part of the price.

Mr. Blackmore: That is correct, but the advance payment is what the farmer has to live on.

Mr. Gardiner: That is not what the Searle report says, so what the Searle report says is not correct.

Mr. Blackmore: We will leave the minister to fight that out with them. This is based on the average grades, and when the minister examines the statement he will find he has not much to complain about.

The Canadian average price is based on initial payment of $1.60 Fort William and for the average grades between No. 4 and No. 5. This prairie wheat, however, is being sold by the wheat board at $1.88 for No. 1 northern, which might leave another 28 cents to come later as a final payment at the end of this crop year. Even so, however, Canadian farmers will still be receiving only $1.48 at country elevators, compared with the $2.24 being paid to North Dakota farmers.

Now, Mr. Chairman, I do not propose to go any further into this matter tonight, but certainly at a future time I intend to go into it. As I said the other day in response to a speech by the hon. member for Lambton-Kent, those farmers who went into that great Palliser Triangle area some sixty years ago, and who have struggled against adverse conditions of numerous types for more than half a century, in season and out of season, those men who by sheer courage and self-sacrifice have made from that desert area, which Captain Palliser declared was unfit for farming, one of the most productive areas in Canada, are deserving of credit and aid. As witness of that fact let me cite the figure of over 1,425 million bushels of grain from western Canada sold during the time of the British-Canada wheat agreement—and that is the area that Captain Palliser said would not be fit for human habitation!

The point I am endeavouring to establish is this. If we are wise in Canada we will lend these people a helping hand so that they can roll out to us again the hundreds of millions of bushels of grain. All they are asking at this time is that they be returned some of the hundreds of millions of dollars which have been deliberately stolen from them by government policy. Anyone who laughs about that just emphasizes his own ignorance, because it is true, as the hon. member for Battle River and the hon. member for Acadia has shown. As I say, I am closing my remarks tonight, but this is not the last I am going to say in advocacy of the proposition that the dominion government at an early date contribute $48 million more to the pool fund for the farmers of western Canada.

Mr. Hatfield: When the minister makes his statement, I should like him to tell the house why he allowed the potato growers of New Brunswick and Prince Edward Island to sell their potatoes below the cost of production. They were sold at practically half the cost of production. During the fall and most of the winter months, up till yesterday, they were sold below the cost of production in spite of the Agricultural Prices Support Act that was passed in this house in 1944. In 1947 the minister stated in this house that during the transition period he did not intend to allow any agricultural product to go below the cost of production, and he was not going to ask any farmer to cut down his production.

The potato business in the Saint John river valley and in New Brunswick has been built up over a period of 45 years. During the last war we sold potatoes under a ceiling. The farmers of that section sold their potatoes from $2 to $2.50 a barrel, when they could have sold them at $5 and $6 a barrel; but they kept within the ceiling price.

When the Agricultural Prices Support Act was put in force in 1944 we were promised that we would be protected on account of selling at ceiling prices during the period from peace to war, or as long as that act was in force. That act is still in force, and yet this fall potatoes were sold at as low as 20 cents a bushel. Most of the farmers who sold potatoes at that low price were veterans who took up land under the Veterans Land Act, or young farmers just starting in to farm. There was no protection for them. They were forced to sell their potatoes for as low as 20 cents a bushel, which is one-third of the cost of production or less. No action was taken by the government, although there was a committee of the marketing board and a committee of the

provincial government set up. We had delegations come to Ottawa and wait upon the Department of Agriculture no fewer than three times during that period. They never got any satisfaction or any relief whatever until they came here just before the Easter recess.

Then there was some plan worked out. No one knows yet what the plan is, only that the government has guaranteed on potatoes delivered to the starch factories a price of 22 cents a bushel, not over 22 cents a bushel. They do not guarantee that they will pay over that. They can pay under that. It will depend upon what the marketing boards of Prince Edward Island and New Brunswick set as the price. If they set a price below 44 cents a bushel then the government will pay less than 22 cents a bushel, but the government through an arrangement with the provincial government, I believe, is going to pay the farmers if the marketing board price that the two provinces set is 44 cents a bushel. If it is that figure then they will pay 22 cents a bushel, or half of the 44 cents a bushel. Forty-four cents a bushel is the set price of the marketing board at the present time.

The farmer has to grade these potatoes, and they must be No. 1 potatoes. Twenty-five per cent of each load hauled to the starch factories can be No. 1 small. They do not get paid for the potatoes when they deliver them to the factory. The factory pays the 22 cents a bushel that they agreed to pay during the month of April, but the government gives them a participation certificate. I have heard a lot of talk in this house from the western members about participation certificates, but I never thought we would come to them in eastern Canada. I have heard discussions in this house about income tax. Our potato growers are not worrying this year about the income tax. They are worrying about the sheriff coming in and putting them out of doors and forcing them into bankruptcy.

Potato growers in New Brunswick want whatever the government is going to give them, or the provincial government, or whatever government it is going to be. Whatever plan was made between the two governments they want it now because the banks are forcing them—

Mr. Gardiner: May I ask a question? Are not the two starch factories in New Brunswick going to pay the farmers 60 cents a barrel? As I understand, that works out to 22 cents a bushel.

Mr. Hatfield: Yes.

Mr. Gardiner: Why is my hon. friend giving the impression that the government is going to pay it? Why is he giving the impression that they are not going to be paid when the potatoes are delivered?

Mr. Hatfield: The starch factories pay their 22 cents a bushel when the potatoes are delivered, but the government's 22 cents a bushel, which they have agreed to pay, is not going to be paid. They receive only a certificate for their 22 cents a bushel until the end of the season. It may be paid before the provincial election in Prince Edward Island. I do not know. That is all they are getting today. The government part of the bargain is a 22-cent participation certificate, being 22 cents a bushel. That certificate is no earthly good to the farmer. The farmers cannot take them to the bank and pay their notes for last year's fertilizer, and they are being forced into bankruptcy every day in our province and in the potato district.

This potato industry was built up as a $20 million industry in the province of New Brunswick. It has been built up over a period of years. The government has done very little toward the building up of that industry. The farmers and the shippers have spent their own money building up that industry, and now it is gone. They have sold their potatoes not only this year but for three years now at less than the cost of production. According to the act and according to the letters I received from Dr. Shaw last spring that was not supposed to happen. He said that the Agricultural Prices Support Act was supposed to help the farmers. This is what he said:

> I would like to point out that the Agricultural Prices Support Act states: "That the board shall endeavour to ensure adequate and stable returns for agriculture . . . and shall endeavour to secure a fair relationship between the returns for agriculture and those from other occupations."

The Chairman: Order. It being eleven o'clock, shall I report progress?

Mr. Hatfield: I shall have something more to say about it later.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Weir: Mr. Speaker, I wonder whether you would be good enough to revert to motions to allow me to submit the names of the members composing two special committees?

Special Committees

VETERANS AFFAIRS

NAMES OF MEMBERS COMPRISING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the following members comprise the special committee on veterans affairs as provided for in the resolution passed by the house on Wednesday, April 4, last:

Messrs. Balcom, Bennett, Blair, Brooks, Carroll, Carter, Corry, Croll, Cruickshank, Gauthier (Portneuf), George, Gillis, Goode, Green, Harkness, Henderson, Herridge, Langlois (Gaspe), Larson, Lennard, McMillan, McWilliam, Mott, Mutch, Pearkes, Quelch, Roberge, Stewart (Yorkton), Thomas, Weaver, White (Hastings-Peterborough).

Motion agreed to.

INDIAN ACT

NAMES OF MEMBERS COMPRISING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the following members comprise the special committee on the Indian Act, as provided for in the resolution passed by the house on Monday, April 2, last:

Messrs. Applewhaite, Ashbourne, Black (Chateauguay-Huntingdon-Laprairie), Blackmore, Blue, Boucher, Brown (Essex West), Bryce, Cauchon, Charlton, Diefenbaker, Fulton, Gibson, Harkness, Hatfield, Jutras, Little, MacLean (Cape Breton North and Victoria), Murray (Cariboo), Noseworthy, Richard (Gloucester), Smith (Queens-Shelburne), Simmons, Valois, Welbourn, Whiteside, Wood.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Gardiner: On Monday we will move to go into supply. When in committee we will call four departments, and then proceed with consideration, first of the estimates of the Department of Transport and, secondly, the Department of Agriculture.

It being five minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, April 9, 1951

The house met at three o'clock.

S.S. "QUEBEC"

DESTRUCTION BY FIRE ON AUGUST 14, 1950—REPORT OF COURT OF INVESTIGATION

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I wish to table the report of the court of investigation into the circumstances of the destruction by fire of the S.S. *Quebec* off Tadoussac on August 14, 1950. Under the provisions of section 551 of the Canada Shipping Act, the Hon. Mr. Justice Fernand Choquette was appointed on August 18, 1950, as commissioner to investigate and report on the circumstances of the loss of the *Quebec*. He was assisted by two nautical assessors, Captain Antoine Fournier and Captain Jean-Charles Fraser, and by an engineering assessor, Mr. William Percival.

Counsel appeared for the Department of Transport, for Canada Steamship Lines, Limited, and their officers, and for one of the passengers. During the course of the nineteen hearings held in Quebec city, a total of fifty-two witnesses were heard by the court. Over one hundred exhibits were produced in support of the evidence.

Members will recall that on November 21, 1949, the Minister of Trade and Commerce (Mr. Howe) in my absence tabled the report of the formal investigation into the destruction by fire of the S.S. *Noronic*. Recommendations contained in the *Noronic* report resulted in the passenger steamships fire protection regulations being made. When these regulations were promulgated I stated that they would be implemented as far as practicable before the opening of the navigation season of 1950. In the case of the *Quebec* a very earnest effort was made by the owners to comply with these regulations, and the report indicates that there was considerable new equipment installed. However, due to lack of time, it was not possible for the owners to complete certain fireproof bulkheads and sprinkler systems which were required.

A study of the report reveals that the investigation gave ample opportunity for all persons having knowledge of the disaster to give evidence, as well as the officers and crew, and officials of the board of steamship inspection. All relevant documents were submitted for the examination of the court and I think I may say without fear of contradiction that the investigation was searching, impartial, and thorough.

In his report the commissioner makes the following statement:

> In the circumstances as revealed by the evidence, we are of the opinion that the board of steamship inspection and the Minister of Transport gave reasonable interpretation to section 11 of the regulations of 1950 in authorizing, under prescribed conditions, the issue of the certificate of seaworthiness.

Section 111 of the report, entitled "Origin and Cause of Fire", is most enlightening. The owners, in their representations, claimed that the fire was of an incendiary nature, and made available to the court the opinion of a consulting chemist, Mr. Hazen. It was generally conceded that the fire had its origin in the linen closet.

Expert evidence established to the satisfaction of the court that, having regard to the contents of the linen closet, spontaneous combustion was not possible, nor was it possible that the fire could have been caused inadvertently. Counsel for the Department of Transport expressed the opinion that there was strong presumptive evidence that the fire had been voluntarily set, and the court, in concurring, summed up by saying:

> Mr. Hazen's evidence, considering the circumstances on which it is based and the circumstances in which the aero-electric fire alarm system did not function, does not leave us any alternative. Failing proof to the contrary, we have to hold that the fire on board the S.S. *Quebec* which occurred on August 14, 1950, off Tadoussac, was deliberately set by one or several individuals whose identity is not established.

The procedure followed in formal investigations of this kind is for the Department of Transport to propound certain questions for the opinion of the court. For the information of the house I quote two of the questions and answers which are recorded in the report:

> Question: What was the cause of the loss of the *Quebec*, and the loss of life?
>
> Answer: The *Quebec* was destroyed by fire, and, according to evidence which was not contradicted, fire was set deliberately by one or several persons whose identity has not been established, and the extinction of that fire was jeopardized by the fact that the aero-electric fire-alarm system was deliberately put out of order.
>
> The cause of the loss of lives was asphyxia by carbon monoxide resulting from inhalation of smoke, as well as secondary charring.
>
> Question: Were the loss of the *Quebec* and the loss of life caused or contributed to by the wrongful act or default of the owners, Canada Steamship

S.S. "Quebec"

Lines, Limited, Montreal; Captain Cyril Hunter Burch, the master, or by any other person or persons?

Answer: No. There were several individual faults and omissions on the part of members of the crew to go to stations which were assigned to them; moreover, the lack of fire-fighting qualifications and training of the crew is obvious; but, in view of the nature of the fire and the fact that the aero-electric fire-alarm system was put out of order, the evidence does not permit to say positively and beyond all doubt that these defaults, omissions and insufficiencies contributed to the destruction of the ship and the loss of lives.

The commissioner made some six recommendations, the first having reference to personnel and the others having reference to equipment. These recommendations will receive the immediate attention of the department.

With the full implementation of the passenger steamships fire protection regulations of 1950, which must be complied with before different types of ships are placed in commission for the season of 1951, the fire protection standards on Canadian vessels will be the highest required in any maritime nation, and the travelling public will be assured of the best possible protection.

[*Later:*]

On the orders of the day:

Mr. Gordon Graydon (Peel): Mr. Speaker, I should like to direct a question to the Minister of Transport arising out of his statement with respect to the loss of S.S. *Quebec*. What progress has been made in establishing the identity of or apprehending the persons who are believed to have been guilty of the sabotage which he has just described?

Hon. Lionel Chevrier (Minister of Transport): That is a matter for the court of justice in the province in which the investigation took place. As I stated a moment ago, the evidence indicated that the fire was of an incendiary nature, and I presume it would be up to the authorities in that area to prosecute the offenders. However, when there is no way of finding out who they are, as stated in the report, I am afraid that I cannot enlighten my hon. friend any further.

(Translation):

Mr. Paul E. Gagnon (Chicoutimi): I should like to ask the Minister of Transport (Mr. Chevrier) if the board of transport commissioners has not gone beyond its authority in granting a navigation licence to the S.S. *Quebec* although the latter did not have proper fire-fighting equipment as recommended in the report of the investigation into the *Noronic* fire.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the board of transport commissioners does not grant navigation permits to any company. This privilege belongs to the Department of Transport. The department had authorized the Canada Steamship Lines to make use of this ship after the company had assured the department that it would implement the recommendations made by the Kellock commission in its report on the *Noronic* fire, since the company could not carry out all the alterations before the shipping season. Thus, we did grant them a licence and the commissioner, Judge Choquette, decided the department was perfectly right in doing so.

(Text):

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

VETERANS LAND ADMINISTRATION—ROSELAND PROJECT, WINDSOR, ONT.

Mr. Brown (Essex West):

1. Did the government, through the Department of Veterans Affairs or otherwise, purchase property at Windsor, known as the Roseland project, veterans land administration?

2. Did the Department of Veterans Affairs or the veterans land administration subsequently build on the said lands a number of dwellings, and were these lands and dwellings subsequently sold to individual veterans of world war II?

3. At the time of any such purchase, were investigations made as to taxes or other levies which might form a charge against the said lands?

4. Were the veterans who purchased the lands and premises from the veterans land administration required to engage solicitors for their own protection, and if not, were they recommended not to engage such solicitors?

5. Have any claims been made by the municipality in which such lands are situated for any taxes or local improvement levies which were alleged to be owing at the time of the purchase of the said lands by the veterans land administration?

6. If so, does the government propose to dispute the said claim of the municipality?

7. Alternatively, has the government taken any action to assume such obligation?

Mr. Mutch:

1. Yes; the property was purchased by the director, the Veterans Land Act.

2. The veterans land administration did build a number of buildings on the said lands, and these have been sold to individual veterans pursuant to the terms of the Veterans Land Act, 1942.

3. Yes.

4. The director, the Veterans Land Act, has no authority to require veterans to obtain the services of solicitors for any purpose. The director has no knowledge of any recom-

mendations made to veterans not to engage solicitors in connection with their purchases of lands under the Veterans Land Act, 1942.

5. Claims have been made by the municipality of the township of Sandwich West for alleged arrears of taxes dealt with by a plan for the adjustment and reorganization of the debenture and other indebtedness of the municipal corporation dated the 1st of December, 1946, purporting to be implemented by bylaw No. 1207 of the corporation passed on the 22nd of September, 1947, and approved by the department of municipal affairs for the province of Ontario on the 24th of September, 1947, and approved by the Ontario muncipal board on the 9th of July, 1947, which bylaw and plan and all levies purporting to be made thereunder for the years 1945, 1946, 1947 and 1948 were ratified and confirmed by an act of the province of Ontario known as Township of Sandwich West Act, 1949. The director, the Veterans Land Act, has made payments to the municipality equivalent to the taxes for the years 1945 to 1950, inclusive, that might have been levied on the lands concerned had such lands not been owned by the crown; the present claims relate to levies made pursuant to the above proceedings for the year 1948 and subsequent years in relation to lands sold during those years to veterans and others.

6. No, in view of facts recited in answer to No. 5.

7. See answers to Nos. 5 and 6.

MARITIME MARSHLAND REHABILITATION

Mr. Kirk (Antigonish-Guysborough):

What amount has been expended each year under the provisions of the Maritime Marshland Rehabilitation Act, to December 31, 1950, in (a) Nova Scotia; (b) New Brunswick; (c) Prince Edward Island, giving the name of each project and the cost of same?

Mr. McCubbin:

	Expenditure Apr. 1/49 to Mar. 31/50	Expenditure Apr. 1/50 to Dec. 30/50
(a) Nova Scotia		
Name of marsh body		
Annapolis County		
Comeau	$23,024.07	$ 106.60
Queen Anne	361.61	52,409.58
Dugau	.....	17,994.71
Woodworth	1,642.73	88.00
Upper Belleisle	.....	150.80
Dentiballis	297.00	41,483.17
Ryerson	.....	69.79
Allan river	.....	634.70
Mount Anne	.....	921.45
Moschelle	.....	900.30
Annapolis Royal town	.....	332.00
Colchester County		
Truro dikeland park	307.50	39,221.29
Victoria Diamond Jubilee	.....	35,751.85
Isgonish	.....	127.00
Cumberland County		
Advocate	.....	416.05
Upper Nappan	.....	307.11
Amherst Point.	.....	34,705.54
Barronsfield	.....	720.20
Digby County		
Saulnierville	.....	6,380.78
Hants County		
Falmouth great dike	291.67	37,315.02
Castle Frederick	.....	449.30
Falmouth village	.....	1,497.87
Noel shore	.....	650.25
Newport town	.....	382.70
Selmah marsh body.	.....	396.00
Scotch village.	.....	124.85
Herbert river	.....	389.95
Kings County		
Grand Pre	899.50	62,252.97
Habitant	.....	3,249.49
Total		$439,429.32
(b) New Brunswick		
Name of marsh body		
Albert County		
Upper dike	$ 2,468.16	$ 4,577.29
Germantown	9,639.21	1,780.40
Hopewell Hill.	212.45	9,788.24
Lower Coverdale	.....	10,560.97
Middle Coverdale	.....	9,753.39
New Horton	.....	948.10
Upper Coverdale	.....	650.21
Calkins	.....	6,360.99
West Coverdale	.....	333.50

Questions

	Expenditure Apr. 1/49 to Mar. 31/50	Expenditure Apr. 1/50 to Dec. 30/50
Westmorland County		
Tantramar west	3,565.62	3,662.12
Allison	868.10	12,556.55
Westcock	910.69	43,411.73
Taylor village	4,987.83	3,527.82
Coyle Landry	634.32	1,370.37
Belliveau village	1,467.05	903.76
Pre d'en Haut	6,737.02	2,083.97
Dorchester	.....	11,985.55
Dixon island	.....	5,896.64
Fox creek	.....	391.95
Beaumont	.....	13,465.17
Gautreau village	.....	2,220.97
Memramcook	.....	5,674.01
Aulac	.....	3,065.88
Dock	.....	1,151.05
College bridge	.....	1,042.80
Log lake	.....	230.50
Dover	.....	471.20
Total	.....	$157,865.13
(c) Prince Edward Island		
Queens County		
Johnston river	.....	$15,918.93

PRAIRIE FARM ASSISTANCE

Mr. Argue:

1. On how many acres of cultivated land was prairie farm assistance paid or approved for payment in Alberta, Saskatchewan and Manitoba, because of crop failure in 1950?

2. How many acres of cultivated land were ineligible within the eligible area because of paragraph (c) subsection 3 of section 3 of the Prairie Farm Assistance Act, in each of the said provinces?

Mr. McCubbin:

1. As at March 22, 1951

	Acres
Alberta	3,428,203
Saskatchewan	7,123,002
Manitoba	198,092

2. As at March 22, 1951

	Acres
Alberta	42,439
Saskatchewan	841
Manitoba	785

PRAIRIE FARM ASSISTANCE

Mr. Argue:

1. What amount was paid or passed on favourably in each of the provinces of Alberta, Saskatchewan and Manitoba under the Prairie Farm Assistance Act because of crop failure in 1950?

2. In how many cases have requests or applications for payment been denied in each of the said provinces?

Mr. McCubbin:

1. As at March 22, 1951

Alberta	$2,648,093.25
Saskatchewan	4,743,632.50
Manitoba	165,666.50

2. As at March 22, 1951

Alberta	869
Saskatchewan	781
Manitoba	211

PRAIRIE FARM ASSISTANCE—PAYMENTS TO EMERGENCY FUND

Mr. Boisvert:

What amount was paid out each year since 1945 to the prairie farm emergency fund under the Prairie Farm Assistance Act, 1939?

Mr. McCubbin:

Crop year	
1944-45	$ 5,385,586.61
1945-46	3,426,358.40
1946-47	5,193,807.64
1947-48	5,116,318.20
1948-49	6,628,496.52
1949-50	8,397,054.78

KOREA—CANADIAN ARMY SPECIAL FORCE—PERSONNEL IN TRAINING

Mr. Courtemanche:

1. How many soldiers have enlisted in the province of Quebec since the outbreak of the Korean invasion?

2. Of these enlistments, what is the number of each nationality?

3. How many Canadian soldiers are there on the Korean battlefields and in Europe?

4. How many Canadian soldiers are in training at the present time?

5. How many officers of each nationality are serving with the Canadian forces in the Korean campaign and in Europe?

6. How many officers of each nationality are with the Canadian forces now in training?

Mr. Blanchette:

1. 4,461 soldiers since June 25, 1950.

2. Records are classified on the basis of Canadians and other British subjects. All are Canadians except nine other British subjects.

3 and 5. In so far as Korea is concerned, it is not in the public interest to give the numbers of men in a theatre of active hostilities. The only officers and men now stationed in Europe are eight officers serving as mili-

tary attachés and seven other ranks on their staffs. In addition, there are others who visit European countries from time to time for purposes of training, liaison, giving or obtaining information, et cetera. All of these are Canadian or other British subjects.

4 and 6. 513 officers and 10,365 other ranks in training; all Canadian or other British subjects.

Questions

PRAIRIE FARM REHABILITATION AND ASSISTANCE ACTS

Mr. Kirk (Antigonish-Guysborough):

1. What amount was paid out each year from inception of policy to date, under the Prairie Farm Rehabilitation Act (a) in Canada as a whole; (b) in each of the prairie provinces?

2. What amount was paid out each year from inception of policy to date, under the Prairie Farm Assistance Act (a) in Canada as a whole; (b) in each of the prairie provinces?

Mr. McCubbin:

1. (a) and (b)

Year	Administration	Manitoba	Saskatchewan	Alberta	B.C.	Total
1935-36 ..	$ 37,940.58	$ 50,366.13	$ 236,077.40	$ 87,158.68		$ 411,542.79
1936-37 ..	32,729.13	76,565.99	662,116.00	188,407.66		959,818.78
1937-38 ..	57,093.58	152,873.05	1,398,910.03	245,122.86		1,853,999.52
1938-39 ..	118,298.15	338,069.74	2,599,856.97	282,821.65		3,339,046.51
1939-40 ..	180,357.81	204,594.10	2,524,380.65	320,824.39		3,230,156.95
1940-41 ..	141,489.38	346,898.23	1,635,114.30	223,273.13		2,346,775.04
1941-42 ..	134,588.86	217,760.75	1,840,590.71	213,562.97		2,406,503.29
1942-43 ..	140,063.11	125,279.96	1,284,319.38	179,692.32		1,729,355.77
1943-44 ..	138,713.62	132,449.03	1,321,656.52	218,486.20		1,811,305.27
1944-45 ..	188,577.01	185,388.11	1,292,614.31	252,295.50		1,918,874.93
1945-46 ..	171,816.46	223,449.63	1,450,917.01	295,644.78		2,141,827.88
1946-47 ..	145,490.69	160,654.89	1,450,333.91	549,048.78		2,305,528.27
1947-48 ..	163,620.17	143,560.45	1,386,490.00	459,055.23	$99.20	2,152,825.05
1948-49 ..	218,431.56	178,336.36	2,045,667.88	544,181.38		2,983,296.27
1949-50 ..	(Breakdown by provinces not available)					2,892,075.56
1950-51 ..	To February 28, 1951					3,177,384.50
Total . . .	$1,869,210.11	$2,536,236.42	$21,129,045.07	$4,059,575.53	$99.20	$35,660,315.38

2. (a) and (b)

1939	$ 905,416.54	7,574,890.68	1,429,708.31		9,910,015.53
1940	615,109.23	5,603,266.80	504,179.29		6,722,555.32
1941	36,513.28	12,010,772.42	3,466,120.05		15,513,405.75
1943	16,685.25	5,037,472.87	2,425,057.59		7,479,215.71
1944	163,501.97	2,980,282.58	2,833,762.91		5,977,547.56
1945	30,148.50	12,541,768.16	4,395,734.38		16,967,651.04
1946	6,163.50	9,204,820.72	1,620,922.17		10,831,906.39
1947	490,410.75	13,368,005.75	3,375,088.60		17,233,505.10
1948	63,438.75	11,531,228.25	2,542,440.25		14,137,107.25
1949	332,454.25	15,373,261.50	6,336,359.25		22,042,075.00
1950 (February 24)	.....	2,013,200.25	987,656.50	$17,233.00	3,018,089.75
Total	$2,659,842.02	$97,240,970.28	$29,917,029.30	$17,233.00	$129,833,074.40
			Less 1 per cent levy		$48,055,353.00
			Net payments		$81,777,721.40

Questions

IMMIGRATION AND DEPORTATIONS

Mr. White (Middlesex East):

1. How many immigrants entered Canada in each of the years 1946 to 1950, inclusive?

2. What number from (a) the United Kingdom; (b) the United States; (c) the commonwealth countries other than the United Kingdom; (d) continental Europe; (e) Asia; (f) Africa, during each of the above-mentioned years?

3. What number of immigrants (a) infants to eighteen years of age; (b) eighteen years of age to sixty-five; (c) sixty-five years and over, entered Canada during each of the years 1946 to 1950, inclusive?

4. What number of people were deported from Canada in each of these years, and how many of each nationality?

5. How many were deported during each of the said years on account of (a) disease, showing the number in each category; (b) offences, showing the number in each category?

6. How many Canadians were deported or rejected by the United States in each of these years, and for what reasons, showing the number in each category?

7. How many immigrants entered Canada during each of the years 1946 to 1950, inclusive, in the following religious groups: (a) Anglican; (b) Baptist; (c) Jewish; (d) Lutheran; (e) Mormon; (f) Presbyterian; (g) Roman Catholic; (h) Salvation Army; (i) United Church; (j) other religious groups; (k) of no stated religion?

Mr. Harris (Grey-Bruce):

1. Immigration to Canada, by calendar years, for the period 1946 to 1950:

1946	71,719
1947	64,127
1948	125,414
1949	95,217
1950	73,912
Total	430,389

2. Immigration to Canada showing Place of Last Permanent Residence, for the Calendar Years 1946-1950.

	1946	1947	1948	1949	1950	Totals
United Kingdom	50,516	35,551	42,680	20,780	12,695	162,222
United States	11,474	9,444	7,393	7,756	7,821	43,888
Commonwealth countries (other than United Kingdom)	3,606	4,313	5,260	2,036	2,050	17,265
Continental Europe	5,131	13,709	67,754	61,601	47,857	196,052
Asia	143	267	547	1,075	2,065	4,097
Africa	69	45	92	82	85	373
Others	780	798	1,688	1,887	1,339	6,492
	71,719	64,127	125,414	95,217	73,912	430,389

3. There is no break-down available by the age groups mentioned. Departmental statistical tabulation groups persons under eighteen years of age; eighteen to forty-nine inclusive; and fifty years and over. Statement by age groups in accordance with such break-down follows:

Immigration to Canada showing Age Groups, for the Calendar Years, 1946-1950

Age groups	1946	1947	1948	1949	1950	Totals
Under 18 years	20,967	12,059	27,237	23,216	19,040	102,519
18-49 years	47,176	44,876	87,590	63,588	47,972	291,202
50 years and over	3,576	7,192	10,587	8,413	6,900	36,668
Totals	71,719	64,127	125,414	95,217	73,912	430,389

4. See statement on following page.*

5. The departmental statistical tabulation does not show the break-down by categories of disease and of offence. The break-down is fourfold, viz., medical, public charges, criminality, and other civil causes as per statement hereunder.

Deportations from Canada, by Causes, for the Calendar Years 1946-1950

	1946	1947	1948	1949	1950	Totals
Medical	16	33	33	48	46	176
Public charges	10	8	18	27	31	94
Criminality	114	143	120	94	100	571
Other civil causes	203	184	181	243	210	1,021
Totals	343	368	352	412	387	1,862

6. Information not available.

7. Information not available.

[Mr. McCubbin.]

*Deportations from Canada, by Nationalities, for the Calendar Years 1946-1950

Nationalities	1946	1947	1948	1949	1950
Austrian	2	–	–	–	–
Belgian	–	3	4	2	3
British	163	176	178	202	154
Central American	1	–	1	–	1
Chinese	17	17	13	1	–
Czechoslovakian	–	–	–	1	3
Danish	5	4	7	5	3
Dutch	9	6	5	19	17
Estonian	6	2	–	4	1
Finnish	4	9	4	3	1
French	6	5	3	3	3
German	–	2	3	1	6
Greek	6	3	8	6	5
Hungarian	1	1	1	1	1
Icelandic	–	1	–	–	–
Irish Republican	–	–	–	6	2
Italian	–	6	5	4	6
Japanese	8	1	–	–	–
Latvian	2	1	1	2	2
Lithuanian	–	–	–	3	–
Mexican	–	–	–	1	3
Norwegian	8	14	15	21	20
Polish	3	1	8	17	23
Portuguese	–	1	–	1	–
Roumanian	1	–	–	2	1
Russian	–	1	1	1	4
South American	–	4	–	4	4
Spanish	3	1	1	2	6
Swedish	12	7	11	4	8
Turkish	–	–	1	–	–
United States	83	97	80	92	108
Ukrainian	–	–	–	2	–
Yugoslavian	–	3	1	1	2
Others	3	2	1	1	–
Totals	343	368	352	412	387

SALES AND EXCISE TAXES, NEWFOUNDLAND, 1949-51

Mr. Browne (St. John's West):

What amount of money was collected in Newfoundland, for (a) sales tax; (b) liquor tax; (c) tobacco tax, during the fiscal years 1949-1950 and 1950-1951?

Mr. McCann:

(a) 1949-50 .....$1,866,038.79
1950-51 (only first 11 months figures available) 1,625,698.99

(b) (i) Excise duty paid in 1949-50 .....$ 62,035.27
1950-51 (only first 11 months figures available) .....$ 115,739.07

(ii) Customs duty (only available by calendar years) 1949 .....$ 52,878.00
1950 .....$ 401,200.00
1951 (January) .....$ 48,200.00

Questions

(iii) Excise duty paid on malt used in the production of beer
1949-50 .....$ 375,014.08
1950-51 (only first 11 months figures available) .....$ 437,444.13

(c)

	Excise duty	Excise taxes
1949-50	$895,581.07	$919,118.21
1950-51 (only first 11 months figures available)	$832,137.50	$817,686.45

NATIONAL FILM BOARD—"FOUR CANADIAN SONGS BY CANADIAN SINGERS"

Mr. Browne (St. John's West):

1. How many copies of the animated cartoon prepared in 1949, entitled "Four Canadian Songs by Canadian Singers," are now in circulation?
2. Where are they being exhibited?
3. How much did this cartoon cost to prepare, and what revenue has been received on account of it?
4. What are the names of the composers of these songs?
5. Have any other similar cartoons been prepared and distributed by the film board?
6. If so, what are the particulars?

Mr. Maybank:

1. The film board has made no picture entitled "Four Canadian Songs by Canadian Singers".

2, 3, 4, 5 and 6. Answered by No. 1.

MINISTER OF AGRICULTURE—COST OF TRIP TO UNITED KINGDOM

Mr. Argue:

1. What are the names of all persons who accompanied the Minister of Agriculture on his recent trip to the United Kingdom?
2. What was the total cost of this trip to the Canadian government?
3. What expenses were incurred by (a) the Minister of Agriculture; (b) each official of the Canadian government?

Mr. McCubbin:

1. J. H. Wesson, G. S. H. Barton, D. M. Allan.

2. $2,677.90.

3. (a) $780; (b) $748.81—J. H. Wesson; $540.46—G. S. H. Barton; $608.63—D. M. Allan.

MILITARY COLLEGES—NUMBER OF CADETS, 1948-50

Mr. Balcer:

1. How many cadets entered the military colleges of the Department of National Defence in the years 1948, 1949 and 1950?
2. How many of the said cadets were from the province of Quebec?
3. How many of the latter were French-Canadians?

Questions

Mr. Blanchette:

1. 1948, 185; 1949, 170; 1950, 154.

2. 1948, 38; 1949, 30; 1950, 24.

3. The racial origin of candidates entered in Canadian services colleges is not recorded. Eligibility is restricted to Canadian citizens or British subjects normally resident in Canada. Fifty-one of ninety-two cadets from Quebec indicate French as their mother tongue.

CANADIAN NAVAL SHIPS—DAYS AT SEA, 1950

Mr. Balcer:

How many days were spent at sea during 1950 by H.M.C.S. *Magnificent*, H.M.C.S. *Ontario*, each destroyer and each frigate, of the Royal Canadian Navy?

Mr. Blanchette:

Ship	Days at sea —1950
Magnificent	152
Ontario	93
Destroyers	
Micmac	161
Nootka	47
Crescent	40
Huron	119
Haida	0
Cayuga	190
Athabaskan	177
Sioux	194
Frigates	
La Hulloise	90
Swansea	153
St. Stephen	102
Antigonish	108
Beacon Hill	98

DEFENCE PROGRAM—TRAVELLING EXHIBITION OF MATERIALS, ETC.

Mr. Knowles:

1. Has consideration been given to a travelling exhibition of items needed in the current defence program, so as to enable plants in all parts of Canada to ascertain items which they could produce?

2. If so, what is the result of such consideration?

3. If not, will consideration be given thereto?

Mr. McIlraith:

1. No.

2. See answer to No. 1.

3. No further consideration at the present time.

ANTISUBMARINE ESCORT VESSELS

Mr. Balcer:

1. How many antisubmarine escort vessels are being built in Canada?

2. What are the names of the shipbuilding yards where they are being built, and where are the said yards located?

[Mr. Balcer.]

3. On what date was the building of each of the said vessels started, and when will each be completed?

4. What is the cost of each vessel?

Mr. McIlraith:

1. Seven at the present time.

2. Canadian Vickers Limited, Montreal, Que.

Halifax Shipyards Limited, Halifax, N.S.

Burrard Dry Dock Co. Ltd., North Vancouver, B.C. and Victoria, B.C.

Marine Industries Limited, Sorel, Que.

3. Orders were placed in April and May, 1950, and procurement of necessary materials commenced almost immediately.

4. $8 million, estimated.

QUESTIONS PASSED AS ORDERS FOR RETURNS

POST OFFICE—NEWFOUNDLAND—REVENUES AND EXPENDITURES

Mr. Browne (St. John's West):

What have been the revenues and expenditures of the Post Office Department in Newfoundland, for the fiscal years 1949-50 and 1950-51?

CIVIL SERVICE SALARY INCREASES

Mr. Knowles:

1. Were the recent increases in civil service salaries awarded to all civil servants?

2. If not, what individuals, groups or classifications were not given the increase, and why?

RAILWAYS

ALLOCATION OF BOX CARS FOR MOVEMENT OF WESTERN GRAIN

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport. Did the Minister of Agriculture bring to the attention of the Minister of Transport my remarks on Friday evening when I asked if the government would consider appointing a transport controller to allocate railway box cars in such manner as to ensure that western grain is moved off the farms by the end of the crop year?

Hon. Lionel Chevrier (Minister of Transport): Yes, the Minister of Agriculture did bring to my attention the remarks made by my hon. friend during the consideration of the estimates of the Minister of Agriculture on Friday. I took the trouble to read the statement made on that occasion by the hon. member, and I am sorry to have to say to him that the statement which he made was misleading and unfair, because the position is not at all as he states it.

When I made a statement in the house on February 19 I indicated that the United States railroads were doing everything in their power to return box cars of Canadian origin to Canada. I stated also on that occasion that no stone would be left unturned to remedy the situation, and that has been the position. Contrary to what my hon. friend said, the position has been bettering itself ever since I made that statement, because of two things: first, because of the action of the United States railroads and, second, because of a committee appointed by the Department of Transport composed of representatives of the lake carriers, the wheat board and the railways of Canada to find ways and means of getting box cars to western Canada as quickly as possible and to those parts of the country where they are most needed.

The facts are that on Friday, April 6, the unfavourable balance of Canadian box cars in the United States had been reduced from a peak of 18,000 to 10,000, a reduction of 8,000 by way of improvement. Further, on that day I saw a letter from the chairman of the wheat board indicating that the situation was bettering itself. To appoint a transport controller at this time would not in my opinion help the situation unless there existed an opposite number to him in the United States. My hon. friend concludes by saying that nothing resulted from the statement made by myself in the house, and that the situation is much worse, but that is a misleading statement. It is far better than it was on February 19. I think if my hon. friend is fair with himself he will take the first opportunity he can to make the necessary correction in *Hansard*.

Mr. Argue: I think I should have the right, Mr. Speaker, to reply to the minister, in a sentence. I telephoned the bureau of statistics —

Some hon. Members: Order.

Mr. Speaker: Order. I cannot allow a debate on this subject at this time, but I think the hon. member for Assiniboia should be allowed to make a statement. He said it would be about one sentence.

Mr. Argue: It is a question of privilege, and I will do it in one sentence. The minister has questioned my statement that things have become worse. I will tell him where I got my information. I got it from the transportation division of the bureau of statistics, and I asked them to give me the very latest available statistics. They told me the latest available statistics were for March 15. Those are the ones I quoted, and my statement stands on the basis of the information that I could obtain.

Mr. Chevrier: Mr. Speaker, what my hon. friend says is probably so, but he forgot one very important thing—that there are many United States box cars in Canada. That is what he forgot to put on *Hansard*. If he had put those figures on *Hansard* the house would then have had an accurate picture.

Mr. Argue: I was talking about the net position, and the net position was worse on March 15 than when the minister made the statement in February.

Mr. Diefenbaker: I should like to ask the Minister of Transport a supplementary question. If I may be pardoned for saying so, the record that I received indicated that there were in March 15,000 more Canadian freight cars in the United States than there were United States freight cars in Canada, or twice the ordinary adverse balance. In 1949 the situation was reversed; there were more United States freight cars in Canada. At that time the United States government made a direct appeal to the government of Canada, and action was taken by the government of Canada. I should like to ask the minister whether, having regard to the serious car shortage in western Canada for grain and lumber transport, consideration has been given by the government of Canada to communicating with the United States government for the purpose of having them do something to remedy a situation that is becoming most serious.

Mr. Chevrier: The situation to which my hon. friend refers is due to two main causes. The first is the switchmen's strike in the United States, which interrupted the movement of box cars into Canada. The second is the very serious blizzard that took place in western Canada some weeks ago. If it had not been for those two causes, I think I am safe in saying that the position would have been pretty much as it is each year.

The Minister of Trade and Commerce has already taken action in conjunction with our department to ensure the movement of wheat by lake carriers from the head of the lakes down the St. Lawrence up until the 10th or 15th of May. So far as the box car position is concerned, the question of my hon. friend with respect to taking action through the Department of External Affairs is not one for me to dispose of, but it is one to which we have given consideration. Having regard to all the circumstances, we feel in our department that we have done everything we can at this time to deal with the situation. It may be that a transport controller will become necessary in the future. At the moment I say the position is bettering itself; at least

that is what the chairman of the wheat board states. It has bettered itself in the last few days to the extent of 5,000 cars.

BUTTER AND EGGS

INQUIRY AS TO ANNOUNCEMENT OF SUPPORT PRICES

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct a question to the Minister of Agriculture. Is the minister prepared to make a statement with respect to the decision of the cabinet as to what the support prices will be for butter and eggs? If not, when can we expect an announcement to be made?

Right Hon. J. G. Gardiner (Minister of Agriculture): The matter has not yet been discussed by council, the chief reason being that I have still to meet the representatives of the cheese producers of Ontario this week, and after I meet them there will be some discussion of the question.

EXTERNAL AFFAIRS

INQUIRY AS TO ACTION BY GOVERNMENT AS A RESULT OF STATEMENT BY GENERAL MACARTHUR

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Is the Secretary of State for External Affairs in a position yet to answer the question I asked last Thursday, which was as follows:

Is it the intention of the government to take any official action over the latest rebuke by General MacArthur to the elected representatives of the people?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, there may be some statements of General MacArthur which have been controversial in character, but I do not know of any particular statement of the general which could be considered a rebuke to the elected representatives of the people; therefore I am not able to deal with the question.

Mr. Coldwell: As a supplementary question, has the minister seen the letter that General MacArthur wrote to representative Martin regarding the Korean situation? If so, has he any comment to make on the proposals made by the general in that letter?

Mr. Pearson: Yes, I have seen the letter, and have read it with considerable interest. Our views on the matters contained therein, and other relevant matters, have already been conveyed informally to the United States government, and I do not feel that I should say anything more at this time on the subject.

[Mr. Chevrier.]

WHEAT

QUESTION AS TO OFFER MADE BY CANADA TO INDIA

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Secretary of State for External Affairs, having to do with a matter of which I gave him notice last week. In view of the decision of the Indian government not to accept the offer of Canadian wheat with strings attached tying it up to the Colombo plan, will the government consider making an outright gift of low grade wheat to the Indian government?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the position with regard to this matter is as follows: the Canadian offer of wheat to India under the Colombo plan had no strings attached, nor has India refused our offer. The only wheat now available for export from Canada is of low grade, No. 5 and 6 Manitoba. As this quality is unsuitable for India, where wheat is used directly in the government rationing system, the Indian government has preferred to wait until our next crop year when a better grade may be available.

HOUSING

FRASERVIEW PROJECT, VANCOUVER—REPORT AS TO DISCONTINUANCE OF FEDERAL CONSTRUCTION

On the orders of the day:

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, on Wednesday last the hon. member for Vancouver-Quadra (Mr. Green) asked about the curtailment of construction in the veterans rental housing project at Vancouver, known as Fraserview. The Fraserview project was planned to provide a total of 1,100 houses which were to be constructed in small groups beginning in 1949. Contracts have been awarded for the construction of 606 houses. When tenders were called for the 1951 construction, the prices tendered were substantially above the corporation's estimates and last year's costs. In view of these higher costs, necessitating correspondingly higher rentals, and in view of the increasing difficulty about an orderly flow of building materials, the corporation has postponed the awarding of contracts for the construction of the remaining houses in Fraserview.

Contracts which have been awarded for land services will be completed. Those areas in which the corporation will not now be proceeding with the construction of houses

will be provided with land services to the extent required to give a reasonable level of services to owners of private houses already built in those areas.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO TABLING OF REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Prime Minister if he is now in a position to indicate to the house when he expects to be able to table the report of the Massey royal commission on arts, letters and sciences?

Right Hon. L. S. St. Laurent (Prime Minister): I have not inquired within the last few days. The last information I had was that the printing was expected to be completed about April 20.

CANNED FISH

REPORTED REQUEST BY UNITED STATES DEFENCE DEPARTMENT FOR TENDERS FROM P.E.I.

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I would like to ask the Minister of Trade and Commerce whether the United States defence department has called for tenders on $500,000 worth of canned fish from the province of Prince Edward Island.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have no information as to any such call for tenders, but I shall make inquiries in the department, and if we have any information I shall be glad to give it to my hon. friend tomorrow.

SUPPLY

COST OF LIVING—AMENDMENT, MR. DREW

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

Mr. George A. Drew (Leader of the Opposition): As I indicated previously, Mr. Speaker, I propose to take advantage of this opportunity to discuss the very rapid rise in the cost of living and the evidence of that rapid rise as contained in the figures issued last week by the dominion bureau of statistics.

I need not enlarge upon the figures themselves; they are in the mind of everyone. The announcement last week of a record increase of 4·5 points in the monthly cost of living index for February, carrying the overall cost of living index to an all-time high of 179·7, simply served to emphasize what all Canadian housewives, and in fact Canadians generally, already know. This gave statistical evidence from official government sources of the runaway inflation which is threatening the standard of living of a very large proportion of our people, creating an extremely serious situation for pensioners and others living on small fixed incomes, undermining confidence in many of those long-established investments that are generally regarded by our people as the safest investments, and rendering more difficult the production of those military requirements so vitally needed without delay in our common effort to deal with the defence of freedom.

When this subject was discussed briefly last Thursday there was some tendency on the part of government spokesmen to minimize the necessity for discussion of the matter at this time, and to suggest that because the most recently published figures were for the month of February, and therefore five weeks old, there was no immediate necessity to discuss them. If that argument were followed, this subject would never be discussed; we would never have the figures showing the actual position as of a few days previously. The best we can do is to accept the evidence given us in the form of statistics, which supports what the people generally are finding all too evident in the daily purchase of their household requirements.

My purpose in bringing forward this subject at this time, the earliest moment possible, is not, as was suggested by more than one member on the government side, to repeat in this house figures already issued in the form of statistics. Rather it is to start a debate on this vitally important subject in an effort to impress upon the government the compelling need for immediate and vigorous action to deal with a situation which can have consequences extending far beyond the immediate hardship to many of our people caused by high prices, particularly the extremely high prices of food.

I was interested in the comment of one hon. member last Thursday. He pointed out that in his own area farmers were selling eggs today at a lower figure than six months ago. That may not be the position in every area or with every commodity, but what the hon. member said emphasizes the need for tackling this problem without further delay. The simple truth is that there have been no increases in prices to the farmers which would explain the very great increases in the cost of most of our basic food requirements. Certainly there have been increases, and substantial increases, in some lines. I think it can be clearly demonstrated, however, that the proportionate increase in retail prices has not

kept step with the increases to the farmers themselves. The same is true of most other things which have risen so sharply in price in the last few months. There is nothing in the increased cost of most raw materials or of wages that would explain the very large proportionate increase in the cost of most of the basic requirements of our people in connection with manufactured goods of various kinds.

It is only natural that in the discussion of a subject of this kind there should be some tendency to oversimplify the issue and suggest that one particular remedy or another will solve the whole problem. At no time in this house or outside it have I ever suggested that this problem can be overcome by any one simple solution. On the contrary I have contended that there is no simple solution, that there are many aspects to this problem. What is more, I have said both inside and outside this house that the problem is not one for government alone, but that everyone must play some part in tackling what is the No. 1 domestic problem facing parliament and the people of Canada today.

I should like to refer to words that I used on February 27 last during a broadcast discussion of this subject. I repeat them because I think that the subjects I covered there generally cover the headings under which this problem must be tackled. I quote from what I said at that time:

> There are a number of things that we have urged the government to do:
>
> First, substantially reduce all non-defence expenditures by the government.
>
> Second, encourage the production of every line of civilian requirements so that increased production of these things may ease the strain and pressures which cause inflation.
>
> Third, encourage immigration which will bring to our country vigorous people with the skill and character which will make them useful members of the Canadian community.
>
> Fourth, remove all restrictions which will discourage the building of new houses urgently needed for the steady increase of population by our own normal growth and by immigration.
>
> Fifth, take effective steps to make sure we get full value for every dollar spent on defence.
>
> Sixth, restrain inflation through the control of currency by the Bank of Canada, and by other monetary controls available to the bank under the act which gives it its powers.
>
> Seventh, introduce emergency controls immediately to the extent that they are required to deal effectively with the cost of living and inflation.

Those words, Mr. Speaker, followed substantially earlier arguments I had made on this subject in this house and elsewhere. I would point out that we introduced a resolution in similar form to the one I will introduce before I sit down, dealing with this very subject when the house met in special session in August of last year. For that length of time we have been urging the government to take the steps which are available to it, under the powers it has assumed through legislation presented here, to deal with a problem that now causes serious concern, not only to the housewives in their daily purchases of food and other supplies for the home, but also to the government itself in its defence program because of the impact of inflation upon the cost of the defence requirements of this country in the months and years to come.

In the oversimplification to which I have already referred, I have seen some suggestions that I have rested my whole argument on price control. That is not so. I have advocated price controls, and I propose to advocate price controls today. I do, however, repeat what I said before, that the most important and effective way of tackling inflation in the long run is to increase production itself. In that way we will avoid artificial pressures which drive up the prices because of more dollars chasing fewer goods. If and when we can reach the point where we are producing all that we need for military purposes, and at the same time producing everything required to fill the normal demands of civilian needs, then price controls and subsidies, if they should be introduced, or any other devices which interfere with the normal movement of competition in prices, can be removed. But until some of these more normal methods can begin to operate—and that cannot happen overnight—some form of price control, and possibly subsidies on certain essential requirements, become necessary to protect our people against the sudden impact of the tremendous government purchases which military preparations have superimposed over and above the ordinary demands of civilian buying.

The proposition has been simply and cogently stated by one of the most vigorous Canadian opponents of controls of any kind, in these words:

> If we have decree from above in respect of production, that is in respect of supply, we must inevitably have decree from above in respect of demand.

That quotation is from an argument against all controls, but I submit, Mr. Speaker, that the logic is absolutely inescapable. The argument put forward in those words cannot be denied. If there is control of production which segregates a substantial proportion of the products of the soil, the factory, the mine or the water, then until there can be a readjustment of production to meet civilian demands through adequate supplies of civilian material, there must be some form of controls at the other end as well.

Mr. Warren: What would you do—make the farmers work harder?

Mr. Drew: If production and supply are under control, particularly when there has been a diversion of production and supply to military purposes as at present, then until production has been expanded to meet both military and civilian requirements, control of prices and other controls to deal with the results of that diversion and segregation must be introduced to such extent and until such time as production can catch up to money supply, so that normal price competition of a free market will again offer some remission to the overwhelming majority of Canadian consumers.

Mr. Warren: The hon. member did not answer my question.

Mr. Drew: I know, Mr. Speaker, that there is the contention that the best protection of the public—

Mr. Warren: Make the farmers work harder.

Mr. Speaker: Order.

Mr. Drew: —comes from that very play of prices which will offer to the consumer the opportunity of lower prices as well as higher prices. In normal times when producers are free to produce what they wish to produce, and to produce in such quantity as they believe is wise, then the consumer does benefit from price competition in a free market. That competition—

Mr. Warren: Not now.

Mr. Drew: You are right—not now. That competition, through improvement in design or quality, through better selling methods, has over and over again brought down the price of manufactured goods and commodities to the advantage of our people.

At the present time, Mr. Speaker, we are not going to see that free play of prices which will reduce the cost, except in unusual circumstances. There may be unusual circumstances which arise. It is possible that we may see that happen with regard to certain perishable commodities. Right now it looks as if some perishable commodities had been segregated from ordinary demand to a point where the very attempt to increase the price may result in a lower price. But over the broad field of commodities needed by the public, government spending at the present time is creating pressures to increase prices. Consequently I suggest that it is discussing this subject in terms of utter unreality to put forward the proposition that price competition will protect the public at a time like this.

Surely it is not necessary at this time to emphasize the seriousness of the present situation. It affects everyone. Most of all, however, it affects the large number of Canadians who are living on pensions or small fixed incomes established several years ago when the dollar was worth nearly twice what it is worth today. The inescapable truth is that a large number of Canadians already find themselves in a desperate situation. We are not talking about the future; we are talking about the present. Many people who are in receipt of pensions which were fixed years ago at what was regarded as the bare, decent, subsistence level, have been finding for some time that they cannot meet even their ordinary day to day food requirements after they have paid rent and met the cost of fuel and other necessities. Pensions and incomes regarded as adequate for the rest of their lives will not provide housing, clothing, heat and food at present prices. There is increasing evidence of actual undernourishment in various parts of Canada because of the inability of people to secure the kind of food they need after paying rent and buying clothing and other necessities.

One short statement in a letter from a veteran, who is no crank and no chronic malcontent, indicates the thoughts that are passing through the minds of many of our people. I should like to quote just one paragraph from that letter:

> A lot of us would like to die a natural death, or at least not one caused by hardship imposed by the government.

I know that the members of this government individually would be no more anxious than any other Canadian to impose hardship on any of the people. Any argument I put forward is not with the thought that individually any member of this government would disregard the hardship that might be imposed upon the people. I am arguing from the point of view of the people who believe that something should have been done a long time ago, and most certainly should be done now, to protect those who have no means of supplementing their present incomes.

The fact that I would most certainly accord to every member of the government those sentiments toward their fellow Canadians which each one of us shares does not dispose of the fact that people who have been so consistently urged by this government to give the government credit for whatever good times we have should now carry that argument to its present conclusion. If the people who are suffering from inflation blame this government for the plight in which

many of them are placed today, it is the natural and inevitable consequence of the propaganda this government has put forward with the utmost vigour to convince the people of this country that every good thing was their direct responsibility as well. The statement I have quoted reflects an attitude in the minds of a great many people which can undermine confidence in government as an institution, no matter what that government may be, at a time when respect for government is part of the very struggle in which we are engaged.

As part of the struggle against communism I seek to impress upon the government, and those members who ordinarily support the government, the importance of continuing in the minds of our people confidence in that system which we seek to hold up as an infinitely better system than the communists are imposing upon so many people throughout the world. It is noticeable that in those countries where runaway inflation destroyed the savings of the people, wiped out the value of their insurance certificates—took away the savings which they had accumulated for their old age—there is today the highest support for the communist party, in those countries which are still free and still have democratic governments. One of the very reasons why in Italy and France, countries with great traditions of free government, there are so many people supporting the communist party is that so many of their people have lost what they thought was going to give them security; therefore they have lost confidence in a system of that kind, and those who live in the same houses, those brought up with them, their children and their grandchildren, have reason for concern about it.

It is not only the old people, the cripples, the blind and those who cannot earn money in the ordinary way who are affected by the effect of inflation upon pensions and fixed incomes. It is all the others who look ahead and ask themselves what their own future is under the system that we are doing so much to preserve. To people who feel that way it is no answer that they be told, as we were told by the Minister of Finance last Thursday, that what is happening here is simply part of a world-wide phenomenon. The hundreds of thousands of Canadians who are having the utmost difficulty in making ends meet are not greatly interested in whether or not it is a world-wide phenomenon. What they want to know is what is going to happen to them right here in Canada. What they want is action in Canada to deal with our own problems, and they want it now. That, Mr. Speaker, is the reason why I will move an amendment to the motion to go into supply.

After all, I suggest that the test of the effectiveness and humanity of any society is the security we offer to our people in their declining years; and most important to the future of our country is the education and opportunity we offer to our youth.

Let me for a few moments deal with that aspect of the problem in its present state. From all across Canada we are being told by educational leaders that education in this country is threatened by the inability of local school boards and educational institutions to pay teachers a sufficient salary to enable them to meet their daily requirements, in the meeting of which they are confronted by the greatly increased cost of living. We are told by these educational leaders that inflation is threatening our whole educational system, and particularly the opportunities to give that higher education upon which the development, expansion and prosperity of this great country must depend in the years ahead.

In varying degrees inflation already presents an extremely serious problem to every Canadian householder. I have already referred to the problem which confronts the pensioners and others on small fixed incomes. We must think also of the demands of the young men and women starting out in life and seeking to lay the foundation of all society, the home. Let us think of what inflation does to the cost of the house itself. Let us also think of what it means to the cost of furnishing that house; and let us not forget that usually young people who are considering marriage are not in high income brackets, and they must have some regard to the possibility of their being able to meet the special demands of early married life, after paying the prices that must be paid for all their basic requirements.

Young people who are already married or contemplating marriage will not be greatly impressed by new taxation as a method of controlling inflation, when they find the present taxation serious enough as it is. Now is the time to say, in no uncertain terms, that to a great many people increased taxation, far from being anti-inflationary, is going to be the most inflationary thing that could possibly happen. To a considerable part of our population, and particularly to the young people, where the impact of inflation is felt all along the line, added taxes can be just as inflationary as shortage of supplies. This point is very well put forward in the *Observer*, of Hartland, New Brunswick, in its issue of April 5. I quote this wise observation:

> A serious impediment to marriage nowadays is the increasing difficulty of supporting the government and a wife at the same time.

These words, Mr. Speaker, which reflect the wisdom of the hon. member of this house who has some responsibility for their publication, come directly to the serious problem that is confronting the young people of today who contemplate building a home. When they have to consider what they are going to pay in taxes, when they consider the rising cost of living, those who approach this extremely important matter with any measure of cool judgment must have some concern about their ability to establish what is really the basis of our society.

It is not necessary to enlarge upon all the difficulties caused by inflation. The consequences are being felt on all sides. It is true that it is a world-wide problem. I suggest, however, that it is not a phenomenon; it is in fact a perfectly simple result from a situation which has been analysed over and over again in the past. In varying degrees this same problem is being faced in all free countries which are now compelled to devote such a large part of their national income to defence production. There is nothing mysterious or unexpected about it. Once the urgent duty of any nation is suddenly to build up its defences and, for that purpose, to divert a considerable part of its resources and manpower, one danger above all others presents itself in the domestic field, and that is the danger of inflation.

No form of production and no diversion of human effort is so largely calculated to create demands beyond the limits of supply. On the one hand there is the withdrawal from active productive work of a substantial part of the national manpower, and on the other hand there is the diversion from normal production of a large part of the raw materials and other products which ordinarily would satisfy civilian demands. Resources and manpower segregated for this purpose are withdrawn from the normal economy, while the wages and prices required for them are added to the ordinary financial demands of our economy.

Those inflationary pressures here and in every other country are the inevitable result of a sudden demand for military preparation such as that with which Canada was confronted last year, and with which it is confronted on a higher level today. To that extent it is a world-wide problem, and not a phenomenon. A phenomenon implies something unusual; this is the usual and inescapable result of sudden defence expenditures of this kind. It is known to every man and woman in Canada who has the slightest understanding of simple economics.

The only phenomenon created in this situation is that, for some reason not yet explained, the Canadian government seems to think that it is the only government of any important industrial nation which can go through this period of adjustment without adopting price controls or other measures to remedy the situation.

Surely the United States, above every other nation in the world, has been put forward as the exponent of free enterprise. Its vast productive power today is a tribute to the energy of free peoples under a free competitive system. Nevertheless that country has adopted price controls. I submit that it is no answer to say that price controls have not yet proved satisfactory in the United States. They have been undertaken, and it is quite clear that the United States is going to make a determined effort to have effective price controls and to stabilize the economic conditions in that country.

An hon. Member: When?

Mr. Drew: Only last week Mr. Wilson, who certainly would be regarded as an exponent of free enterprise, made it clear that they were going to move forward with the utmost vigour to remedy the weaknesses already displayed in the earlier steps they have taken. I heard one hon. member say "When", when I mentioned that they were taking steps to control prices. One of the difficulties which have confronted the government of the United States is that they did not have a price control system or a price control organization set up to deal with this at the time price controls were started.

In discussions earlier in this house we contended that this government should set up a skeleton price control system even if it was not ready to go ahead with this at an earlier date. That has been advocated by leading economists across this country. After all, as I remember, members of this government have stated over and over again that we showed the whole world how price controls can work. If that is so, surely we are the ones who can best say how they can work, and we do not need to look to somebody else to find out what we should do.

I suggest that it is worthy of note that all the great industrial countries with which we are associated in this enterprise have deemed it necessary to adopt some form of price controls at this particular time. It is my hope that price controls may become unnecessary at the earliest possible date. No matter how closely our arguments may follow the same line today, I certainly am not joining those who advocate over-all controls as part of the normal economic system within our country. May I say in fairness that I have

not heard those arguments put forward in the debates that have taken place in this house this year.

I am advocating the introduction of controls because of the inescapable fact that if you have control of production you must have control of distribution and sale and price until such time as the production of the country can create that ordinary price competition which offers protection to the purchaser in a free economy. I am convinced that the sooner price controls are put into effect, the more effective they are and the more effective all controls are that are necessary at this time, the sooner we will have freedom from all controls which hinder the ordinary free operation of a free economy.

In presenting the arguments that I am putting forward I present them in the belief that no other country in the world today is capable of meeting the demands of the vast struggle in which the free nations are now engaged with so little dislocation to its normal life and with such bright prospects for the years ahead. I am not saying that as any loose expression of optimism. Production is the answer. In the end production will determine how free our economy can be. With a country with resources so much greater than those possessed by any similar number of people in the world, we Canadians have it within our power to expand our production in such a way that in most lines we will meet all our military demands and at the same time carry our civilian production to ever-higher levels. Before that fortunate position can be reached however there must be an intervening period when production cannot possibly avoid disastrous inflation because of the sudden pressures created by those military demands.

When it is argued that there should be price controls to deal with this situation, that there should be rent controls and such other controls as will meet these abnormal pressures constantly imposed upon our economy, there are those who immediately jump to the conclusion that we are recommending the full imposition of every control found necessary during the war. That is not so. I have sought to make it clear on earlier occasions in this house that much more moderate controls, much more flexible controls would be sufficient to deal with the situation which has arisen until such time as we have built up our production to the point where we can take care of both civilian and military demands in most lines of production

We are told that controls would hamper production. In fact I am under the impression that speaking in Toronto not very long ago the Minister of Trade and Commerce (Mr. Howe) suggested that controls would interfere with our efforts at this time. For that reason I should like to read what the Minister of Trade and Commerce said in this house on March 27, 1947, as reported on page 1813 of *Hansard*. He said:

> The primary question that was asked of me was whether controls had hampered production. I can conscientiously say that since I have been associated with controls, which is from their inception, controls have never been permitted to hamper production. In fact, controls at the moment are greatly stimulating production in several important lines.

Mr. Howe: I did not say anything different in Toronto.

Mr. Drew: In Toronto the Minister of Trade and Commerce left the impression that he was most anxious not to see controls introduced because he believed that the circumstances did not indicate that we would be able to carry forward our activities as effectively as we could under the system we now have.

Mr. Howe: That was neither the statement nor the implication. I know because I made the speech.

Mr. Drew: Naturally I will let the speech stand by itself. I am prepared to accept without any balancing the statement I have just quoted as to the effect of price controls. The minister has now indicated that his view has not changed. He nods his head in approval so we can take the minister's statement on March 27, 1947, as his statement today and as to his views in regard to price controls, that is that he can conscientiously say that price controls have never hampered production.

Mr. Howe: Correct.

Mr. Drew: The minister says "correct". The minister now brings his statement up to date. I am pointing out that the real issue before the house is not whether there should be price controls, but when. The government has made it clear, and the Minister of Trade and Commerce indicates that his views are still the same, that price controls at some point become desirable and necessary. Therefore the question with which we are mainly concerned today is not the form, is not the details, but when.

Mr. Howe: Now you are going away beyond the statement you just read.

Mr. Drew: No. I shall read other statements which indicate how far the government has gone in that respect. I find it most difficult, in view of some of these statements, to understand the government's reluctance to deal with this situation today, unless it does not believe that inflation is serious in this

country. I believe it is. I believe that unless something is done right away, no matter how long ago it should have been done and it should have been done a long time ago, there are going to be increasing pressures which we have not even seen yet that will make the rise continue at an accelerated pace which will create great dangers to our whole economy in the months ahead. But the Minister of Trade and Commerce (Mr. Howe) was not alone in comments of that nature. On April 1, 1947, the Minister of Finance (Mr. Abbott), just a few days later than the Minister of Trade and Commerce, had this to say, as recorded at page 1938 of *Hansard*:

> During the war our policy was to prevent inflation and to provide and enforce a fair distribution of goods which were in short supply. Prices were held under a pretty rigid price ceiling; but that policy worked. We are more than ever convinced that this over-all price ceiling policy was the only policy which could have worked successfully.

Granted that we are not yet in a struggle imposing the demands upon us which were imposed at that time, even though the degree may be different the effect is the same, and we see today what can happen if these pressures are allowed to continue unchecked. In 1945 the present Prime Minister (Mr. St. Laurent), who was not then prime minister, had this to say on November 23 when he was arguing in favour of the retention of controls, but his argument for the retention of those controls applied to circumstances similar to those with which we are confronted today. In part this is what he said, as reported at page 2451 of *Hansard* for that session:

> . . . it is my view that if all remaining controls were removed today the consequences would be immediate, drastic and far-reaching. Prices would rise sharply; the cost of living would move steeply upward: existing shortages in food, housing accommodation and clothing, which are the three most important items in living costs, are such that sharp price advances would appear to be inevitable. The immediate price increases resulting from the hungry market and the removal of subsidies on such key commodities as milk, bread, butter, cotton textiles would accumulate rapidly as workers sought to protect themselves through wage increases, as producers raised their prices in response to rising wages and material costs, as buyers scrambled for goods and shelter to protect their individual needs, and as the speculative tendency gained momentum.

May I repeat those words, "and as the speculative tendency gained momentum."

> It would be difficult to say how high the cost of living would go before the inevitable collapse. At first, higher prices in the United States and in other countries would stimulate increases here. Later perhaps price levels of the United States, if that country maintained some measure of control, might provide a ceiling. Nevertheless it seems to me clear that the increase in the Canadian cost of living before the recession set in would be very substantial, and the consequences of this would appear to be serious. The weaker producer groups in the community would be unable to increase their incomes to compensate for the higher cost of living. Savings of the whole Canadian people would depreciate. The returned service man would get poor value for his gratuity and re-establishment grant. Dependents of those fighting men who, unfortunately, did not return, would face serious privations. Pensioners and others who have made provision for their old age, through life insurance or other means, would find that that provision would be imperilled and their security materially lessened.

I have read at this length from the statement of the present Prime Minister because these words accurately describe the situation with which we are confronted today. These words clearly indicate that as far back as 1945 the present Prime Minister was fully possessed of all the information which would indicate to him why pressures of this kind would create a situation that could only be dealt with by price controls and by other appropriate controls, no matter how temporary they might be. It is for that very reason that I suggest that the government has itself brought about a considerable part of this inflation.

The government in the election of 1945 at the end of the war conducted its campaign very largely on what it had accomplished in keeping down the cost of living by controls. It put forward the proposition that no country in the world had so effectively dealt with this situation without imperilling production or the ordinary living conditions of our people. Canadians had reason to remember that. Canadians had reason to believe that a government with such firm convictions expressed at that time would be likely to reassert those convictions in relation to precisely the same factors, even if those factors might be on a different scale.

Then I recall the words of the present Minister of Trade and Commerce when he raised the question as to whether the people of this country would be prepared to assume the burden of a huge bureaucracy to deal with this subject. Again I point out that the people of this country probably remembered how strongly the government had supported this position and some of the reasons it had given for accepting their arguments in this respect. I find that Mr. Ilsley, whose efforts as minister of finance have been extolled on many occasions by present members of the government, had this to say on April 1, 1947, as reported at page 1926 of *Hansard* for that year:

> From these estimates it is possible to see that the cost of the control program was under $200 million a year, while the savings to the consumer purchasers and government as a buyer were on this hypothesis possibly $2,500 million a year. The figures are tentative, but do give some idea of the relative magnitude of the cost of and the savings effected by the government price control program.

If Mr. Ilsley's figures are correct, then relating the cost of the organization to its

results we certainly would not be in a position to challenge, as contrary to economy, steps which would show an advantage to the Canadian people on any such proportionate basis. If that is so, then some of the arguments that have been made against setting up a vast bureaucracy to handle this matter would not apply in the same way that they would to a vast bureaucracy dealing with other things which would not produce any direct benefits to the people of Canada.

The people of Canada undoubtedly remember all these arguments that were put forward. Then there is another reason why we have inflation that goes beyond ordinary pressures. I have said before, and I repeat, that there are pressures today that are not to be measured in terms of the increased cost of our basic resources and the increased wages in this country. There is not one of us who does not know that prices have risen by a much higher figure. When the Minister of Justice (Mr. Garson) pointed out that one of the ways to tackle inflation was to stop the marking up of prices unnecessarily in this country he undoubtedly was putting his finger on one of the difficulties with which we are confronted today.

Nevertheless I am not going to suggest for one moment that we are confronted with widespread profiteering such as is sometimes suggested. Every Canadian is a human being, and human beings are inclined to act in similar ways under certain forms of encouragement. In this country we have not only had inflation as a result of the ordinary inflationary pressures of huge government purchases and the indication of more to come. We have not only had inflation because the people of Canada must have remembered the belief expressed by this government in the effect of price and other controls. We have also had definite inflation by invitation. Hon. members will recall that when the emergency measure was introduced in this house last fall to give the government wide powers to establish priority control, the Minister of Trade and Commerce (Mr. Howe) indicated at that time that under this act he could deal with the pressures that would result from government purchasing of this kind. He recognized the effect of that when he said in this house that one of the difficulties in establishing price control now was that they had not acted in the way they did before when they controlled production; that they had let the adjustment of prices take place on a broad scale or, to use his own words, "in other words they are all set." If they are all set, with prices high enough to escape any effective price controls, which was the implication his words carried, then that somewhat cynical remark implied that those responsible for the price level in this country had in many cases accepted the invitation to get set for price controls when those should be introduced.

We can come to a later date when the Minister of Trade and Commerce, who is responsible for matters of this kind, again extended an invitation to get ready for controls of one kind or another. On March 5 the minister was asked by a reporter whether the government planned anything in the way of checking this rise. The minister replied:

> We are studying that very carefully. We cannot announce plans so far in advance, but I think we will have something to propose before many weeks go by.

In that way the minister undoubtedly gave the suggestion that something was going to be done, because it would not be necessary for any announcement to be made if nothing at all was going to be done. I do not know how many weeks he had in mind, but that statement was made five weeks ago today, and it constituted another invitation to get ready for the imposition of controls of this nature.

Prices may have reached a point far beyond what the government would like to see in introducing price controls, but that is no argument for not introducing whatever appropriate controls may be regarded as effective at this time. The minister has indicated that this would not be done by legislation brought before the house, but would be done under the wide powers of the emergency legislation passed a short time ago, which gave the minister and the government such sweeping authority.

When it is advocated that price controls and if necessary subsidies, to the extent they may be required, and other controls be introduced to balance the effect of controls over supply of resources and production, it is sometimes said, "You must be specific as to how those controls will be carried out." The government does not permit us to know what controls it is going to put in over supply and production. The government insists upon retaining complete control, without giving any details. Therefore it would be utterly futile to attempt to deal step by step with each measure the government should take when we do not know what steps the government is going to take in regard to production and supply.

The government has contended that no nation in the world did a better job on price and other controls than Canada did during the last war. In that effort they were

assisted by very able economists. The experience of those men and women is available today. The government can take advantage of that experience and with the knowledge they possess, knowledge we do not possess as to what controls they are going to impose on production and supply, they can design price and other controls appropriate to meet the situation which will result from their action at the production and supply level. I would point out that I am not alone in suggesting that we need controls of a less severe type than were imposed during the war, and that we can have flexible controls. Some of those most prominently associated with price controls have made that very statement. They have set forth that broad proposition, without going into detail. In fact they have made it clear that the detail must be the responsibility of the government. I would refer to Mr. Donald Gordon, who was chairman of that board. Mr. Donald Gordon has expressed his own belief that we would be better without price controls; but he has also said without reservation that price controls are infinitely better than runaway inflation. I believe we have runaway inflation, and we have the statement of Mr. Donald Gordon that the situation we now have demands price and the other controls that go with it. I would refer to another Mr. Gordon, not related but one of the most brilliant younger economists in this country; that is Mr. Walter Gordon of Toronto. He went much further and said that with the introduction of price and other controls in the United States a demand for price and similar controls in Canada was inevitable. Then he went on to use the very words that I have used, that what we would need in this country would be a flexible system of controls, and he then went on to make the recommendation which I and other hon. members have made in this house.

The situation is such that we cannot disregard the likelihood of having to introduce controls of some kind. That being so, and recognizing that it would take months to set up effective machinery to deal with this, before now a price control organization should have been set up that would be able to introduce in this country the most efficient, most flexible and most easily adjusted price control system that could be devised on the basis of our extensive experience during the last war and in the years following. Certainly all hon. members are prepared to concede that we had working for us in this country unselfish, brilliant, efficient Canadians who gave of their best to make this system effective. Most of them have pointed out weaknesses they would not like to see repeated. Most of them are in a position to suggest many improvements. I suggest, Mr. Speaker, with the evidence now before us of the need for action, that there be no further delay in setting up some such machinery with the expert assistance available to us, and that we immediately proceed to have such appropriate controls as would deal effectively with the situation we face.

As I indicated before, all the things that have been done by the government not only invite price increases by those who establish the prices at the retail level, but they also encourage panic buying. Everyone is in some way a part of this great problem. It is not the government alone, although I believe the government has a heavy responsibility to give an example by reducing all non-defence expenditures on a level that they have not attempted in any way to do. The consumer who hoards goods and goes in for panic buying, the producer who cynically exploits that panic, the manufacturer who tries to get the largest profit he can out of the demand for scarce supplies, are all germ carriers of the dangerous disease of inflation. This is something for which our citizens generally are responsible as well as the government. The response of the citizen to the demand that he co-operate will however be much more positive, and much more effective, if the government itself gives positive and convincing evidence that it is doing everything within its power to give the sort of lead that is necessary and adequate to do this job. That is one reason why I think that the time is not only overdue, but long overdue, for positive and vigorous action to deal with this problem.

There is one other consideration of the most vital importance, and that is the cost of defence production. It is only a few days ago that the Minister of National Defence (Mr. Claxton), speaking in New York on March 30, emphasized one of the dangers in our defence preparations. I quote from the text of his speech on that occasion:

> The armed forces and industry combined must make a frontal attack on the cost of defence equipment. This has become so costly that neither we nor our allies can get what we know we need without going on an all-out war economy.

If we need an all-out war economy to get the things we need, then the Minister of National Defence has put forward the most powerful argument to indicate our need for price controls, rent controls and similar controls without any further delay. He has also warned us of a great danger. Every time the cost of living index goes up we are going to have much more difficulty purchasing the things that we need. The people of Russia, Poland and Czechoslovakia, with their great armament plants, have not a

similar problem. They have no inflation there. They have other ways of tackling this problem. We do not want those methods ever to become necessary in Canada. It is to avoid methods of that kind that, in terms of reality and of a practical appreciation of the situation with which we are confronted, we say that, because we do believe in a free economy, because we do believe in the free play of prices in a free economy in normal times, we want to see that economy protected against the spiralling inflation. We want to see the people of this country given the assurance that their investments in bonds, in insurance and other investments of that kind will not lose their value and deprive the people of the protection they expected in their old age.

Mr. Speaker, I hope that no one in this chamber will again suggest it is not appropriate we should point out that danger. I would remind members of this house that it was in 1945 the present Prime Minister (Mr. St. Laurent), in the words I have already quoted, pointed out that very danger, that insurance, bank deposits and other investments of that kind, including victory bonds and such securities which are regarded as the safest of all, would lose their value and deprive our people of the security which they believed they had the right to expect. I believe this is the most vital issue now facing the people of Canada. The steps, inadequate though they may be in some respects, to deal with national defence, are under way on a large scale. This is a subject that does call for action at the earliest possible date.

Before sitting down, I should like to read further words of the minister charged with the responsibility for the administration of the act under which those controls would come. This is the text of the speech made to the Empire and Canadian clubs in Toronto on February 26 of this year, to which I have already referred:

> The Canadian government has never been opposed to price controls as such. In fact, legislation is now under discussion in parliament which would give the government power to impose economic controls of all kinds as the need may arise.
>
> We will not impose any system of price controls, however, unless and until we are satisfied that those controls will serve a helpful and not a harmful purpose in combating inflation. It may seem strange to speak about price controls as having a harmful effect in the fight against inflation but that can easily happen. Price controls would be harmful if they did not have overwhelming public support. They would be harmful if they were relied upon as a substitute for more fundamental measures such as taxes and credit controls. They would be harmful if they were not accompanied by adequate wage controls.
>
> Nor do I think it would be wise, even if it were theoretically possible, to move into price controls until there is reasonable assurance of price stability in the United States.

[Mr. Drew.]

The minister who would be responsible for the administration of those controls under the emergency legislation passed in this house has indicated that the government is not opposed to price controls as such. He has indicated they are considering this subject. He has indicated they are ready to act if and when they believe action should be taken. The question is whether the circumstances justify the demand that it should be done. Right across this country today there are people who are not only in a desperate position because of the necessity of buying food and other vital needs with a dollar that represents about half of what it did, and in the case of food less than half of what it did a few years ago. There are young people who do not know how they are going to own and equip a home in which to start their married life. There are many people across this country today who are looking to the future with concern because they do not know where this is going to stop. In addition to all the reasons I have put forward, Mr. Speaker, with all the earnestness I possess I urge the government to act now, no matter what steps should have been taken earlier, to give the people of Canada confidence that no matter what may happen in other countries the cost of living is going to be brought under some measure of control so that they can look forward to the years ahead with that confidence which we should have in a land with such vast possibilities as we possess today in Canada.

Before sitting down, Mr. Speaker, I move, seconded by the hon. member for Peel (Mr. Graydon):

> That all the words after "That" to the end of the question be deleted and the following substituted therefor:
>
> "this house is of the opinion that in view of the announcement made on Wednesday last of the greatest monthly increase in Canadian cost of living during the month of February to the disastrously high level of 179·7 points, immediate consideration should be given to the adoption of appropriate measures to hold down the cost of living and halt inflation."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, my first word is that I have been extremely interested this afternoon to hear the leader of the opposition (Mr. Drew) repeat so many of the arguments that we have made in our pleas for price controls over the last several years and, indeed, to put once again on the records of this house many of the quotations which we have put on the record on previous occasions—in fact, quotations which I had intended to put on the record this afternoon, but I shall not do so now because they are already there. I am glad, however, to see the official opposition taking the attitude it is now taking. I want to say to the leader

of the opposition that I am not going to discuss the problem of controls from any doctrinaire standpoint today. As a matter of fact, over the last few years the rising cost of living has meant that the problem became not one of doctrinaire argument but one of practical consideration. The day may come again when we can discuss this matter from the point of view of fundamental principles of political difference, from the point of view of the necessity of relating prices and the earnings of various groups of people to one another under an intelligent economic national plan. But that is not the problem before us today.

The problem before this house at the moment has been stated clearly, I think, by the leader of the opposition this afternoon. The problem is that of protecting the Canadian people against the effect of the runaway inflation from which they are suffering at the present time. I want to add this thought. While they may be suffering from runaway inflation at the present time, the prospects in the near future are such that we may expect further inflation, since the huge expenditures which we are making, and are about to make, for defence preparedness create, first, a shortage of basic supplies and materials; second, a shortage of labour; and third, a general shortage of consumer goods. If that situation develops, as it must develop over the next few months, the present inflation will become intensified.

While I agree, as everyone in this house must, that in normal times increased production is the real cure for rising prices, increased production today will not take care of the demand for consumer goods when we have such keen competition from the government in the production of supplies for our armed forces and for our allies overseas. Indeed, in our arguments ever since 1946, when inflation began to develop, when we saw demand for Canadian goods becoming great in Europe, through Marshall aid, and through our desire to rehabilitate the countries that have been devastated, we resisted the removal of beneficial controls and subsidies because we of the C.C.F. saw that year by year the cost of living must increase and the difficulties of the Canadian people become greater as the days went by.

If we look at the statistics of this situation —and, may I say, the statistics not compiled by any person or group of persons perhaps of my economic and political viewpoint but by the dominion bureau of statistics and quoted by the Bank of Canada in its statistical summary of February, 1951—we see the extent of this inflationary process. Incidentally, all the basic figures I am going to use are taken from the bureau of statistics and from the February report of the Bank of Canada.

If we look first of all at 1946 we find in that year, according to the Bank of Canada, that total personal incomes amounted to $9,671 million. In that year the population was 12,307,000. The per capita income is given as $786. The cost of living index—1935-39 being 100—was 123·6. That meant that the per capita income stated in dollar purchasing power, in terms of 1935-39, amounted to $636.

In 1947 the total personal income had risen to $10,342 million. The population had risen to 12,582,000. The per capita income had risen to $822 but the cost of living index had risen to 135·5. Therefore the result was that the actual purchasing power per capita, in terms of 1935-39, was $607.

In the following year, 1948, we have total personal income totalling $11,842 million; population 12,883,000; per capita personal income, again in dollars of that year, $919. The cost of living index had gone up to 155. Consequently the actual purchasing power per capita, again in terms of the 1935-39 level, was $593.

In 1949, total personal income, $12,674 million; population, 13,549,000; per capita income, in dollars of that year, $935; cost of living index, 160·8. Therefore the per capita income, again in dollar values of 1935-39, $582.

In 1950, total personal income, $13,320 million; population 13,845,000; per capita income in that year's dollars, $962; cost of living index, 166·5; per capita personal income went down to $578 in terms of 1935-39 dollars. And if we look at the recent change—and permit me to say that I shall consider the per capita personal income on March 1 as the same as the average for 1950; there may have been a little difference, but not much—the cost of living index having risen to 179·7, in 1935-39 dollars the actual purchasing power of Canadian income on the same basis as in former years would be $535, or a drop of $101 annually in per capita real purchasing power between 1946 and March 1, 1951.

This has been going on year after year, and no attempt has been made by the government to apply any remedy. Indeed the only hon. members who have drawn this to the attention of the house over and over again, and who have moved at every session of parliament that we should reintroduce beneficial controls and subsidies in order to protect the Canadian people against this sharp drop in per capita income purchasing power, is the party with which I am associated.

I believe that if Joseph Stalin has a secret weapon, that secret weapon is not a fifth column; that secret weapon is inflation. It

was inflation that Lenin used following the revolution in 1917 to destroy the basis of the Russian economy of that day, and to bring about the permanent imposition of the bolshevik dictatorship which took power at that time and retained it subsequently. It was inflation that was used in Germany to destroy the German economy. It was inflation that was used in every country in Europe to undermine and to destroy the basis of the economies and the governments of several countries. And while some of those governments and some of those economies should have been removed and should have been changed by other means, I am pointing out that one weapon which has been used since 1917 by the bolsheviks in their world-wide campaign has been the weapon of inflation.

Consequently I say that if Stalin has a secret weapon today, it is inflation. And I would add this for the information of the house, that some of us get resolutions from various labour organizations across the country. I think it is very significant that we have recently received resolutions from local unions that we know are under communist control, and those resolutions oppose price controls. All of a sudden, in opposition to the major labour organizations of this country that are asking for price controls, one finds here and there a local union that is either known to be associated with a major union under communist control or is under communist control itself, opposing price controls. That, I suggest, has some significance in this context.

So I say that inflation is one of the secret weapons that may be used to undermine our economy and our institutions and, indeed, to circumvent or even to destroy the effectiveness of our defence effort. Because, after all, every time there is inflation, the dollar the Minister of Finance (Mr. Abbott) takes out of the pocket of a Canadian citizen for expenditures in defence will buy less in the way of preparedness; it will buy fewer tanks, fewer guns, less ammunition and fewer soldiers' uniforms.

Consequently I say that this is a very effective secret weapon. And the tragedy is that the people who should be standing against inflation have in some instances, as the leader of the opposition (Mr. Drew) indicated this afternoon, promoted this inflation because of their own selfish interests.

There are many pieces of evidence indicating the suffering being caused the people of Canada by this runaway inflation. And, you know, I think it adds insult to injury when a government department sends out the kind of literature I hold in my hand to fathers and mothers whose children are on family allowances. The copy I have went out with the February cheques to parents receiving family allowances. What does it say? It says:

> Your food dollar can be stretched. Here are some tips on how to get the best value for your food dollar! Plan meals ahead to be sure to have—

What, in the diet for your children?

> —milk, fruits, vegetables, cereals, meat, fish, eggs or cheese, plus four hundred international units of vitamin D for every child every day.

Mr. Low: And be sure to boil the turnip tops!

Mr. Coldwell: How on earth, with prices of those goods what they are today, can the parents of these children buy a sufficient quantity of milk, a sufficient quantity of meat, a sufficient quantity of fish, a sufficient quantity of fruit, to say nothing of cod liver oil or vitamins, to give these children the standard of nutrition the government's own department says they should be getting?

Then they instruct parents to keep these commodities fresh and in a cool place. So I suppose the parents need refrigeration as well as, incidentally, a home in which to place a refrigerator, as well as the children who are to live on the contents of the refrigerator. Then it says:

> Children need good food. Family allowances are for your children.

Yes, family allowances are for your children. And ever since family allowances came into effect, as I have shown by the figures I placed on record this afternoon, the beneficial effect of the family allowance has been whittled away by the tremendous increase in the cost of these basic foods, which are necessary for the health of the children of this country.

Mr. Knowles: The food index has gone up a hundred points since family allowances were introduced.

Mr. Ferrie: May I ask a question?

Mr. Wylie: Make it sensible.

Mr. Ferrie: You stated about all those prices—

Mr. Wylie: Why don't you make a speech?

Mr. Ferrie: Mind your own business. You made this statement with reference to the rise in costs. Where did those costs come from? They are rising prices to the farmers you represent. Why should you condemn those costs?

Mr. Coldwell: I am not condemning the farmers for asking higher prices for their products; because I want to tell the hon. member—and he should know it, since he is a farmer himself—that if you take the cost

of the machines and supplies used in the production of these foods on the farms you will find that they have increased to an even greater extent than the farm prices of the foods to which I have referred. But let me say to my hon. friend—

Mr. Ferrie: What about the cost of wages?

Mr. Coldwell: All right, yes, wages are a factor in the cost of production; but wages generally have not kept pace with the increased costs of living and of production on the farm.

Mr. Ferrie: They have gone over it.

Mr. Coldwell: I wish my hon. friend from Mackenzie would just take a little time to study some of these questions, and then get up and make a speech about them, instead of interrupting someone who has given a good deal of time and study to the problem before coming to the house to make a speech. In other words, he might pay a compliment to the House of Commons by assuming that it expects to hear intelligent remarks in this house.

I am pointing out that this situation is imposing great hardship on many classes of people in this country. I mention the children particularly. The leader of the opposition (Mr. Drew) mentioned the young people who are getting married.

Mr. Fraser: They are hard hit.

Mr. Coldwell: They are hard hit. When I hear young people discussing how they are going to manage to get a house, how they are going to pay for the necessary equipment for the house, how they are going to burden themselves with an impossible debt in order to get the things they need, I sometimes contrast the manner in which some of us began our first homes even though at that time we thought we were undertaking heavy obligations. The fact is that we did not undertake obligations in any way comparable to what these young people are called upon to undertake today.

But apart from the youngsters, the children, the young people, what about the aged? A few days ago the Hamilton *Spectator* contained a report of some surveys that had been made in that city of the condition of old age pensioners and families. We are told that in the group of old age pensioners aged from 70 to 80 years, 135 cases were surveyed and the financial picture was the same in each case—it was bad.

The need for more nursing, the rising cost of living and the loss of family support had brought more suffering to these old folk. In the cases surveyed it was found that there were 67 persons who were considered to be receiving inadequate nutrition. The reasons given were the high cost of living, insufficient income, no one to prepare, plan and shop and, in some cases, poor management. But the main factor was of necessity the high cost of living. We have a group of Canadians in this one city who are suffering from malnutrition or slow starvation, in their declining years. That is not only a reflection on this country, it offers great encouragement to communist propagandists to come forward with their propaganda in an effort to undermine our institutions.

I could give several other instances of unnecessary suffering from the same survey. During the month of March twelve families known to the family bureau of that city had met with consistent refusal when applying for the rental of rooms. Each family had children. There were other families which had scraped together enough money for a down payment on a wartime house but who had been either ineligible or without sufficient points to establish a priority.

I should like to put on record the details of one family. The father had served in the air force for seven years fighting for freedom, fighting for democracy, fighting to prevent our being placed under a nazi dictatorship at that time. Probably he would fight again to prevent our being placed under a bolshevik dictatorship. During the last week because of unusual circumstances this family found themselves with their furniture on the street. Their three children had to be placed with friends. Even now they are living in temporary quarters and are still searching for permanent living accommodation.

All this after the grand promises that were made to our Canadian service men and women during the war, after all the grand promises that were made to all the Canadian people during the war. Remember what the late Mr. Mackenzie King, then prime minister, said. He said that unless we were prepared now to improve social conditions immediately after the war, we shall prepare in vain. We did not prepare. We had a wonderful white paper suggesting worthwhile post-war plans, which was tabled in the house, I believe by the present Minister of Trade and Commerce (Mr. Howe), but which has been filed away and largely forgotten.

I am referring to conditions in Hamilton as an illustration because it is the most recent report on a city that I have seen. The report says further that the increased cost of living is going to hit persons such as those in one family with seven children the father of which earns $42.50 per week and whose food costs

are $40. That father earning $42.50 a week earns more than some of the more lowly paid people in the city of Ottawa, and I am thinking of family men at that.

According to Miss McTaggart, executive secretary of the Hamilton family service bureau, that family gets three quarts of milk a day, three loaves of bread a day and has almost eliminated meat from their diet. A family of that size should get seven quarts of milk a day. The family sublets rooms in their house and uses the family allowance cheques to buy clothing for the children.

The father of another family reported on earns $82 every two weeks with which to support five children. Every month $86 is spent for food, and according to the food schedule they should buy $105 worth of food during that period. It was found that medical bills, glasses and paying off debts took $40. That gives some idea of the situation faced by many families in Canada.

Where is the opposition to controls coming from? It is not coming from the farmers. It is not coming from labour. It is not coming from the co-operatives. It is not coming from any people's organization that I know of. I have before me statements by some of these organizations. For example, there is the statement by Mr. Hannam, president of the Canadian Federation of Agriculture, who had this to say last January:

> At the last meeting of the directors of the CFA the following resolution was passed:
>
> That the government be asked to name a competent body immediately to undertake a continuous study of the position of the various economic groups in the nation, and to make recommendations looking towards the most equitable basis possible upon which to impose controls if and when such are needed.

And then again:

> Moreover, organized agriculture believes that no imposition of general price controls should be entertained without making them effective clear across the board on all prices, profits, fees, salaries, and wages. To exempt the economic returns from any one of these groups would be to grant a privilege which cannot be justified. To do so would discriminate unfairly against the other groups.

We agree with that, and so does labour agree with that. Labour and the farmers are of one mind in that regard. What does labour say? In a brief presented to the government on February 20 this year labour had this to say:

> The labour movement recognizes that wages could go up fast enough and far enough to break a price ceiling, though it sees no immediate danger of anything of the sort. It believes that the proper way to deal with this question is a government-labour-management conference to work out methods of wage stabilization. This offers a prospect of a wage policy which will do two things, both essential: (a) preserve the spirit, the principle, of collective bargaining, and (b) bring the experience of labour and management into the defence effort. If our government institutes a general policy of price and production controls, labour is ready to take part in a joint government-labour-management conference to consider wage stabilization.

Just before I came down to the house I was fortunate enough to get a copy of a brief presented this morning, I believe, to the federal government by the prairie farm unions. It is the brief presented to the federal cabinet at Ottawa today by Jacob Schulz, president of the Manitoba farmers union, J. L. Phelps, president of the Saskatchewan farmers union, and Henry Young, president of the farmers union of Alberta. They were accompanied by some other officials of the unions named and a representative of the British Columbia bloc. I imagine that means the Peace river bloc, the prairie bloc of British Columbia. What do they say? In part the brief reads as follows:

> This leads us to repeat a previous request that the federal government implement price control immediately. We wish it to be clearly understood that in making this request we do not desire nor will we agree to a "price freeze" that would mean fixing prices at present inequitable levels.

In other words, they are saying exactly what labour has said. Labour does not want a wage freeze freezing certain wages at inequitable levels and the farmers do not want a price freeze freezing some farm prices at inequitable levels. They suggest something similar to what labour has suggested, namely:

> What we definitely seek, and shall insist upon, is an adjustment of prices on a basis of parity. We further request that in the establishment of boards to ascertain the basis of these prices, as well as subsequent boards for administration on the policy level, the agricultural industry be given adequate representation thereon.

In other words, there should be a national organization, a national committee, or a national commission on which the farmers are adequately represented, on which labour is adequately represented, on which the consumer is adequately represented, on which management is adequately represented, in order to bring about a reasonable and proper relationship between farm and other prices, wages and so on, within the economy. Of course that means a considerable measure of economic and social planning in order to get parity among economic groups.

The co-operative union of Canada, which I think may be said to represent a very large segment of the consuming public of this country as well as certain producers organizations, wrote a letter to the Prime Minister (Mr. St. Laurent) on September 15, 1950, some time ago, before the present heavy impact was felt by the bulk of the Canadian people. They referred to the interim budget and said:

The action of your government in presenting its interim budget on September 7 was most welcome. In so far as it will serve to reduce excessive spending power, where such may exist, the legislation will tend to hold inflation in check. However, in our view, its provisions are not sufficiently far-reaching in their scope. It is apparent to us, and we would strongly urge upon you, sir, that additional and more specific controls must be introduced. The statements of various organizations representing the consuming public indicate a willingness to submit to these necessary restrictions in the interest of the national welfare.

Then they went on to say:

This belief in the effectiveness of a well administered control structure is substantiated by our experience during world war II.

Therefore you have the great labour unions of this country, the great farm organizations and the great consumers organizations, including co-operative societies, saying to the government or through the person of the Prime Minister: We think this country is entitled to protection against this runaway inflation. We therefore ask you to introduce a system of controls that will not perhaps be as arbitrary as they were during the war, and perhaps will not need to include some of the lesser things that were included during the war but which will give the Canadian people protection in their standards of living. We add to that and say that by means of subsidies we should endeavour to roll back prices to some extent, that by means of subsidies we should be able to provide the children of this country with such basic things as milk and so on.

Mr. Diefenbaker: What would be the roll-back? How far back?

Mr. Coldwell: I would not care to say offhand.

Mr. Diefenbaker: I am just interested in knowing how far.

Mr. Coldwell: I think prices have to be rolled back somewhat. I would say, however, that we should not ask the farmers to subsidize the milk of the people. The western farmer subsidized the bread of the people from February 1, 1945, to March 1, 1947, to the extent of $48 million.

Mr. Fair: That is only a drop in the bucket.

Mr. Coldwell: That was an unfair imposition upon one group of Canadian producers, and at the very least I think western farmers are entitled today to the additional reimbursement for the $48 million which they contributed to maintain the price of the Canadian loaf during the two years that I have mentioned. I am not going beyond that but I will say that if we are going to ask any producers to do something in the interest of the whole country then the whole country must bear the cost of what those producers are going to do in the interests of the entire country. Therefore, Mr. Speaker, we are supporting the amendment moved by the leader of the opposition (Mr. Drew). If he had not moved such an amendment I would have moved one. I am not happy that the situation has brought the leader of the opposition to the point where he has introduced a proposal of this description. I am not happy about that but I am happy that the opposition is combining. I hope that the opposition will combine, and I hope that certain members of the Liberal party will join with us.

An hon. Member: What a hope.

Mr. Coldwell: May I say that a remark like that, "what a hope"—and I am not rebuking the hon. member—should not be significant in a democratic institution because in a democratic institution members should act democratically, and on vital matters of this description should not be controlled by the government whip. Let them rise in their places on this occasion and vote as their constituents would expect them to vote. The Gallup poll a few months ago showed 75 per cent but I am convinced that 80 per cent of the people of the country are groaning under this inflation.

An hon. Member: Make it 90.

Mr. Coldwell: Well, I should be quite satisfied to make it 90. I always like to be conservative—with a small "c"—in my judgment, though usually I am liberal—with a small "l"—in my views. So may I say I hope that in this house we may have a vote which will reflect the real opinions of the members and the real desires of the people of this country. We had such a vote once before, again when the right hon. Minister of Trade and Commerce (Mr. Howe) was doing as he is doing today, leading the house. He suggested that we have a free vote on the milk subsidy. We did, and as a result the government was instructed to continue the subsidy.

Mr. Diefenbaker: Which they did not do.

Mr. Coldwell: Which they did not do. Six weeks later they passed an order in council discontinuing the subsidy. I am a little more optimistic this time. I suggest to hon. members opposite that if they vote with us and we have a good majority that may perhaps not compel but impel the government to introduce controls. In the past the right hon. Minister of Trade and Commerce has warmly defended controls, and I thought the leader of the opposition brought that defence very well up to date today, so we may expect the government to take some action provided the house authorizes it to do so.

I do not intend to say more. I have spoken more or less of the economic impact of the inflationary situation. I could join the leader of the opposition in speaking of the effect it has had on our educational institutions, on the cultural activities of many of our people, and so on. I know the buying of books has been cut down in some places where people are not so close to libraries where they can get new and desirable books; and the effect has been felt in many other ways. I believe every consideration warrants this house voting in favour of this amendment. Indeed I would go a step further and say that the arguments that have been and will be advanced should persuade the Minister of Trade and Commerce and the government to rise and simply say, "There is no need to press this to a division. We accept the point of view and we are going to introduce beneficial controls and subsidies immediately."

Mr. Solon E. Low (Peace River): At the outset, Mr. Speaker, I want to say that we too are very happy to be able to support the amendment introduced by the leader of the opposition (Mr. Drew). As the hon. member for Rosetown-Biggar (Mr. Coldwell) said, we are not happy because the situation has developed to the point where that amendment has become necessary, but because it gives us a chance to speak what we think is in the minds and hearts of people across this country.

Before I launch into the things I would like to say in support of the amendment which I have already announced we are going to support, I want to place on record a few facts. These facts are basic to what I shall have to say, and are found in the Canadian Statistical Review for February, 1951. The first fact is that during 1950 the gross national production of the country increased by 8 per cent. Of that, 4 per cent represents write-up in prices, so only the remaining 4 per cent would be an increase in volume. The second point is that during 1950 the gross national expenditure of the people of Canada increased by 7 per cent. Of the total 4 per cent represents a write-up in prices and only 3 per cent an increase in volume or an actual increase in purchases by the Canadian people. The third fact is that during 1950 the personal incomes of the Canadian people increased by 5 per cent, but during the same year their personal expenditures increased by 7 per cent. The next important point is that during 1950 retail prices rose by 10.6 points. The next important fact is that the general cost of living index rose to 179·7 in February of this year, a rise of 4·5 points, and that in the first two months of 1951 the index rose by 7·2 points. One other very important thing I think should be placed on record as basic to this whole discussion is that the net farm income declined by 6 per cent between 1949 and 1950. This supports the claim made by both previous speakers that the high cost of food products in Canada today has not resulted from the fact that the farmers are demanding and getting unreasonably high prices for their products.

With these things in mind, Mr. Speaker, for a little while I should like to deal with some important causes of the present dilemma. I am in agreement with the previous speakers when they say the most important problem facing the people of Canada today is that of runaway inflationary prices. The high cost of living is a problem which must be tackled. It must be given the most intensive thought and work it is possible to give. I do not mean to suggest, of course, that the government can do it all. The general run of the Canadian people will have to take their share of responsibility for seeing to it that scientific means are adopted which will give the people of Canada relief from this terrible burden of living costs. It seems to me we ought to be giving, and in fact we ought to have been giving long ago, a great deal more thought to the causes of present high prices than we have given thus far. Because we have been derelict in giving that careful thought and attention to the causes, it seems to me that now we must get down to basic principles and find out what has given rise to the inflationary situation we face today. The present government is reaping what it has sown, but unfortunately it is not only the government that is reaping. It is a tragic thing that the poor people of this country, who had nothing whatever to do with bringing about the present situation, are also doing the reaping and suffering the real hardships.

The present inflationary situation had its roots, to some extent at least, in the way the government financed the war. Early in world war II the minister of finance declared that he intended to follow what was then called a pay-as-you-go policy. But it did not take him very long to abandon that policy, if he ever started it, and go back to the old system of debt financing under which the national debt was run up from $3·5 billion to $16 billion in the course of less than six years. That was not a pay-as-you-go policy, in spite of the government's earlier declaration that they would follow a pay-as-you-go policy. Some very foolish things were done in the course of the attempts made to finance during the war years. Some very foolish things were done in the bond drives. Early in the war the government attempted a bond drive

throughout the country to induce individual Canadians to buy bonds, not so much because the government needed the money to pay for the war but, as they openly declared, the major reason was to get out of the hands of the potential consumers in this country their purchasing power so as not to create inflation. The government was to use it as an anti-inflationary measure.

Let us examine one simple example of what happened after they made that declaration to the Canadian people that this was largely an anti-inflationary measure. Under whatever regulation the government may have been operating, the chartered banks of this country were allowed to finance bond purchases on the part of individual Canadians. An individual Canadian could subscribe to a certain amount of bond purchases, and he could go to the bank for a loan to meet ninety per cent of the cost of the bond. A credit entry in the amount of the bond purchase was created on the books of the bank, which simply meant new purchasing power being injected into the bloodstream of this country. A large amount of that sort of purchasing power was injected into the bloodstream of Canada, and what happened? A great many of those people could not possibly pay for those bonds. They bought them for patriotic reasons or because pressure had been placed upon them. Eventually the bank took over the bond and simply repaid the person the amount of the cash equity he had in the bond.

What was the net result? Instead of being an anti-inflationary measure it became the worst possible kind of inflation because, while through that method individual Canadians were enabled to buy bonds, what happened was that a large amount of new purchasing power was injected into our economy without a corresponding increase in the production of goods and services. The banks' holding of dominion securities increased. Now, that is the kind of anti-inflationary policy that was followed. It is only one example of the sort of foolish thing that was done during attempts to finance the war on what Mr. Ilsley said was going to be a pay-as-you-go policy.

The second important thing we have to keep in our mind is the way the government refused to shoulder the responsibility of a specific policy for regulating the money supply of our country. This was another thing that contributed during wartime to the setting of the roots of inflation. The government shifted the responsibility to the chartered banks a good many years ago. During wartime they simply left the regulation of the money supply to the chartered banks of the country, and that was during one of the most dangerous times in Canada's history. The result was that the money supply became totally unrelated to goods and services available for purchase.

Another point, Mr. Speaker, is that since 1945 the government definitely discouraged production by their taxation policy. There are some, of course, who deny that is true. If the Minister of Agriculture (Mr. Gardiner) were in his seat, I imagine he would be one of the first to say that was not true. The facts show that it is true. At the end of the war what we needed more than anything else was abundant production of all kinds of goods and services, but the government failed. The high rates of income tax and the low exemptions they initiated, and a most fiendish tax enforcement policy, discouraged the farmers from all-out production. The iniquitous system of net worth which was introduced did more harm to the farmers of western Canada than anything else of which I know. If anyone takes the trouble to examine into the true facts of the situation, he will see that in the province of Alberta our cattle population in 1939 was 1,230,000. By 1945, owing to the almost superhuman effort of the farmers, the cattle population was lifted to 1,860,000, and in the meantime they had marketed a great many thousands to help the war effort. By 1949 the cattle population had shrunk to 1,465,000, nearly 400,000 less. This decrease was largely as a result of the foolish taxation and other restrictive measures adopted by the government.

If the government was aware of what was happening, they did not seem to care. Proper policies at that time certainly would have induced an increase of production of the very things that were needed. If the government had, during that period between 1945 and 1950, kept its word and established stabilized prices on farm produce in this country, there is no end to the productive effort those people would have made. The amount of productive effort they made during the war, which has drawn tributes from thinking men the world over, would have been continued.

High income tax rates and the excess profits tax also did much to discourage production in the industrial field. Those high rates of tax that were continued for some time after the war caused a shift to plant expansion or to needless modernization of machinery in the plant, and the installation of new machinery long before the old machinery became obsolescent. Everyone knows that these things, in themselves, are inflationary because money so spent in the expansion of plant and in putting in new machinery produced no consumer goods. The balance of purchasing power was disturbed, so we find inflation.

Cost of Living

The government's tax policy also tended to push prices up, as has already been said. The tendency all along has been to increase hidden taxes. It will be recalled that in 1947, when the Minister of Finance (Mr. Abbott) followed the most unusual practice of announcing to the people over the airways that he was introducing certain excise taxes, a number of things were included, some of which were essential. Everyone could see this excise tax. Everyone recalls, however, that it was not long until it was converted into a sales tax at the manufacturer's level. It did as much as anything to force prices up and bring on the present state of inflation.

Mr. Speaker, one could go on multiplying these examples all evening to indicate that the government certainly was derelict in its duty, and by its neglect, or by its deliberate policies, contributed to the present situation of inflation. The government created a most unusual situation wherein the economic law of supply and demand simply could not work. The whole population of Canada was adversely affected by these policies. Before I leave the farmers, may I say that the government put ceiling prices on many of the products that came from the farm, but allowed the prices of the commodities the farmers had to buy to go up to whatever level the manufacturers wanted to push them. Machinery, repairs, clothing, as well as various other things were allowed to go up, and as a result the spirit of get all you can while you can became the spirit that activated the people. There was the spirit of gouge to which I have referred before on a number of occasions. Primary producers therefore were discouraged about prospects for the years to come. Right from the end of world war II the Liberal government advised and pleaded with the people of this country to go slowly in making purchases. "Do not buy now," they said, "but wait a while until prices come down. Everything will be hunky-dory then." A good many people took the government at its word, and they tried to co-operate with the government in their attempt to control the rising prices and the inflationary situation. The tragic part of it, Mr. Speaker, is that prices did not come down. These very people who did everything they possibly could to co-operate with the government, on the government's assurance that prices would come down before they had to buy, today find that they have been dreadfully penalized. They are having to pay greatly increased prices now for the things that they cannot defer buying.

I know of people who were planning to build houses two or three years ago. They were inclined to take the government at its word and they said, "Well, I think we had better not go into the market and compete for the materials to build these houses; the government has assured us that everything will be all right and that prices will come down." One man told me today that simply because the home builder that he knew waited for a year, on the strength of the promise of the government that everything would be all right, he now finds that he will have to pay $800 more for the same materials to build the house that he wanted to build last year. It looks to me, Mr. Speaker, as though that situation alone is sufficient reason for the fast-waning support that the Liberal party enjoys in this country today.

In the past few months this government also has issued what amounted to invitations to merchants and others to boost their prices; and those people did boost their prices. On several occasions the Minister of Trade and Commerce (Mr. Howe)—and I have his words here in *Hansard*; if it becomes necessary I can easily put them on the record—made about controls statements which were clear invitations to the people of this country to boost their prices as far as they possibly could—"controls if necessary, but not necessarily controls." It sounds a good deal like the old Mackenzie King cry, does it not? That is what has happened.

On those occasions when we on this side of the house have brought up for discussion the high cost of living and especially when direct controls were advocated by the hon. member for Kootenay West (Mr. Herridge), the Minister of Trade and Commerce, in speaking to that motion, made the statement that it was not anticipated that direct government controls would be introduced but, he said: "If it becomes necessary later, certainly we will give it most thorough consideration." We all know what has happened. The spirit of gouge has spread over the whole country; and that seems to be the spirit that is activating a good many of the people today.

An hon. Member: And they have got set.

Mr. Low: Yes, and they have got set. There is no question about that. They increased their prices to a point where there would not be any danger to them if price controls were found to be necessary.

Right from the time of the ending of world war II the Liberal government began to become party to international arrangements like the United Nations, Bretton Woods and other things, under which it became necessary for them to drain off a certain amount of Canadian production to send to other nations. We also followed the policy

of making available to other nations vast quantities of supplies, in the form of outright gifts or in the form of long-term loans; and so the drawing-off of the top portion of our production in Canada to be sent to other countries became a serious contributor to the present inflationary situation.

The potential inflationary condition of 1945 therefore developed into a real one as decontrol took place and as the government did nothing else to prevent the situation from becoming as serious as it now is. We have now become parties to NATO and to Colombo, under which international arrangements a good many billions of dollars' worth of our Canadian production is to be sent to other countries. The money generated in this production will be left behind to be spent here in competition for the goods that are left. What is the result? The government says: "It is necessary for us now to put before the House of Commons a huge budget". That budget provides for the expenditure this year of $3,586,915,657. That is exclusive of certain supplementary estimates that have been introduced to cover expenditures for the last fiscal year and perhaps some more for this year. That huge amount of money during the next fiscal year will go out to be spent in competition with the purchasing power of nearly fourteen million individual Canadians; and they will be competing for goods that are now, in many branches, in short supply. What is going to be the situation?

I should like to be able to put on the record some figures, Mr. Speaker, in the way of an analysis or a break-down of the present estimates that were tabled in this house about two weeks ago, in order to show hon. members and the people of the country just exactly what that budget is going to do to the Canadian people; but it being six o'clock, I presume it would be wise to hold this matter over until we resume at eight o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Low: Mr. Speaker, at six o'clock I mentioned that I had been very much interested in an analysis of the estimates placed before the house by the Minister of Finance (Mr. Abbott) something over two weeks ago. I have taken those estimated expenditures for the fiscal year ending March 31, 1952, and I have placed in tabular form the various departmental expenditures. I have shown them in the first table as percentages of the gross national product and, in the second, as percentages of the national income, assuming in each case that the fiscal year 1951-52 will show approximately the same gross national production in Canada and approximately the same national income as did 1950-51.

With your permission, Mr. Speaker, I should like to place these two short tables on the record, because they show in tabular form those relationships which I believe the people of the country would like to have.

Some hon. Members: Agreed.

Mr. Low: They are as follows:

DOMINION OF CANADA—SUMMARY—ESTIMATES

Of the estimated Expenditure for the fiscal year ending March 31, 1952, for each Department

		Per Capita	Per Cent of Expenditures	Per Cent of Gross National Product
Gross National Product	$17,793,000,000	$1,282.75	100·000	100·0000
National Defence	1,600,000,000	115.35	44·606	8·9923
Defence Production	64,212,001	4.63	1·793	·3608
Finance	582,758,603	42.01	16·246	3·2752
National Health & Welfare ..	474,214,103	34.19	13·220	2·6651
Veterans Affairs	209,180,700	15.08	5·831	1·1757
Public Works	92,616,145	6.68	2·582	·5206
All other departments	563,934,105	40.66	15·722	3·1694
Grand Total	$ 3,586,915,657	$ 258.60	100·000	20·1591

Population of Canada 13,870,946.

DOMINION OF CANADA—SUMMARY—ESTIMATES

Of the estimated Expenditure for the fiscal year ending March 31, 1952, for each Department

		Per Capita	Per cent of Expenditures	Per cent of National Income
National Income	$14,164,000,000	$1,021.13	100·000	100·00
National Defence	1,600,000,000	115.35	44·606	11·30
Defence Production	64,212,001	4.63	1·793	·45
Finance	582,758,603	42.01	16·246	4·13
National Health & Welfare	474,214,103	34.19	13·220	3·35
Veterans Affairs	209,180,700	15.08	5·831	1·47
Public Works	92,616,145	6.68	2·582	·65
All other departments	563,934,105	40.66	15·722	3·98
Grand Total	$ 3,586,915,657	$ 258.60	100·000	25·33

Population of Canada 13,870,946.

When one takes a look at the estimated expenditure of more than three and a half billion dollars for the ensuing fiscal year, and realizes that those dollars will go out and compete with the expenditures of 13,870,000 individual Canadians, one begins to wonder just exactly what is going to happen to prices unless something very effective is done, and that very soon, to prevent any further inflationary rise.

On the present basis, with the cost of living index at 179·7, according to the return for the month of February—and I think it will be much higher when the March figures are made known—what does this huge sum in the estimates do to our people? Here is what I think it will do. The budget estimates of $3,586,915,657, recently tabled by the Minister of Finance, have a total purchasing power today of only $1,996,061,172, in terms of the dollar in the base period 1935-39.

That means that the purchasing power lost to the Canadian people through runaway prices will be no less than $1,590,854,485, on the estimates of the Minister of Finance alone. This means that every man, woman and child in Canada will be deprived of $114.69 in purchasing power through inflation of prices on the cost of living index of 179·7, on the government estimated expenditures alone. And of course in addition to that we will have to calculate what the loss in purchasing power for each individual in Canada would be on the expenditures of provincial governments, and on their own behalf when they attempt to buy food, eggs, meat, cheese, pay the rent, buy replacements, make repairs, buy clothing and all that sort of thing.

When all those things are calculated, then I would ask the house what kind of future for the Canadian people those figures presage. That is the question which every serious-minded person in Canada will have to ask himself. Is it going to be possible for the Canadian economy to right itself, or is it going to be necessary to have government action to bring prices under control and to stabilize our Canadian economy?

Evidently the government has had faith in the ability of our economy to right itself, but I say to you that government policy has failed. Even fiscal measures the government took as anti-inflationary measures have failed, as witness the recent heavy jump of over four points in the cost of living, within one month. It must be kept in mind that the present situation has arisen only partly as a result of economic affairs. I was talking during the dinner hour with a member of the house who expressed a thought with which I can agree. He does not happen to be a member of the opposition, but that does not make any difference; he is right, just the same. He says, and I agree with him, that to a certain extent the present situation has arisen because of psychological factors. That is perfectly true. So that we have to keep in mind economic factors, some of which I have stated, as well as a number of psychological factors, which have placed a terrific pressure upon prices.

When I refer to psychological factors I have in mind the fear of war, which is one, and the fear of shortages, which is another. Those fears have compelled men throughout the country to do much more buying and much more hoarding perhaps than they should be doing. I believe that situation can be well illustrated by looking around and asking oneself how many 1951 automobiles people own today. It might be interesting to note that the statistical review published a short time ago indicates that there was an increase in motor car purchases in Canada between 1949 and 1950 to the extent of 60

per cent. What does this mean? It simply means that the people of Canada who can get hold of the money to buy cars are trying to get under the wire so as to have the latest possible model. They fear they will not be able to get new cars for a long time.

That is one of the psychological factors we have to keep in mind. No one knows how long the present condition of cold war will last. But if it should last for a number of years, then it is conceivable that our economy could be shot to pieces by runaway prices—unless of course proper remedial action is taken at once. That is exactly what Stalin wants. At one time he and his communist pals throughout the world predicted that the free economies would fall into devastating depression and ruin themselves that way. World circumstances prevented that. Now it is very likely that those same enemies firmly believe that they can make inflation do for them what depression failed to do, or what they failed to get depression to do.

International communism will do its utmost to wage for many years, just as long as it is possible for them to wage, a war of economic attrition which will revolve around the continual shrinkage in the value of our currency and the currencies of all the democracies. Stalin knows that our economy and the economies of the free democracies can be wrecked just as effectively that way as by an all-out shooting war. It is likely that he will follow the cold war method just as long as he can, feeling that we have not the brains nor the will to make the necessary financial and economic changes to ward off disastrous economic break-down.

If we allow ourselves to be further weakened economically the chances of our ultimate victory over communist imperialism certainly will become quite uncertain.

It is obvious that something will have to be done immediately to bring runaway prices under control. The question is what? That is the big question. We believe that in normal times when economic laws are allowed to operate a free economy is the best economy. We do not advocate a system of direct government controls as a permanent part of the type of economy that we would like to see, but we are not now living in normal times. I must emphasize that. Therefore we will have to adopt policies designed to meet the present difficult conditions and to get us out of these present difficult conditions.

On one or two occasions since the session opened in January the Social Credit group have put on the record what we consider to be the necessary short-time requirements to stabilize the Canadian economy in these times and to make certain that we are not destroyed economically. I shall take just one or two brief moments to review the outstanding phases of the proposal which we have put forward. We think that it will be necessary for the government suddenly, overnight—it should not be done in a long drawn out way, a matter of invitation, such as has been suggested in the past—to impose over-all price and wage controls. That does not mean the freezing of prices by any means. When you have applied over-all controls overnight, then of course you have to set about an adjustment of prices to provide a fair profit and an adjustment of wages perhaps to conform with the adjusted price levels about which I have spoken.

If we make this effective and complete I am satisfied that it will be possible to hasten the time when our economy can be free again to operate according to well defined fundamental economic laws. Farm prices will have to be adjusted to provide for a parity with the adjusted price levels. This may require a certain amount of subsidizing. We advocate that that be done wherever necessary in the interests of parity for the farming population of our country.

The next thing is to see that every possible encouragement is given to increase the production of the required goods and services in our country. I do not think we can stress this point too strongly. The best cure for inflation, the best remedy for rising prices, is the production of the necessary volume of goods and services. We believe that it may be necessary to use producer's subsidies and various other kinds of inducements to get this all-out productive effort. If it is necessary, let us get it done because there is no better way of meeting the situation than through an all-out productive effort.

The third important step is to maintain the purchasing power of the low income groups in our country to enable them to buy the necessities of life. The hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Carleton (Mr. Drew) have pointed out the tragic circumstances of a good many of the low income groups in Canada as a result of runaway inflation and runaway prices. We feel that it might be necessary—if it is necessary we will certainly support the government in doing it—to introduce consumer subsidies on certain selected items, perhaps on quite a number of items that go into the everyday cost of living.

If commodities do become scarce then we feel it may even be necessary to introduce rationing in order to see that there is an equitable distribution and therefore some sort of equality of sacrifice in whatever effort we

have to make. As a larger percentage of the production of the nation is diverted to war purposes, thereby intensifying inflationary prices; as increasing government expenditures compete with individual expenditures, then we may have to adopt a number of other important fiscal policies to meet the situation.

In brief, that is what we are proposing as a short-term policy. That does not say by any means that we believe that this is all that will be required. But we do think that if that policy is adopted it will go far toward bringing the present dangerous situation under control.

In times past when the Social Credit group in this house have placed before hon. members proposals for scientific financial and economic reform we were often met with derisive shouts of, "Oh, yes, those are Social Credit rubber dollars" and the like. I should like to introduce the members of this house to a perfect example of a rubber dollar. This is an anaemic, emaciated entity that one might call a shivering skeleton of a Liberal dollar that has a hard time today to buy fifty cents' worth of anything.

An hon. Member: Throw it over.

An hon. Member: Pass it over.

An hon. Member: Send a million over.

Mr. Low: We all want to get hold of more of them. We have to if we are going to survive. This has plenty of rubber in it. It has stretched considerably. When the pressure was let go it bounced back and is only half what it was at one time. I cannot think of anything more rubbery than that. There is a rumour abroad that the Liberal government is going to ask the Canadian Bank Note Company to run off another bill, a two dollar bill to commemorate this marvellous new age, this brave new situation into which we have got ourselves. This new two dollar bill is to be called the St. Laurent dollar.

Mr. Gibson: How about the Aberhart dollar?

Mr. Low: The Aberhart dollar was never like that. These people who have talked of rubber and stretching in the past had better just turn the spotlight on themselves for a little while in order to see what is happening. As I see it, the best evidence in the world is this shivering skeleton, the thing we call a dollar, which is having such a hard time today to buy more than fifty cents' worth of anything.

To be serious, and in conclusion, the government simply must set about putting "sense" back into the dollar that they have allowed to depreciate so seriously, and you can spell that "cents" or "sense", whichever way you prefer. We are asking on behalf of the people of Canada for lower living costs. We ask also that whatever controls are found necessary to accomplish that result be accompanied with safeguards so that the individual freedom of the Canadian people can be preserved.

Mr. J. A. Bradette (Cochrane): Mr. Speaker, I am taking this opportunity to present in these precincts some of the reactions that I received from my constituents during the Easter recess. Every member of parliament, no doubt every senator, and certainly the Prime Minister (Mr. St. Laurent) and every member of the cabinet are fully aware of the high cost of living at the present time. They have felt it themselves and they were told by their constituents. Everyone now listening to me no doubt has received since the beginning of the session a nice white square card on which there are words to the effect that members of parliament should see to it that the cost of living is drastically reduced. I am going to speak my mind openly as I always have, and I believe I will be expressing the sentiments of the people whom I have the honour to represent. However, even a member of parliament has to be guarded at times, and the leader of the opposition (Mr. Drew) this afternoon, and also the leader of the C.C.F. party and the leader of the Social Credit party, were guarded to some extent in the statements they made on this very important subject.

I qualify my remarks by stating that during the last war I was a member and vice-chairman of the war expenditures committee. At one of its sittings—and I knew that goods were being rationed and there was control on the commodities of life—very innocently I had the audacity to state that I thought there was too much advertising in the press of the country, not only of the commodities of life but also of some of the luxuries. I also mentioned the fact that large catalogues of hundreds of pages were still being issued, and the housewife would only get an average of about one article out of six when she ordered. You should have seen the kind of press I received and the kind of unfavourable publicity my remarks gained for me in every section of Canada.

I do not know why it should not be possible for a member of parliament to try to represent his riding sincerely and honestly and to speak the truth as he sees it. Before I proceed any further I must make one point very clear. There are three newsprint and sulphite industries in my constituency and I know that the government is now going to carry out some kind of control on the export price of

that production. If we are going to have controls on commodities we must have control of wages also. You cannot separate the one from the other. Any man who knows anything about elementary mathematics should realize that two and two make four and nothing else, no matter what some leaders may say.

I was astonished this afternoon when the leader of the C.C.F. party, for whom I have a high personal regard and respect, kept away from that situation. Again let me make the situation very clear to parliament and to the people whom I represent at the moment. You cannot have price control unless you also have wage control. I make that statement very deliberately indeed because there is no other way to deal in a practical and logical manner with the problem that is agitating the minds of the people of Canada at the moment. The leader of the C.C.F. party made a special appeal at the end of his speech to the Liberal representatives in the house. I am going to vote against the amendment. I am going to vote with my party, and I am not ashamed of doing so. I am proud of it.

I must tell the leader of the C.C.F. party that there must be very rigid controls so far as their whip is concerned. I have been a member of parliament for many years, and I have not heard a single word from any of the Liberal whips who have served over those many years as to the way that I should vote. I was never told how to vote on any question.

Mr. McIvor: Nor I.

Mr. Bradette: I am sure the whip will follow the same course on this occasion. We are here as free people and as members of a national party. We will vote according to our conscience and according to what we believe is best for the Canadian people as a whole and the people of our own constituencies. We enjoy the benefits of a free democracy in this country. Under such a way of living no doubt we reap wonderful benefits but at the same time there are also weaknesses in the system that must of necessity be overcome not only by the effort of the government, but also by every citizen. No government would be strong enough to overcome a situation like the present one by itself unless it has full co-operation by all. Every citizen of the country who is worthy of the name must make the necessary sacrifices in order that the system we cherish, our freedom and democracy, our parliamentary system, our right to free expression, may be preserved.

That does not mean regimentation. It means the free will of a free people to do things according to their conscience. It means the freedom of a member of parliament to vote according to his own conscience in the best interests of his friends, his constituency and the country as a whole. The easiest way for the government to settle the question of the high cost of living would be to impose controls all across the board. That would be the easiest way, but would it be a really democratic way? Would it really be a solution? Under the present circumstances will the Canadian people be ready and willing to accept such a method of governing the country and regulating the actions of our people at the present time? Personally I would say absolutely no, that it would not be acceptable to the Canadian people.

It is true that during time of stress, time of war, when our young men and women are willing and ready to make the greatest sacrifice that human beings are called upon to make, to give their lives for their country because of certain ideals, then the citizens as a whole are willing to make certain sacrifices, and controls will then work. However, some people must have short memories when they clamour for controls such as we had during the last war. How many times have I seen newspapers and periodicals cursing controls and criticizing Donald Gordon! How many times have I had private conversations with representatives of industry and others who were maligning the name of the man who administered controls and his personnel, although he made a marvellous job of it and was a fine Canadian. It was not always pleasant for him. How many times have I heard my own family, relatives and friends in my own constituency abusing the system and the government of the time although they were doing a magnificent job!

When we speak of controls let us be careful about it. Does anyone in the house want control now all across the board on all commodities, control that will affect our exports and imports? Certainly people are not ready for such a situation. I notice that the amendment moved this afternoon by the leader of the opposition is well guarded in its language. You heard it, and I will read it again. It is as follows:

> This house is of the opinion that in view of the announcement made on Wednesday last of the greatest monthly increase in Canadian cost of living during the month of February to the disastrously high level of 179·7, immediate consideration should be given to the adoption of appropriate measures to hold down the cost of living and halt inflation.

There is no mention of control there. I can only see one primary reason why control is not mentioned. I refer to what the leader of the opposition said in the House of Commons on February 21, 1949. I will read

his words in French because at the moment I only have the French copy of the speech that he made. He said:

(Translation):

Mechanism of a dictatorship:

I do again urge members, and particularly those on the government side, to read carefully these arbitrary powers, these orders in council carried forward by statutory enactment, and which we are asked again now, in 1949, four years after the termination of hostilities, to renew. There you will see the mechanism of dictatorship. There you will see power to exercise almost unlimited authority over agriculture, over industry and over the economy of our country. Wider powers could hardly be imagined. And those pokers are exercised, not under the direct authority of parliament, but under the executive power of the government itself, without any clear definition of their limitations or purpose.

I remember perfectly that during the last federal elections, my Conservative opponent went around my riding saying that the leader of the opposition . . .

(Text):

During the last election the leader of the opposition was saying that controls should be abolished immediately. I do not know how the leader of the C.C.F. party could interpret the amendment moved this afternoon as involving absolute controls so far as Canada is concerned. It certainly is not there. If the amendment carried, there would be no implication of such a scheme. If you read the amendment you will see that the word "control" is not even mentioned.

In this country the cost of living is affected in two different ways. We are a great exporting country, I believe the fifth in the world, and for that reason our national economy of necessity must be very sensitive to the export trade. We have to buy raw rubber from the United States, for instance. In January, 1950, rubber stood at 44; in December of 1950 it was 164. We have to buy raw wool from the United States, Australia and Britain.

Mr. Browne (St. John's West): We can still send some to Poland, though.

Mr. Bradette: I did not get that. Wool stood at 157 in January of 1950. In December of 1950 it was 304. In the past we often heard our good friends of the C.C.F. party say that if only there were socialist governments in Europe and Britain there would be no possibility of any profiteering as far as production was concerned. Well, we have had socialist governments for the last four years or more in Australia, New Zealand and Great Britain, and we have seen those three governments corner the wool market of the world. Did they do that for the benefit of the rest of the commonwealth or for the good of the rest of the world? No; they did it to make a profit out of the sale of that wool. When the Canadian people buy wool, they have absolutely nothing to say as far as the price is concerned; they must pay what is asked for it.

These matters we must keep in mind in a discussion of this kind. Take cotton yarn and thread. In January, 1950, they were 164; in December they were 169. Take iron and steel billets, partly imported; they went from 187 to 207. Certainly we have no control over those prices. No matter what the Canadian government might do, no matter how hard we might try to get these things from Great Britain or the United States for less money, we have no power to bring about a reduction of any kind. Let us take some other items that enter into the cost of living. Who would dare to say we should stop Canadian farmers selling their beef in the United States market? I well remember the agitation some three years ago when the farmers wanted access to that market, and rightly so. That is one of the principal reasons for the high cost of beef at the present time, but who would dare to say the government should tell the farmers we are going to put an embargo on the export of beef? We all know what would be the reaction of farmers in this country from coast to coast.

These are things we must have in mind in discussing this question. Look at lumber. What would happen if we put an embargo on the export of lumber, and took away from our producers the markets they have in the United States and Britain? There would be a great hue and cry on the part of the lumber operators of this country, and rightly so. In my own constituency we have two newsprint mills and one sulphite mill, and every pound of that production goes to the United States. We all know what has happened to the price of newsprint in the last three years. It has increased by at least 200 per cent. Would it be practical or feasible for the government to say that the price of newsprint must be reduced to what it was three years ago? These are some of the things that we as parliamentarians must thoroughly consider if we are to deal with these matters logically, for these things make one realize how difficult it is for the government to please everyone.

We export many other things. Most of the copper from Noranda and from the big smelters in British Columbia goes to the United States market. We also export to that market zinc, some lead and other metals, and we are glad to have such a market. Is there anything we could do about those prices? Then there is nickel, one of the

biggest, yes the biggest, mining industries in Canada, employing thousands of people and adding so much to our national economy. All that production goes to the United States. Are we going to lower these prices even though our neighbours are willing and ready to pay them? I just bring these points to the attention of the house to help every hon. member realize how difficult it is to deal with a question of this kind at the present time and satisfy everyone.

I spoke to my own people only a few days ago and told them there were many ways in which the Canadian people could help. I am going to enumerate some of those ways. It is surprising that the cost of living should have increased so much during the month of February, but in large part that was due to the fact that during the course of last fall most of the raw material that had to be bought by the United States and Canada had increased in price tremendously. Now the cost of production of the finished article has almost caught up. In the United States, for example, the average price of goods at retail increased only 10 per cent in the nine months between March, 1950, and January, 1951. This is a small increase when compared with the increase in the cost of raw materials. But it is not likely that the gap will last much longer. As the raw materials which were bought at the higher prices get into the finished products, the cost of those products will go up also.

This is not a pleasant situation to face, but we must be realists and study it from all angles. Wishful thinking will not settle the problem. Obviously as long as the countries of the world are bidding against each other for basic raw materials such as wool, cotton, rubber, lumber and lumber products including newsprint, sulphite, wood pulp and so on, and base metals and farm products, Canada has to go along with them or do without. Are we going to do without cotton or without wool? Are we going to do without rubber? I just leave that thought with hon. members to answer for themselves and their constituents. That is why the United States, Britain and France are trying to get the main producing and consuming countries outside the Russian orbit together to devise ways of distributing scarce materials they all want. The whole world wants those scarce materials.

After the last war all nations shared the fear of a depression. They were afraid that what happened only a few years after world war I would recur with all the other disturbing factors that such an economic calamity brings with it. So government policies were formulated, with well prepared blueprints properly drawn, designed to bring about full industrial activity, fair prices for our agricultural production, almost full employment and plenty of production to meet the requirements of the consuming public. Under that planning it was hoped that there would be no inflationary or deflationary extremes. Of course practically all those high hopes were built upon the premise that after the complete defeat of the axis powers upon the battlefield we had every reason to expect that the whole world was going to enjoy a very long, if not a permanent, period of peace which would allow it to recover from the terrific loss of life, the tremendous destruction, the misery and despair which followed that war. We must carry that thought in our mind as well, because in part at least the present situation has resulted from the policies of Hitler and Mussolini from 1939 to 1945, and indeed from world war I. We are still feeling the effects of some legacies of both wars.

The organization of the united nations in San Francisco enhanced those hopes, which unfortunately did not come to fruition. Instead of unity and understanding among the nations the world found itself divided into two camps, in fact into two worlds. In the other camp was Soviet Russia with all her might, her advantageous position, the well organized and ruthless tentacles of Moscow communism spreading into every part of the world and the so-called cold war. The destruction of human lives and material resources has had a devastating effect upon us. Most of the high cost of living of the present time must be traced to Joe Stalin, with his expansionist policies and the threats of war he is making all over the world. At the present time we know that pressure is being brought upon parliament to apply price controls at once. This measure could easily be passed by the government, but would it be the real solution? Will the Canadian people accept drastic controls under the conditions existing? They worked relatively well during the last war, but they were also highly criticized as I said a few moments ago. The people do not like to be pushed around by too many governmental restrictions, at least not the Canadian people, unless there is a national emergency.

I have no doubt there are many measures that could be applied which are within the power of our people, if they are willing to put them into practice. I know I shall be criticized for some of the statements I am going to make now, but I am speaking my mind sincerely and honestly as a Canadian citizen. There are certain measures which people may be willing to practise under dire circumstances which will perhaps prove to be

a deterrent to the high cost of living. If labour, for instance, were willing to increase the length of the work week by ten per cent from forty to forty-four or forty-eight hours, and I say that deliberately, it would increase the national output by eight or twelve per cent. No matter what one may say about shorter hours with the same take-home pay, that does not increase national production.

Mention was made this afternoon of the high cost of farm implements. These implements do have a high cost but the farmer also has to pay about three times what he used to pay for hired help. Even during the haying season or the crop season most of the men who used to work on the farm will not work there unless they get the forty hour week. They will not work in the rain—I do not altogether blame them for that, but they will not work any more than eight hours no matter what the condition of the hay may be. They will not work after six o'clock either. All this has increased the farmers' cost of production. The labour unions would do well to think about this principle, too. Three years ago I was at a party in the home of one of our national labour leaders. It was mooted at the time that they might have a strike in the General Motors plant at Oshawa. Two prominent leaders were advancing an argument that even if the men did get an increase of fifteen per cent in their wages that would not increase the cost of production of those automobiles. I told them that I did not want to enter into a discussion, but even a labour leader could not make me believe that when wages are increased in an industry like the automotive industry or on the farm or in any other industry by fifteen per cent, the cost of production will not increase by that amount. You cannot get away from that simple principle of mathematics.

I am not against what labour has done. During the last war labour and its leaders did a magnificent job. We do not want to see the old days return. In my youth while working in the lumber camps in the province of Quebec I suffered from poor labour conditions. I do not want that to happen to my young brethren in the northern part of the province today. At the same time every citizen of Canada, including the labour union leaders, the farmers and the professional men, all have some duties to perform under present conditions. We need more consumer goods to absorb the increased purchasing power. Of course, economically speaking, the best results will be obtained from the workers producing more by working harder and more efficiently. They did that during the war, and they do that most of the time without any increase in pay. All the extra people, all the extra hours that we can get to increase our productivity are going to help reduce the high cost of living; that applies to every citizen in this country. There are certain conditions which attach to this principle, the first being that the extra wages should not go straight into the spending stream. I could give some lists as to how we are spending at the present time. It is true that they have a right to do it, but so far as our economy is concerned it is not the principle our forefathers were practising. For instance, there is the attendance at movies. I go there myself, and I have no regret on that score. Take the man who is spending money on liquor or consider the amount that is being spent on tobacco. I just mention those facts so that the house will realize that, as the leader of the opposition and the other party leaders said this afternoon, those who are living on a pension or with set incomes are no doubt badly hit, but generally speaking our citizens are reasonably prosperous.

I was speaking to some lumbermen in my section during the Easter recess. During last winter some of them earned from $12 to $16 per day. They are spending money and they have the money to spend. Take the men who are working in the big mills in Kapuskasing. I believe they earn something like $2 per hour. They are not feeling the effects of the high cost of living to the same extent. We are not all in that fortunate position, and to that extent I agree with what has been said. The leader of the C.C.F. party mentioned one or two particular cases in which some people were in dire circumstances. When the leader of a party takes the trouble of citing one instance in which the family is suffering—I admit that should not be tolerated—I believe he is not being fair when he does not give the other side of the picture. I can give that picture. Since the last war many of the people in my constituency have started little grocery stores or restaurants, small enterprises like garages, et cetera, with small amounts of capital. Today they are out of the red and some of them are worth $10,000 or $20,000. This picture can be repeated from coast to coast. We realize that, as the leader of the C.C.F. party said this afternoon, there is some suffering. I could cite some very bad cases myself, but it is not the general situation. Perhaps it is not the fault of the father or the mother, but in some cases it may be the fault of one or the other. Generally speaking, people who are healthy and who have a good occupation are not feeling the pinch as they did in the period 1930-35, and they certainly do not want to go back to those times.

We want to increase the supply of goods so that production will increase more than the demand. Taxes will play a part in this, but they cannot be a cure-all and it is not a real remedy. Our good Minister of Finance (Mr. Abbott) has received a lot of publicity during the last few months about the terrible budget he is going to give this house tomorrow night. He is responsible for the finances of this country. Since I do not know that I shall have another opportunity, I am taking this occasion to compliment him for the good job he has done as Minister of Finance, a very difficult responsibility indeed.

It is recognized that there are drastic ways of curbing inflation, and that they are effective. There is practically no inflation in Russia, but do we want our government to copy the Russian method of deterring inflation? I well recall that only about three years ago we heard of an order given by the Russian government which meant a loss of forty to fifty per cent to the citizens in that country of all the bonds that they had bought during the war. We do not want that to happen in Canada. In Russia all the goods are rationed. They have very little butter. They have practically no meat, but they have many guns and aeroplanes. We know that, and we have to make some sacrifices to meet that threat. Surely, we do not want this parliament to copy the attitude or attempt the methods that Russia has adopted to deter inflation. Surely, we do not want that to happen here. What a marvellous gesture it would be for example—I speak only for myself in this case—if I forgot the interest on my bonds during the next four or five years. I hope I have the courage to do it, and if it was generalized no doubt it would be helpful in aiding in solving inflation.

What about management? Up to the present time our people have had confidence in the Liberal party because we believe in the free play of supply and demand. In the election of 1945 there were no *faux-fuyants* so far as our policies were concerned. We went to the Canadian people and told them we would gradually remove controls once the war was over. We have done that and the people voted for us in 1945. They voted for us again in 1949 because they had confidence in the principles of Liberalism. But at the same time, did all the manufacturers, did all the wholesalers or the retailers play fair with the government, or our present system and way of living? No doubt there have been some cases where there have been exorbitant profits that have not been warranted, that were unfair to their customers; and unless they mend their ways the government must of necessity to some extent step in and stop those activities and some of those excessive profits.

What about the wholesalers? If tomorrow they will say we will accept 10 per cent less gross profits, that would be a marvellous and helpful gesture. What about the retailers in the same way accepting 5 per cent or 10 per cent less, always having regard to the losses they may have in collection and general expense. These are matters we could explain, the same as I did in my own section, to make the people realize that they cannot expect the government to settle alone by itself the high cost of living at the present time but that we must all put our shoulders to the load. Even in peacetime we cannot completely rule out controls. There are limits to fiscal and monetary policy, and no democratic government can do more than is warranted by the active support of its people.

I was in my home town a few days ago and I saw one man buying twenty cases of sweet biscuits. That was hoarding. I know that some people bought sugar at the beginning of the war around 1940 and still have some left. That also was hoarding. I was told by a storekeeper in the drygoods business, an excellent and alert businessman, that at the present time the retail trade is buying as much as they can because they are afraid the price of men's clothing and of women's clothing will go up after this coming budget. You read in the newspapers a few days ago—I do not know how true it is; I read it myself; that is all I can say about it—that in British Columbia some clubs there bought some liquor to the tune of hundreds of thousands of dollars because they feared that as a result of the budget tomorrow there would be an increase in the excise tax on liquor. These are examples of things that the Canadian people do not want to see done generally at the present time or in fact at any time. It is not playing the game with our country. It is not playing the game with themselves either.

This is no time for any businessman to think that he should get all he can while the getting is good. It is no time for the labour union leader to think his union should get all that it can while the getting is good. In that leadership there are good men who realize the seriousness of the situation. I do not want to believe some of the headlines that I saw on Friday and Saturday when information came out from the bureau of statistics to the effect that the cost of living had increased by 4 points or more. They said that we were going to have some labour trouble in Canada. That is not the kind of leadership they have given us during the last seven or eight years. It was better leadership than that. If they have grievances, they should present them to

the Canadian people, through their government, in a practical way, in order to be listened to by Canada as a whole.

This is no time for the man with money to think that he has the right to hoard and to bid for scarce goods, letting the devil take the hindmost. In doing so, they are all inviting inflation, inviting controls and, perhaps, unwittingly working for the communists. Again I repeat what I said before. There is no doubt that the high cost of living that we have at the present time is to some extent playing into the hands of Joe Stalin and into the hands of international communism, because they can point out what are faults in the economy of the capitalistic system and if unchecked may be conducive to bankruptcy. Again I repeat that the remedy lies with the government and also with every one of our citizens. We all have serious obligations to discharge on that score.

Our people are made of better fibre than that and, as in all times of crisis, they will rise as before to the occasion; and by the help and co-operation of all, they will surmount this difficulty in the same manner and in the same spirit as that they so readily demonstrated during the last two great wars, which gained for us the admiration of all the nations that were in a position to know of our accomplishments.

Again I repeat that we should always remember this. A country like Canada, which of necessity needs world markets for our great exports, cannot entirely control the cost of living. How many pounds of tea do we produce here in Canada? Tea is high in price at the present time, but we have nothing to do with the price of tea over the counter at the moment. How many pounds of coffee do we produce here in this country? Not a single pound. We have to buy it from South America and the South Americans will not accept dictation from Canadians with regard to the price of coffee, no matter how much they like us; we have to accept their quotations. These are matters of supply and demand, of interchange between countries of the world in which one trader cannot dictate to the other in the matter of prices. The same thing applies as forcibly as I mentioned a few minutes ago to the sales that we make to all the nations of the world, for which we get much higher prices than we did six, seven or eight years ago. We cannot and will not put embargoes on our exports at the present time. We still need United States dollars. We want the export markets to be wide open to us. We need to keep our balance of trade. These are necessities, and the leaders of this country must recognize them, and to interfere with them would prove disastrous.

[Mr. Bradette.]

I appreciate this opportunity which has been given to me to make these statements. I made them sincerely and I spoke from the heart. I know that in some sections what I have said will not be popular, but I believe it is my implicit duty to give expression to these thoughts, which I believe are shared by the people I represent at the moment.

I always very much admired the great artistry—I believe that is the proper expression—of the Canadian parliamentary system which is based almost entirely upon the British parliamentary system, with all its common sense and safeguards. Today, on the motion to go into committee of supply, opportunity was given to hon. members to speak on an important problem on which no doubt we shall spend quite a few hours. But I believe this is the time and place to compliment the previous speakers—the leader of the opposition and the leaders of the other parties—for expressing their opinions in a clear-cut and forceful way, although you could tell that they all realized the seriousness of the situation. The leader of the opposition was not entirely drastic in his request for controls. He did not make any such plea. We do not want absolute controls that will cut all across the economy. He does not want that because he knows it is not practical. From 1930 to 1935 I sat on the opposition benches and I saw from there the efforts of a fine man, the late Lord Bennett, who was caught in a situation that no human being no matter how gifted he might be, no parliament or no nation could have solved. I refer to the depression. For five solid years that man must have worked an average of sixteen hours a day. He did the best he could under the circumstances. But sometimes there are certain problems that are outside, bigger and beyond the orbit of a parliament or of a nation.

Today I do not believe that many Canadian people think that we can, as the leader of the C.C.F. said, roll back the high cost of living. You cannot roll back the high cost of living at the present time as you roll back a 20-foot log. You cannot do it in that way, unless you take some drastic measures which the Canadian people will resent for the next decades to come. You must use the system that you have at the present time, try to comprehend the mentality of the Canadian people and in close co-operation with them try to do what is best for them and the nation as a whole. We all realize that unchecked inflation would be calamitous for this country. It is a dangerous issue. The leader of the C.C.F. party made it quite clear from the history of what happened to Germany and what happened to other nations.

We do not want that to happen to Canada. We must always remember this. The government does not deserve to be criticized if they are looking closely at what is happening in the United States, and at their experience with control, under present conditions. Perhaps it is not working as they would like to see it work, but I have no doubt it is doing some good. Already the government, through the good offices of the Minister of Trade and Commerce (Mr. Howe), has looked after some control of commodities in short supply. He has done a good job on that score. Let us take, for example, the buying of automobiles: there are some restrictions today; you have to pay 50 per cent of the purchase price. That is also a step in the right direction. With all these matters up for discussion in the house, I believe it is our implicit duty to tell every one of our constituents that parliament is fully alive to this situation but that it is also fully aware of the legacy which has been imposed upon us and which we are not asking for and which is certainly not of our own making. If the great hopes we had in San Francisco had been fulfilled, if at the present time there were no two worlds, if we had communication as we have between businessmen and had friendly diplomatic relations with Soviet Russia and her satellites, how different the situation would be at the present time—undoubtedly fruitful it would be to all.

In offering amendments to the motion to go into supply I sometimes think that hon. members go too far. I believe it was only two years ago that the leader of the C.C.F. party offered an amendment to the motion for supply in which he deplored the unemployment situation at that time. We realize that there were signs of unemployment, but most of it was of a seasonal nature. At the same time the discussion was a good one. Hon. members will recall the dire calamities the hon. member suggested would fall upon the Canadian people. He talked blue ruin at the time. In my view that was not the proper way to discuss unemployment.

I must say that this afternoon the discussion was somewhat more elevating. Hon. members who spoke seemed to be trying to suggest ways and means whereby a solution would be found—because it must be kept in mind that no party, no matter what it happens to be, could take the credit to itself for getting a solution which would be reasonably satisfactory in settling to a certain extent the condition of inflation and the high cost of living now prevailing.

Mr. Deputy Speaker: Order; the hon. member's time is exhausted.

Mr. Bradette: I was going to refer to another resolution that was moved four or five years ago by the hon. member for Melfort (Mr. Wright). He is a good agriculturist and a good member of parliament. Upon that occasion he moved an amendment to the motion for committee of supply in which he said that, in view of the high cost of farm implements, farmers could not afford to buy them, and that they were not receiving a sufficient amount for their crops. Most of his fears expressed at that time did not materialize.

Let me say to the leader of the C.C.F. party that those of us in the Liberal party are free to vote according to our conscience. We have good reason to follow our leader because at the time of the last election I maintain he received a national vote throughout the length and breadth of this country. Again, with the country facing difficult conditions, the people realized that the future of Canada for the next three or four years is in good hands. So far as I am concerned, I will do all I possibly can to help everyone, and to help the government to see that the proper measures are taken whereby justice and fair play will be given to every member of our population.

Mr. George H. Hees (Broadview): Mr. Speaker, when speaking in this house on February 8 last, as recorded on page 209 of *Hansard*, I said that the spending of $5 billion on our defence program would cause an inflation which could only be kept in check by applying very stringent measures. The control measures I proposed were:

(1) Over-all price, wage and rent controls;

(2) Fiscal and monetary measures;

(3) Control of distribution and allocation of materials.

I made those recommendations only after a very thorough study of the report of the commission on prices, which had been set up by the present government after the last war to examine the causes of inflationary pressure, and the means by which those inflationary pressures could be controlled.

The measures I advocated are the same measures which this present government has never ceased to claim operated with such tremendous success during the last war. They are the same measures which Mr. Ilsley claimed, when speaking in the house, had saved the taxpayers of this country $12.50 for every dollar expended in operating the controls.

Therefore I find it difficult to understand the government's reluctance to bring in the measures which it claims it operated with such success during a similar period of inflation, at the time of the last war, and which it claims saved the taxpayers such a tremendous amount of money.

While speaking on February 8 I pointed out that if controls were not imposed right away, the cost of living would increase at an ever-increasing rate. The increase in the cost of living during the past two months has more than borne out that prediction.

Before the present session opened I talked with a man who had held a very important position in the wartime prices and trade board. I asked him what, in his opinion, would be the time required to set up the machinery, and to assemble the personnel, that would be necessary to handle price and other controls. He replied that it would require between three and four months.

For that reason, while speaking in the house on February 8, I strongly urged the government to set up the machinery that would be needed to handle price and other controls immediately, so that our defence program could proceed without undue hardship to the people of the country. I pointed out that prices had already risen considerably, in anticipation of controls, because there had been intimations from the government at various times that controls were on the way. I pointed out, further, that every day the imposition of controls was delayed, prices would continue to rise.

The government disregarded completely all the suggestions made at that time to set up the machinery that would be required to handle price and other controls, with the result that we have lost a vital two months. During that time, the cost of living has risen a phenomenal 7 points, with an increase of 4·5 points having taken place in the last month.

During that two-month period, producers have continued to boost their prices in anticipation of the application of controls; and each month from now on they will continue to boost their prices still more, to make sure that, if a roll-back of prices should be applied, they will be "all set", as the Minister of Trade and Commerce (Mr. Howe) has so aptly described what he knows is going on from one end of this country to the other.

Owing to the unwillingness of the government to act, we are still a minimum of from three to four months away from having the machinery that will be needed to handle price and other controls. This refusal on the part of the government to take steps to stop this runaway inflation is causing tremendous hardship to pensioners, and people in the low income groups. I say it is a callous disregard of the needs of the people.

Therefore once again I strongly urge the government to set up the machinery that will be needed to handle price and other controls now, so that the cost of living can be kept within reasonable bounds. Even if that decision were taken today, we must remember that we would still be from three to four months away from having the machinery we will need to handle price control, without which we cannot hope to control prices and keep the cost of living within reasonable bounds. The government therefore must act now.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, it is regrettable that this debate should have taken place the day before the budget for I am sure that my colleague, the Minister of Finance (Mr. Abbott), will in the course of his budget speech deal at length with the problems of rising prices and inflation. Since you have permitted the debate to take place there are a few comments that I feel should be made.

The government is just as concerned about rising prices and inflation as are the members of the opposition who have spoken. There is perhaps no problem before the democratic countries today more important than inflation, for inflation can undermine the very foundation of society. It is the duty of every government to take such measures as lie within its power to prevent the forces of inflation from gaining the upper hand. Moreover, the Canadian government has a positive policy to control inflation. I suggest indeed that no government is doing more of a constructive nature to relieve inflationary pressures than the Canadian government. Why then has the cost of living been rising?

Let us look at the facts. Prior to the outbreak of hostilities in Korea the cost of living had been declining. Between August 1949 and January 1950 the index dropped from 162·8 to 161. Between January and May 1950 the index rose by as much as it had declined and a bit more. In May 1950 it stood at 164. Then came the Korean episode and a steady rise which in ten months has resulted in an increase of nearly 16 points or about 10 per cent in the cost of living index.

In order to understand what has been taking place it is useful to break down the index into its component parts. First is food. The cost of food accounts for no less than 57 per cent of the increase which has taken place in the cost of living index since

last May. Now then which of the food items account for most of the increase? Again the answer is pretty clear. A large part, although of course not all, of the rise is accounted for by beef and butter.

Those are important facts because what the opposition members are really urging when they suggest that price controls should have been in effect is that the prices of these food products should have been under control. To be specific, one of the things they are really suggesting is that the export of cattle to the United States should have been restricted. That is the only practical way I know of of preventing the price of beef in Canada from following the price in the United States. Are members of the opposition really prepared to advocate that the government restrict the movement of Canadian cattle to the United States to markets which Canadian farmers have built up and fostered for so many years? Would it be in the best interests of this country to take such action with all its implications in connection with our trade relations with the United States and our foreign exchange position?

I next take fresh vegetables which accounted for a substantial part of the rise in the cost of living.

Mr. Diefenbaker: What percentage?

Mr. Howe: I shall tell you in just a few minutes. During the last war we did very little about fresh vegetables because the prices varied so much from season to season. I doubt whether the price control of fresh vegetables is a practical proposition. I could go further down the list of foods, but I think I have said enough to illustrate my point. In general it would have been impossible to prevent a substantial rise in the price of food and consequently in the cost of living without taking measures which would have been either impractical or necessitated drastic interference with traditional markets for farm produce, or which would have required large subsidies.

I now come to the next group in the cost of living index—clothing. This group accounts for some 12 per cent of the recent rise in the index. The largest clothing increase is to be found in the prices of two chief textiles, cotton and wool. The price of wool has more than doubled since Korea and the price of cotton has risen by nearly 50 per cent. These are prices upon which Canadians have virtually no influence. They are established in the markets of the world by world forces of demand and supply. The simple fact is that the demands for cotton and wool throughout the world have risen more quickly than the supply. In one way or another the demand had to be cut down and prices were bound to rise. Fortunately the supplies of synthetic fibres have been rising rapidly, both in Canada and elsewhere, or otherwise the clothing situation would have been much worse. We shall certainly have to depend more in the future than in the past upon these new types of fibres in order to meet increased world demand for clothing.

The rent component in the index accounts for six per cent of the rise in the index. Since May the average increase in rent has been substantial, but not as great as some people thought would be the case. Rents were held down very tightly during the war and it was inevitable that in the post-war period there should be a substantial increase. The federal government could not have justified a policy of holding rents at their pre-war levels indefinitely.

Perhaps I might conclude this brief analysis of some of the main causes of the recent increase in the cost of living index by examining the 4·5 point increase that took place in February and that precipitated this debate and forms the basis for the opposition amendment. Of that increase, 66 per cent was accounted for by food, 10 per cent by clothing, five per cent by rents and 19 per cent by other items. Again food was the principal item. In fact 50 per cent of the whole increase in the cost of living index during February was accounted for by meat, butter, fresh vegetables and eggs.

The food increase is not an indication of runaway inflation, as has been suggested by opposition speakers. A preliminary survey of March prices indicates that the index will hold about even during March, or at the worst show an increase for that month of not more than one-half of one per cent. I am not suggesting that farm prices are too high or that recent increases in farm prices are unjustified or that all of the increase in the cost of food is due to higher farm prices. As a matter of fact it has been suggested in this debate that there is a wide discrepancy between farm prices and retail prices, but the statistics do not indicate that result.

Comparing price increases for the period March 1950 to March 1951 we find that the retail prices of fresh meats have risen by 24·8 per cent whereas the wholesale prices of the same meats have risen by 31 per cent. In other words, the wholesale price has risen to a greater extent than the retail price. The retail price of beef steers has risen 31·5 per cent whereas the wholesale price has risen 39·2 per cent. In the case of fresh pork the retail price has risen 21 per cent whereas the wholesale price has risen 22·8 per cent.

In the case of eggs, in that period the retail price has risen by 32·7 per cent whereas the wholesale price has risen by 30·2 per cent. In the case of milk the retail price has risen 6·1 per cent and the wholesale price has risen 3·2 per cent. Therefore in general the rise in the wholesale price has been somewhat greater than the rise in the retail price for the items that I have mentioned. All I am suggesting is that to keep the cost of living from rising it would have been necessary to put firm controls on farm prices.

These are the facts, Mr. Speaker, about the recent increases in the cost of living index. They illustrate some of the implications of price controls which are being so ardently advocated by both the official opposition and the C.C.F. party. As a result of its experience with price controls during the last war, the government knows what is involved in price controls. It knows how much people have to be regimented and pushed around if price controls are to work successfully. I find it interesting that I have met no one who had administrative experience with controls during the last war who believes that the same type of controls would be effective or desirable in the present situation. If anyone else knows of anyone who has a different view I would be very interested in knowing his name.

The opposition of course is very vague about the kind of controls it would put into effect. As the leader of the opposition (Mr. Drew) put it, they must be moderate and flexible controls. They must be fair to everybody and hurt nobody. The plain fact is that no such controls would be worth the paper they were written on. The government is not going to put into effect controls which do more harm than good. I have said this before and I say it again. We are not going to put widespread controls into effect just to give the appearance of doing something. We are not going to put widespread controls into effect unless they can be made to work, can be enforced and mean something.

The leader of the opposition quoted a statement or two that I made a year or two ago. Perhaps I might quote a statement that he made on November 24, 1949, as recorded at page 2158 of *Hansard*. I do so because I believe it is a good thing to keep in mind at this time. I am sorry that he has changed his viewpoint. He said:

> I was interested . . . to hear a reference to competition and the necessity for competition to keep prices down. That is what we believe in. When we talk about a free economy and free enterprise, we are asserting our belief that the individual man or woman in his or her home in this country benefits most from a system which by competition itself will improve quality and lower prices. That has been the advantage of this system; and it is because of that system that we have on this continent today the highest standard to be found anywhere in the world.

He was referring to the standard of living.

Mr. Fraser: Well stated.

Mr. Howe: Well stated, and just as true today as it was at the time it was made.

Mr. Hees: A different kind of economy.

Mr. Howe: It is a great pity that my hon. friend changes his policies so often.

Mr. Drew: Mr. Speaker, on a question of privilege, I would remind the minister who is speaking, if this actually is of his own preparation, that there was not an actual defence program in force at that time. The defence program had not started.

Mr. Howe: My hon. friend can never be a gentleman. That is quite apparent.

Mr. Drew: What I said was that the defence program had not started then. If the minister had been listening to the argument he would have heard me put forward exactly the same argument today, and I then pointed out that the defence program had completely changed the picture so far as the necessity for dealing with this situation is concerned.

Mr. Howe: That reminds me, Mr. Speaker, that in 1945, when the war was still on and inflationary pressures were at their worst, the leader of the opposition party demanded that all controls be abolished immediately.

An hon. Member: You were not here then, George.

Mr. Fulton: Can you give us the quotation on that one?

Mr. Howe: I would be glad to. I have the clipping. It was made by Mr. Bracken in a speech at Toronto. The leader of the C.C.F. party has a solution. He says that before freezing farm prices we should call together the leaders of the farm movement and work out parity prices. I think his idea of parity prices is considerably higher than the present prices except in the case of meat. He also suggests that we should call together the labour leaders and work out a system of wages. I understood again that the wages that would be worked out would be higher than the present wages. If that is the path towards keeping the cost of living down I will leave it to the leader of the C.C.F. party. I do not believe that conferences of that kind, and attempts to adjust prices and wages before instituting effective controls, would be a constructive method of approach to the subject of control.

Every country about which I know has had to accept some increase in the cost of living in recent months. In the United Kingdom, where controls have been more extensive than in perhaps any other country, the cost of living has been rising faster than in Canada. The United Kingdom government found that it could not go on paying higher and higher subsidies indefinitely. I believe that, whereas the cost of all retail prices in Canada rose by 15 per cent in the year 1950, the increase in the cost of all retail prices in England was 23 per cent, and I believe in Australia it was still higher. I know that the Minister of Finance (Mr. Abbott) intends to give a good deal of data along that line in his budget speech and I will not undertake to anticipate the statement he will make.

In the United States, where price controls were put into effect a few weeks ago, the cost of living has continued to rise. In fact, as I understand the United States price control system, virtually all increases in costs are to be passed on to the consumer by a system of margin or mark-up controls. Of course, as hon. members are aware, most food items in the cost of living are not yet under effective control in the United States.

I do not wish to leave the impression, however, that the Canadian government has a defeatist attitude towards inflation and rising prices. On the contrary, we are fighting those dangerous and disrupting tendencies where we think the fight can be carried on most successfully, namely, in the field of fiscal and monetary policy and credit control, supplemented by certain direct action about which I shall have something to say later.

But Canada cannot insulate herself completely from a world-wide inflationary movement in prices. In fact Canada is less able to do so than most countries because of our dependence upon external trade. As I listened to this debate today, I wondered how the official opposition could reconcile its demands for controls with its attitude to the extension of the Export and Import Permits Act. I can assure the house that general price controls are not possible without very extensive and arbitrary controls on exports and imports.

It has been suggested that we could keep the cost of living from rising by paying subsidies. Perhaps that is so, but I suggest that the payment of subsidies is in itself not anti-inflationary. In fact, unless the subsidy bill is paid in full out of taxes on the great mass of the people, subsidies are inflationary. They add to public spending. I do not think that the people of Canada want to be faced indefinitely with taxes of hundreds of millions of dollars a year to pay subsidies. If we were at war and had good reason to believe that the situation was of a very temporary character, subsidies might be a useful device as part of the over-all system of price control. I suggest subsidies are less appropriate under present circumstances.

Before concluding I should like to make a few comments about the supply position, for it seems to me that there has been a good deal of unnecessary concern about coming shortages, which has led in turn to unnecessary price increases.

There are no real shortages of civilian goods. Now and again there have been rumours of shortages, and when these resulted in a scramble to buy beyond immediate needs normal commercial stocks have been reduced below a safe operating level in some localities. Members will recall the run on supplies of sugar last August. Nails have given us trouble. Recently the same process began with diapers but fortunately was quickly stopped. In these cases what was lacking was not supplies but confidence in the future availability of supply.

Every time a run on available supply occurs it tends to create abnormal buying back through all stages of distribution and production, right to the raw material. This sort of thing pushes prices up. Confidence in future supply is so important that it seems timely to explain what steps have been taken to forestall the sudden appearance of any real scarcity of goods at the retail level.

Early last autumn it was apparent to us that meeting defence demands for nylon could make difficulties for the hosiery industry and other users. With the co-operation of the producers, nylon yarn was quietly and immediately put under allocation and a reserve was built up before defence contracts were placed. Production under these contracts has reached full stride without creating any additional demand on supplies available for civilian uses. There have been no queues at stocking counters and no panic buying as a result.

We are in constant consultation with industry and the distributive trades to discover any threat of future shortage far enough in advance to permit its correction. For instance, we have had to adjust contracts for certain fabrics to forestall a scarcity of work-clothing materials, and have assured a supply of steel for the fastenings. Now there is no reason for retailers to press for larger and quicker deliveries and so apparently create a scarcity of work clothing. The makers are maintaining their output at a high level. We have to take action quickly in order to kill such rumours.

In other cases we have resorted to export control to protect the flow of material going into Canadian production, as in the case of waste paper, rags, scrap metals, benzol and glycerine. An exchange of quotas with the United States has been arranged in hides and skins to maintain our normal production of leathers. In other cases we have assisted expansion of Canadian productive capacity, as in the case of rubber.

We cannot escape having to pay the going world prices for imported raw materials but we can at times arrange for greater supplies of cheaper substitute materials. Wool prices are very high but rayon can be used in a considerable degree to blend with wool without sacrificing quality. The rayon sells for around 43 cents a pound, while fine worsted tops sell for around $4 a pound. We are giving every assistance possible to increase our production of rayon and our foreign suppliers have also been helpful. As a result, in filling our defence needs for worsted fabrics we shall not give reason for any panic buying by the public. The housewife who searches a little further and buys a little better will not by any means feel the full effect of high wool prices.

Supply of steel is our most serious problem and every move to expand Canadian production of raw materials or to ensure adequate services, such as power supply and transportation, involves steel. Here we have to plan our moves in collaboration with our friends in the United States, which country supplies a large part of our requirements, particularly for special mill forms. We are now planning to program steel necessary to maintain production of agricultural machinery just as previously we have programmed steel for freight cars, locomotives and lake shipping.

Generally speaking our problems with steel are not reflected at the retail level, but we are in consultation with industry regarding simplification of the construction of durable consumer goods such as washing machines, refrigerators, hardware and plumbing supplies. The purpose of simplification is to maintain production while saving scarce materials. The objective is to have a manufacturer who has been making perhaps three dozen lines now concentrate on one-third of that number and still meet all the real needs of the market. It is conceivable that by doing so he may also save costs since he will gain a higher volume of output in any one line. There is no better brake on prices than adequacy of supply. Even this will not work over a short term, however, if manufacturers, distributors, and the public are panicked into buying out of fear of future shortages.

[Mr. Howe.]

In fact, there are no serious shortages of ordinary consumer goods in sight. Defence expenditures are substantial and will be substantial but they do not represent nearly as large a drain upon manpower and materials as an all-out war. I am sure that we can get along quite comfortably as consumers and still engage in a substantial defence effort. A few things may in the course of time become unavailable or relatively scarce, but standards of living will remain high. Unless all-out war comes, Canadians can continue to live well.

The greatest contribution any Canadian can make to stop inflation is to avoid panicky buying and to produce as much as possible. All of us should be thinking in terms of working harder; of working longer hours, rather than shorter hours. There is too much of a tendency, it seems to me, for people to look to government for solutions to their problems. Governments can help and should help in dealing with inflation; but consumers, labour unions, farm organizations, and businessmen can do much by their own efforts to reduce the pressures that lead to higher prices.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I listened with a great deal of interest to the speech of the leader of the official opposition (Mr. Drew) and the speech just completed by the Minister of Trade and Commerce (Mr. Howe). One feature about those speeches was striking, and must be a bit confusing to the country. It is the complete exchange of positions on the subject that has been made both by the leader of the opposition and the spokesman for the government. One would think the Progressive Conservatives had now become Liberals and the Liberals had become Conservatives following the old Conservative line. The speech by the leader of the opposition reminded me of some of my early religious training. The church to which I belonged strongly believed in sudden conversion, and even condoned deathbed conversion. I am sure that those of us who are interested in this problem, those of us who have been advocating price controls, will welcome the conversion of the Conservatives, even though that may be a deathbed conversion. What appears to me, and to most of the people of the country, as the gravity of the situation, has already been set forth in this house. From the minister's speech it is quite evident that the government does not share the opinion of the people in this country that the inflationary situation is serious. I think I could do no better in emphasizing the seriousness of the situation than to put on the record a statement issued on April 4 by the president

of the Trades and Labour Congress, Mr. Bengough, and the president of the Canadian Congress of Labour, Mr. Mosher, when the last price increases were first published. They say:

The latest rise in the cost of living index, 4·5 points in a single month, is by far the biggest for any month since the war. It is the fourth increase in a row, and each one has been bigger than the one before. The inflationary snowball is rolling faster and faster, and getting larger and larger. The index is now 16 points above last year, and over 60 points above 1945.

Every one of the sub-indexes went up during the month.

While it is true, as the Minister of Trade and Commerce pointed out, the highest increases were in food products, nevertheless every one of the sub-indexes went up during the month.

Food, the most important of the whole lot, went up by just over 9 or 9·5 points. Food is now almost 30 points above last year, and 100 points above 1945. It is rather interesting in this connection to note that in the past those Liberal speakers who have defended the present rise in prices, and who have opposed any measures of price control, have been inclined to blame the wages demanded and received by industrial workers for the higher cost of living. A new line was taken by the Minister of Trade and Commerce tonight when he indicated that the sudden rise in the price of food is due to the prices which the farmers have been receiving for the cattle they have been exporting. Labour cannot be blamed for the phenomenal rise during the month of February, since there were certainly no increases granted in the month of February that would account in any way for the rise which took place. These leaders say there is no use blaming it on wage increases.

There were no increases in February which could begin to account for a 4·5 point rise in the index; on the contrary, there is not the slightest doubt that wage increases during the month wholly failed to keep pace with the rise in living costs. Workers' standards of living are being drastically cut, and the position of pensioners and others on small fixed incomes is even worse.

That is the situation as seen by the labour leaders. In his closing remarks the minister appealed to Canadians to assist in curbing the rising cost of living. He called upon them to refrain from panic buying. He called upon industrial workers to work longer hours, to work harder and to produce more goods. I think what is true is what the minister quite clearly indicated, that today there is no real shortage of civilian goods. The minister himself made that statement. Some people with whom I have been discussing this subject, and who are in close contact with what is actually happening, tell me that the warehouses in this country are filled with consumer goods today to an extent that they have never been filled before in history. They are bulging with consumer goods that are being stockpiled, because the buyers have been hearing the government indicate from time to time that price controls, in some form or another, are likely.

As has already been pointed out tonight, every day that the government delays taking some effective measures to check the rising cost of living is simply adding to that rising cost. Mention was made in the passage I put on the record of the effect upon the workers' standards, pensioners and others on small fixed incomes. In my opening remarks I called attention to the reversal of position which is taken today by the Liberal government as compared with that taken in 1941 when we were faced with a similar situation. I should like to call the attention of those Liberal members who are refusing to take any effective measures that have had any degree of success in stopping the rising cost of living, to a few words of the late prime minister in his famous broadcast of 1941. Speaking of the conditions which faced the country then, and they were similar to those which face us today, he said:

Rising prices unless controlled will make it more costly and therefore more difficult to finance the war.

The Minister of Trade and Commerce referred to the fact we are not now at war, and implied that controls could not, in his opinion, be effectively introduced. I believe what is true is that our defence program this year will cost this country just about the same as our war expenditures in 1941 when Mr. King made this statement. He went on to say:

Rising prices, unchecked, will spread confusion and uncertainty in industry and trade.

It is doing that today. No sooner was this increase announced on April 4 than trade union leaders all across this country were indicating that their unions were being called together to present new, increased demands to their employers. Unless the government can take some effective steps, we are now heading for a whole series of increased demands from industry right across this country. I continue to quote:

They will hinder—

That is, rising prices.

—production and the proper distribution of supplies. They will make the cost of living rise more rapidly than wages and salaries.

They have been doing that. They will continue to do it. There just is no point whatever in the Minister of Trade and Commerce (Mr. Howe) appealing to the

industrial workers of this country to work longer hours, to work harder and to produce more, so long as rising prices and profits go unchecked by the government, so long as the industrial workers of this country see that the government is taking no steps whatever to curb rising prices and the spread between the producer price and the wholesale price. The Minister of Trade and Commerce did not give us those spreads. He showed us that the retail price corresponded closely with the wholesale price of most food products. But unless the government can take some measures to see that both wholesale and retail prices bear a closer relation to producer prices in this country, some measure to curb the profits that are being accumulated today, his appeal for voluntary assistance, without any leadership from the government, will go unheeded. I continue to quote from this famous broadcast:

> The value of savings will be materially lessened. The result would be hardship to nearly everyone, and hardship in very unequal measure.

This is the effective part of the broadcast that I want Liberal members to hear:

> Rising prices—a rising cost of living—do not have the same effect on all households. The smaller the family income and the larger the family, the more serious the hardship imposed. For those with small incomes, rising prices of clothing, food and other necessaries may mean serious hardship, while for those with larger incomes only luxuries and small comforts may have to be given up.
>
> Rising prices thus serve to aggravate the inequalities in society, and to throw the heaviest burdens on those least able to bear them.

There is nothing today from any Liberal speaker from the opposite side of the house that corresponds in any way with the statement made by their erstwhile leader in 1941. It makes one wonder what has happened inside the Liberal party since 1941. Where are the men who supported the then prime minister in the sentiments that were there expressed, in their feeling for the common people of this country? Are there still no members of that cabinet who imbibed that philosophy in 1941 and helped to make it effective? Are there no supporters of the Mackenzie King doctrine still occupying cabinet benches for the Liberal party? What has happened to the men who gave leadership in the application of controls during the war? From the Minister of Trade and Commerce, who had more to do with the imposition of those controls than any other single cabinet minister, we hear that they do not want, for some reason or other, to impose those controls today; that they cannot be effectively carried out; that we are not in a national emergency; that they will not have public support. One wonders at the reluctance on the part of some cabinet ministers who so effectively administered those controls during the war and who taught the Canadian people to believe in the efficacy of those controls. If today the Canadian people believe in controls to the extent that at least 75 per cent of them are calling for the reimposition of those controls, then no one is to blame but those same cabinet ministers who administered those controls during the war and who preached controls across this country. The people of Canada came to accept those theories which were expounded by the men who in those days administered the controls but who today are afraid of something or afraid of someone; they are afraid to impose controls. They are fearful that they will not have the support of the Canadian people or the backing of the Canadian people in the administration of those controls.

I have already stated that the delay on the part of the government in showing some leadership in checking the rising cost of living is contributing to that rising cost of living every single day that that delay continues. We in this group have consistently advocated the reimposition of necessary controls. I realize that the government now is in a bit of a dilemma. They have dilly-dallied with this subject for at least a year since the necessity for controls became quite evident. During that year prices have risen to a point where to freeze and control prices at this time would assure the continuance of high and exorbitant profits for many of those who have taken advantage of the situation. To roll back prices would be still more difficult.

No one questions the fact that the government today is facing a serious situation with regard to prices. They are facing it chiefly because of their continued delay for at least the past twelve months in doing anything about it. The longer they delay, the worse the situation will become unless they want to see that balloon, inflation—which we have seen rising constantly and getting bigger and bigger—burst of its own accord. Such a situation might well cause a catastrophe in the economic life of this country. I do not think any of us want to see that happen. The only alternative is for someone on that side of the house to adopt the mantle of their former leader, Mr. Mackenzie King, for someone on that side of the house to pay some attention to the crying needs of the people of this country, for someone in the cabinet to return to the doctrine and philosophy of the Liberal party, and give up some of their conservatism.

We do not maintain that price control is the one and only measure that needs to be adopted to stop inflation. What we do insist on is that it is one of the measures that

certainly now become essential. There is really no need in this country for us, because of military needs, to have shortages of civilian goods. Unless our military needs become much greater than they are at the present time, we can in Canada produce sufficient to meet both military and civilian requirements. There may be—apparently there are—countries today which cannot have guns and butter at one and the same time. There is no good reason why in this country, if we are given some leadership by the government which was elected to give that leadership, we should not be able to have guns, as well as other necessary military equipment, and butter.

What is true, and what has proved to be true over the past, is that we cannot have guns, butter and exorbitant profits at one and the same time. When the Liberal government is prepared to do something to check rising prices and to listen to the needs of the common people, and to return, as I said before, to the doctrines which they preached across this country for years, then we can get on with the job of producing.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, in rising to take part in the debate I would refer first of all to the Montreal *Gazette* of this morning, particularly to the report of Mr. Arthur Blakely where, in the second paragraph, under the heading "Signal", he says:

> As soon as the dominion bureau of statistics disclosed that the cost of living index had risen a record 4·5 points in February, Progressive Conservatives, C.C.F'ers and Liberals raced for the privilege of initiating a commons debate on the inflationary spiral. The reason for the race isn't hard to find. The theory held here is that the public will feel that the party which initiates the debate is the one most genuinely concerned over rising living costs. Hence the feverish haste. C.C.F. leader M. J. Coldwell and the redoubtable John Sinnott (L. Springfield)—

Some hon. Members: Hear, hear.

Mr. Sinnott: I must repeat that.

> —the redoubtable John Sinnott (L. Springfield) lost the contest. They will take part in Monday's debate. But Speaker Ross Macdonald has assured Opposition Leader Drew that he will have the floor first to lead off the discussion.

Then, in looking over a discussion of business of the house in April 5 *Hansard*, where there was reference to procedure in asking leave to move the adjournment, under standing order 31, it will be noted that J. S. Sinnott, the member for Springfield, was first on his feet. And it is only now, after waiting for five or six days, that I have the opportunity of having the floor, and sharing in the glory with the leader of the opposition (Mr. Drew), although he had the floor first today.

Just to show that the leader of the opposition made sure that he was going to have that privilege, I would refer hon. members to page 1641 of *Hansard* where they will see that he did not even give Mr. Speaker a chance to finish his remarks, before he was on his feet to say:

> Mr. Speaker, I trust that the attempt to introduce the motion which you have declared to be irregular at that time will not in any way change the priority, in view of the fact that I have already indicated to you my intention of presenting a motion for the adjournment of the house at the proper time.

While there was a race for it, nevertheless the hon. member for Springfield was on his feet first.

Mr. Fraser: Out on his feet.

Mr. Sinnott: I was amused today to hear the leader of the opposition make reference first to the high cost of food. I never heard him say, though, that the farmers were getting too much money. Then he said that the proportion of increase in retail prices had not kept pace with the increased prices to the farmers themselves. I think that is an indication that he would like retailers to have a bigger profit than they now have.

I want to make it clear that I am not falling for any bait or any attempt by the opposition to lead me to vote against the government in this debate. I want to make clear to the government my opinion in this matter, and I think that, taking a cross section of the country, I can say I represent what would be pretty close to the average individual in Canada. I am sure all hon. members will agree that it is necessary to curb the ever-soaring and rising prices.

In looking over the current review of agriculture, with particular reference to records in Canada, we find a larger population with a greater working force earning a higher income than in any previous record in Canada's history. As a result there is now a much greater demand for farm products, especially livestock and livestock products. We find that the volume of exports of farm products has now declined for the first time since 1940, and that there is no longer a Canada-United Kingdom food agreement.

Nevertheless production does not meet with the increased consumption which is taking place in Canada today. This is partly due to the small output of some farm produce, and partly due to the international currency situation. And, as the Minister of Trade and Commerce (Mr. Howe) has rightly said, it is partly due to the export of cattle to the United States.

In spite of the conditions I have described, the demand for agricultural products still continues, and the wholesale prices of farm products at the major domestic markets have

continued to rise since the end of 1950. Prices to the farmers have improved somewhat, as in the case of cattle but receipts on Canadian markets are not unduly heavy. During 1950 Canadian farmers have realized a cash income of $2,169·3 million. Comparing this with 1949, the income for 1950 is down by 11·7 per cent for the farmers. Parliament was called on January 29, 1959.

Some hon. Members: Oh, oh.

Mr. Sinnott: He who laughs last laughs best —1951. Since that time a number of policies have been decided upon to strengthen Canada's defence resources and measures to combat inflation have been announced. The policy of the government is to prevent war, but in spite of this the danger is still great and ever present. On February 12 the Minister of Finance (Mr. Abbott) had this to say:

> Let me hasten to say at once, Mr. Speaker, and I am sure I am not revealing any budgetary secrets, that I do not think we have reached the practical limits of taxation. I intend to budget this year for a fully balanced budget which I think will be the fundamental attack on the problem of inflation.

Referring to the general economic controls at the present time, the minister stated on the same day in the House of Commons:

> I do not believe that a system of over-all price control would be either desirable or effective at this time. Make no mistake about it, one cannot go into this thing for any length of time in a piecemeal manner. Controls on any wide scale will mean control of prices, wages, allocations, and the rest.

He then went on to say:

> We know how controls work, we know what their limitations are and we will use them to the full extent that we believe they will be necessary.

With this I go along with the Minister of Finance. It is a sound policy, as is also the part of the program dealing with credit restrictions and instalment buying. The government of the day has increased the down payment on many articles and in my opinion it is for the good of the country as a little more thought will be given by the people in their purchases, thus eliminating wild spending. That had plenty to do with the trend of things, but I notice the leader of the opposition and the hon. member for Rosetown-Biggar (Mr. Coldwell) have had something to say about this. I give the hon. member for Rosetown-Biggar credit for being fair in his remarks. He skated around the all-important matter of prices and wages until he was called to time by the hon. member for Mackenzie (Mr. Ferrie). However, taxes as taxes go are not an answer to the problem of bringing down the cost of living. Taxing is a policy which is very harsh and in my opinion is one of the cruelest devices to be used by a government on its people to curb inflation. What we need in this country at the present time are subsidies on the actual necessities of life such as milk, meat and bread until such time as production catches up with consumption.

I should like to show how prices have risen during the period 1944 to 1950, and I wish to refer to the Canadian Statistical Review in order to give the house some idea of the labour trend between 1944 and 1950. On page 34 of the Canadian Statistical Review will be found the average basic wage for different industries in 1944 and 1950, as follows:

	1944	1950
	cents	cents
Durable goods	77·9	116·4
Non-durable goods	60·4	99
Meat products	66·2	117·7
Leather products	70	112·2
Saw and planing mills	62·5	106·1
Furniture	58·4	92·1
Plant products—edible	52·9	83·4
Pulp and paper	72	125·5
Leather products	79	112·2
Thread, yarn and cloth	48·4	91·9
Hosiery and knitted goods	46·1	79·4
Garments and furnishings	52·4	78·5
Tobacco	47·4	100
Electrical apparatus	68·6	117·8
Steel and iron products	82·1	122·2
Crude, rolled and forged products	76·4	129·1

It might be noted that tobacco products are not essential to the people of Canada, but nevertheless the increases in that industry indicate the labour trend. There is no one in this house who can deny that wages have gone up considerably. They say that liars can figure, but figures cannot lie. I should like to give a few comparisons in regard to canned goods which will give the house some idea of what prices were in 1944 and in 1950. Taking 1939 as indicating 100 we have the following prices:

	1946	1950
Tomatoes	136·6	209·8
Peas	119·7	149
Corn	138·3	183·1
Pears	104	149

Those figures show that possibly labour has had something to do with the increases which have occurred. Since 1944 wages have increased 38 per cent while the cost of living has increased 35 per cent, according to the latest information we have from the bureau of statistics. Possibly I might say that at this time when there seems to be a shortage of production on the farm it would be proper to try to instil in the minds of many industrial workers the knowledge that the man who works on the farm, especially in the feeding of hogs and looking after livestock, does not have an eight hour day. It might be a good idea if they were to have it instilled in their minds that, in order to bring the cost of living down, by working an hour longer each day and therefore receiving a

bigger pay cheque possibly it would induce the farm boys to stay on the farms a little longer. However, in spite of the fact that most of our C.C.F. friends are always complaining about the cost of living, there is one who actually told the truth here.

Mr. Gibson: Name, name.

Mr. Sinnott: I will have to give the hon. gentleman credit. He happens to come from the constituency of Melfort, and at page 1623 of *Hansard* he had this to say:

. . . those wages have increased from a base of 100 to a base of 218 today.

Then on the next page he says:

The new cost of living index which was announced today now stands at 179·7.

He said that the cost of living index had risen to 179·7 and that wages had increased to 218. Therefore, according to his information, the cost of living has a long way to go yet before the labour unions will have to call meetings for the purpose of increasing wages to catch up with the cost of living. I should like to read a newspaper clipping concerning a policy that the United States government is putting into effect. The heading is, "Truman Signs Long Range Farm Legislation". The article reads:

President Truman Monday signed long range farm legislation which permits the United States government to support prices of most farm products at or near wartime levels. The measure, passed by the present Democratic congress, replaces most major provisions of the so-called Aiken law enacted by the Republican 80th congress. The Aiken law permitted somewhat lower supports for major crops.

That is all I will read of the article.

Mr. Fleming: That is enough.

Mr. Sinnott: Here is something from a man with whom the leader of the opposition was quite familiar not too long ago. I refer to the Ontario minister of agriculture, Mr. Kennedy. This is what he has to say:

The retailer and distributor get anywhere up to 78 per cent of the price the consumer pays for fruit and vegetables . . .

Bear in mind that the retailer and distributor get anywhere up to 78 per cent of what the consumer pays.

—while the farmer who raised the food gets the short half of what it brings, Hon. T. L. Kennedy, Ontario minister of agriculture, disclosed yesterday. "We are determined to bring into proper proportion the ratio between what the farmer receives for his product and what he has to pay for non-agricultural products," Mr. Kennedy declared. Some change may be made when the Ontario food terminal market in Etobicoke is opened, he hinted. He said an investigation made at his request in Toronto, November 2, showed certain farmers received 59 per cent of the retail price of their cabbages, 42 per cent on carrots, 22 per cent on celery and 42-59 per cent on potatoes.

That goes to show that a large portion of what is received for the farmer's produce goes to the middleman. The government should make some effort to see that the consumer is not robbed in this regard. I have several clippings along the same line. They all indicate that the spread between the producer and the consumer is far too much. As the Minister of Trade and Commerce (Mr. Howe) said, many of these boys have been all set for a long time. No wonder it is hard to get farm help after reviewing these reports. Farm boys and girls by the thousand are lured away from the farms to labour in other fields.

I am given to understand that the labour force on the farms at the present time in the whole of Canada is only 18·7 per cent while 26 per cent are in manufacturing and the balance in basic industries. This will give an idea of how difficult it is for farmers to secure competent help. Eighty-two per cent of the labour force over the period of years have demanded more and more wages with the net result that the rise in the cost of living is what it is today. The house which labour has built is now falling around their very own heads. I am very sympathetic to labour and had to work hard myself before coming to this house. Back in 1926—and this is not a laughing matter—I cut pulpwood for $1.85 a cord, built my own camp, cut spruce boughs for my bed, dug my well, hauled in all my supplies seven miles from a railroad on a toboggan I constructed myself, did my own cooking and lived on 50 cents a day. That should be enough to indicate that I have had something to do with hard work. I also recall the days of the 1930's when we milked cows, shipped cream to the city of Winnipeg and received $1.65 for five gallons of cream testing 38 per cent butterfat.

Mr. MacInnis: What were wages in those days?

Mr. Sinnott: I do not wish to go back to those days but it is an indication of what some of us had to go through. However, Mr. Speaker, I do not believe that labour itself is the cause of present-day conditions. The situation has arisen because of their leaders who, in order to save their own hides and positions, are constantly seeking some scheme to keep their members' interest aroused in labour unions. I do not despise legitimate pay for legitimate work but labour must be told the naked truth that 18 per cent of the population in Canada cannot and will not work twice as many hours on the farms without three weeks' holidays with pay, without Sundays off and the many other advantages and conveniences which are to

be found in the cities. Therefore I say to labour in the most sympathetic way that justice must prevail, and that it is to a large extent because of high labour costs that the cost of living is what it is today. I think I have made that plain enough. Eighteen per cent of the population will not remain on the farms and work under those conditions for the amount of wages they receive when their fellow citizens in industries in the cities are receiving far more. That is why living costs have risen to what they are.

Mr. Johnston: That is plain enough.

Mr. Sinnott: In order to press a point with respect to the curbing of inflation, I must refer to the hon. member for Winnipeg North Centre (Mr. Knowles). I see him in his seat now, and I would not do this if he were not here. I will give him full marks for making an honest effort to have the house follow strictly the rules of Beauchesne. He has been a very aggressive worker in this regard, and I admire him for his careful and studious efforts. However, Mr. Speaker, he seems to have lost track completely of Canada's national aspect, or at least the building of Canada, and has concentrated his efforts on giving everything away instead of building up the country's assets. I am sorry to have to reveal that in my opinion he is public enemy No. 1 as far as the cost of living is concerned. Any time there was something to be given away, any time there was any labour dispute, the hon. member has been Johnny on the spot.

Mr. Speaker: Order. I see that the hon. member for Winnipeg North Centre (Mr. Knowles) is in his seat. He has not objected to the remark, but I do not think the words "public enemy" should be applied to a member of this house.

Mr. Sinnott: Then with your permission I will withdraw those words and say he would be contributor No. 1. I feel that justice is long overdue, and I am sure the minds and hearts of many Canadians would be filled with appreciation by a quick move on the part of the government to curb this terrible inflationary trend.

I believe that just criticism is always welcome, but when one criticizes he should be able to contribute to a solution of whatever he may be criticizing. I am sure nothing would be more satisfying to Joe Stalin and the communists in this country than to have the present trend continue. While we are not actually at war today, nevertheless our position is exactly the same as when subsidies were introduced during the last war. The very fact that a bill has been introduced at the present time to subsidize gold mining in Canada is evidence of that. Gold mining is an industry very essential to Canada's progress, and the hon. member for Cochrane (Mr. Bradette) ably presented his views in support of that bill. In the same way it is necessary at the present time to give essential foodstuffs some substantial support. I followed the Minister of Trade and Commerce (Mr. Howe) very carefully this evening. He did not disclose that he was opposed to subsidies, and I believe he was quite impressed that something had to be done in order to keep down the rising cost of food. I believe subsidies on the essential articles we require to keep our families alive must be provided immediately.

I know the government must be careful in the matter of subsidies; yet the mothers of large families, the wives of men in the lower income brackets, earning under $3,000 a year, need some assistance in making ends meet. Those with incomes of more than $3,000 a year can very well look after themselves. Things are very difficult also for those living on fixed incomes, and we need not go very far to find them. I could take any member of this cabinet to many places in the city of Ottawa where people are finding it very difficult to feed their families. In my opinion subsidies must be provided for milk, bread, meat and the other bare essentials of life until such time as production catches up with consumption. There must also be control of the legitimate profits between the producer and the consumer, since many men in business today have been all set for over-all price control. While I am not in favour of such over-all price control I believe subsidies on a few commodities such as I mentioned a moment ago are essential at the present time.

I have given what I think is the major reason for this inflationary trend. In conclusion I repeat that some way must be found to assure the farmers of this country that farm labour will be encouraged to remain on the land. Under our immigration policy of the past few years many immigrants have come into this country as farm labour. I do not think that policy has been rigidly followed up, because many of those immigrants remain on the farms only for a year or so and leave. It is not particularly nice to have an unwilling worker on the farm; still when a man comes here under a contract, I believe he should be kept to that contract. Many of those who have come here under this immigration policy have remained on the farm for only four or five months. Then they visit friends in the city, find out the wages they are making, and as a result leave the farms.

In my opinion subsidies on the essentials of food would be one of the finest security measures this government could take at the present time. I have presented my views, and I hope the government will take heed. I do not intend to vote against them, because I believe they appreciate that there is unrest throughout the country because of the rising cost of living, and will take steps immediately to provide some relief.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I listened very carefully to the hon. member who preceded me, but I am still somewhat at a loss to appreciate just what was the urgent matter on which he wished to adjourn the house the other day. In the course of his remarks the hon. member referred to the adage, he who laughs last. While I think every hon. member of this house appreciates to the full the brand of humour to which the hon. member for Springfield (Mr. Sinnott) treats us on occasion, I should like to return to a more serious vein and say that this is no laughing matter to the housewives of this nation. Less than a month ago, speaking on approximately the same subject, I made this remark at page 1156 of *Hansard* for March 12:

> May I draw to the attention of the house the fact that the heaviest single monthly increases in 1950 were in the months of March and July. We are already well into March; and while I am well aware that the figures that are reported are for the preceding month, I predict that the March report will follow the 1950 pattern, and probably the April one also.

I am now convinced that the April report is going to follow the same pattern. To arrive at that opinion it is only necessary to read the advertisements in the daily newspapers, notably those appearing on Thursdays when a great many retail houses run their full page ads to entice purchasers into their premises. Some of these prices, instead of attracting purchasers, would very nearly frighten them away. The most trying problem of this day for the average worker in this country is this very high cost of living. To those on the government side of the house charged with the responsibility of giving this country the leadership they were elected to provide, I would say that this matter cannot be cured by taking away the credit of the consumer. Nor can it be cured by taking away a still greater portion of his income through taxation, either direct or indirect, because already he has too little with which to purchase the necessities of life. These actions merely aggravate an already complicated situation which has become a nightmare for the little man and his family.

Cost of Living

Apart from those who have some means of sustenance and perhaps the hope of augmenting their regular income through added employment there are those who have no such hope at all, including pensioners of many kinds. There are the old age pensioners, the blind, the veterans and their dependents, those trying to raise families on the mother's allowance, those trying to raise families on the proceeds of workmen's compensation where the breadwinner of the family has been lost. In every mail I receive letters from all over this country, from Victoria, from Saint John, New Brunswick, from Toronto, from the city of Ottawa and many from Hamilton. There is one from Beamsville. I picked out a few of these, and I should like to read just a sentence from the various letters, because I believe they will express to this house more eloquently than I can possibly do the feelings of the people in this country on this very serious situation. Here is one referring to the old people:

> These men and women who, through self-denial, have saved what some years ago would be enough for their needs in old age now find themselves facing poverty through wars and economical conditions beyond their control—people with small fixed incomes, shelter and necessities rising, many of them are worried sick to know what to do.

Here is another one.

> Is it possible to obtain a cost of living bonus for the old age pensioners . . .

Eloquent, is it not? Here is another:

> May I bring to your attention the helplessness of our aged people? There is no union to help them as have the workers; the aged cannot go on strike. You know that $40 will not pay for rent, heat, clothing, food, etc.

Still another:

> Old folks here agree that the present $40 is now not quite so good as the $20 we started with. The cost of food has more than doubled and rents have been raised three times. But it is a long time since pensions have been raised.

Here is another:

> After spending a lifetime in the service of the C.N.R. got pensioned off with $25 a month to keep my wife and self.

Further in the same letter:

> After thirty-three years' service, we have about 50 cents a week to live on after paying taxes, buying coal, electric and gas bills, with nothing left for clothes.

Here is another one:

> How about those who are over eighty and cannot, like myself, do any work, must we starve? My wife was ill for seven years, the last four nearly blind and I could not do any work; had to look after her. From July 1, 1949, to August, 1950, when she died her expenses came to nearly $1,200.

Down further in the same letter:

> I also had to sell all furniture and go into a boarding house and I pay $50 a month. I have $300

left from furniture which I hope to save for my funeral (but I cannot do so). I have $450 to take me from now till November.

That was written on March 12, 1951. Here is another one:

Try as I might I cannot manage on what I am getting.

I am just picking out a sentence here and there which I think is pertinent, Mr. Speaker, to this discussion. Another one reads:

We are both up in years, in fact one over the eighty mark. Have had a lot of sickness and have a little left but cannot pay rent and have necessary food.

Here is still another:

We have been greatly concerned about so many refined old people who would never let the world know of their plight and yet they are living almost over the edge all the time.

Further in the same letter:

Old people who had enough to see them through life until costs became so outrageous . . .

I believe the leader of the opposition, in presenting his amendment today, referred to those who are too proud to ask for help, but who are suffering from malnutrition. There are many of them. I recall reading in the paper not long where an aged couple were found who had died from malnutrition.

Here is another letter:

My husband has been in business for sixty years. Has had to give up on account of health. We have had to spend thousands on doctors all our life. We have a little but can't pay rent and live.

Here is another:

I would be so pleased if you could help me in any way, and it would ease my mind about the near future, for even bare necessities run high by the end of the year these days. Fuel and taxes take the rent, and the little that is left goes on urgent repairs, and the home is getting old too, like myself.

Another one reads:

We do not ask for luxuries, but as prices are now how does the government think an aged person can get even the necessities of life out of $40 per month? Take room rent out, and what is left to live on for a month?

Mr. Speaker, I think those few—I may say I have probably twenty times as many in my office—excerpts from letters describe, more eloquently than any words anyone in this house could use, the plight of those who are on fixed incomes. Prices are still rising. The next index will undoubtedly show a still further increase. Where will it stop? We have listened tonight, Mr. Speaker, to theory; we have listened to explanations, and I think we have listened to excuses. I should like to leave this one word with this house. In the eyes of the women of Canada, those who are charged with feeding their families and clothing their children, excuses will not feed those families nor will explanations clothe their children.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I just want to make a few brief remarks in connection with this most important subject. I must say it is always a pleasure for me to follow the member for Springfield (Mr. Sinnott). I love to listen to his pedestrian eloquence and his unusual philosophy. I thought this evening, Mr. Speaker, he made a masterly defence of continuing profits and static wages. I was much interested in his new economic philosophy—I think it was an economic philosophy which he advanced tonight. It concerned the question of subsidies being applied without increasing taxes. I wonder if the hon. member realizes that the moment you begin to apply subsidies you must have some control over the price of the product. At least I must give the member for Springfield credit for starting a new economic movement in Canada this evening. I was much interested, Mr. Speaker, while I sat here to listen to the Minister of Finance (Mr. Abbott) congratulating the member for Springfield on the excellent speech he had delivered this evening.

Mr. Speaker, I listened with great interest this evening to the remarks of the Minister of Trade and Commerce (Mr. Howe). I was glad to note that the government was concerned about the question of the rising cost of living. I believe it is the first time those remarks have been used by a government speaker in recent weeks in replying to questions posed by the increased cost of living. I believe, Mr. Speaker, we can safely conclude from the minister's remarks that the government is now getting seriously concerned about the increasing cost of living.

I listened to the Minister of Trade and Commerce with great interest because, as a matter of fact, he is one member of the cabinet who I believe speaks his mind, speaks bluntly and flatly. He said the government recognized the fact that inflation could undermine the foundations of society. I believe that is further evidence, Mr. Speaker, that the government is growing quite conscious of the demand of the Canadian people for some form of price control and subsidies, and of the increasing need for some form of price control and subsidies. The minister also mentioned that prices had increased ten per cent in the last ten months. That is an average increase of one per cent per month. If that continues for many more months, Mr. Speaker, we will certainly be approaching runaway inflation. I do not think anyone would deny that it is because of the serious nature of the situation

today, because of the crying demand of the Canadian people for some action, that the opposition parties have taken the opportunity presented by the motion to go into supply to raise this question at this time.

Regardless of the statements made in the last two months by the Minister of Finance and by other spokesmen representing the government, as to the use of fiscal and monetary measures to combat inflation and as to the use of credit restrictions, it is obvious that those measures are insufficient. Like previous speakers, I would not for one moment suggest that price control is the complete answer to an extremely complicated and complex situation. But with prices rising as they are at the present time and the ineffectiveness to date of the government's methods, I think there is an indication that some further measure must be taken to regulate and control inflation of this economy.

To counter the arguments presented by government speakers, I think we cannot produce better evidence than the statements of members of the government themselves throughout the years in situations similar to this one. First of all, I am going to requote a statement that was mentioned this afternoon by the leader of the opposition and which I understood the Minister of Trade and Commerce to say that he concurred in today after the leader of the opposition had read it. On March 27, 1947, as reported at page 1813 of *Hansard*, the Minister of Trade and Commerce said:

> The primary question that was asked of me was whether controls had hampered production. I can conscientiously say that since I have been associated with controls, which is from their inception, controls have never been permitted to hamper production.

There is a definite argument on the part of the minister against the suggestion that the imposition of controls would hamper production. The minister continued:

> In fact, controls at the moment are greatly stimulating production in several important lines. In my opinion the over-all production today would not be improved by the immediate removal of controls. If the control of lumber were removed today —and lumber shows the greatest discrepancy between export and domestic prices of any commodity —I doubt if one additional tree would be cut. If the control of steel were removed, the over-all production of steel today would drop by at least twenty per cent. The reason is that under control we are able to take the surplus primary production from Sault Ste. Marie and move it to the finishing mills at Hamilton, Toronto and Montreal. We are able to bring billets from Sydney, Nova Scotia, something that is never done under ordinary conditions, and move them to Montreal and Hamilton and convert them into finished steel. Were this not possible, the over-all production of steel in this country would be at least twenty per cent less than it is at this moment.

I think the minister was extremely correct in that statement, and I think conditions that prevailed after that statement was made proved it to be correct.

In addition to that, Mr. Speaker, I remember that on March 19, 1947 the present Minister of Fisheries (Mr. Mayhew), then parliamentary assistant to the Minister of Fisheries, made a radio broadcast—and I may say it was an excellent radio broadcast—which I quite well remember listening to. The minister took practically the whole period of that broadcast to indicate the beneficial effect that controls had had on the Canadian economy. The whole tenor of his remarks at that time was in support of the principle of controls and the benefits that the Canadian people had received from price control, subsidies and certain regulations that were necessary during that period.

I want also to refer to a statement by the former minister of finance, Right Hon. J. L. Ilsley, in the debate in March, 1947, on the emergency powers bill. I am just going to quote briefly what he said, as reported at page 1585 of *Hansard* of that year. During that debate the minister said:

> One can readily imagine how an abrupt and substantial rise in living costs would contribute to an unsettled state of industrial relations and to delays and interruption in the production of goods which are so eagerly demanded. It is not difficult to appreciate the hardship and the reduction in living standards that would result for the many families whose incomes are relatively fixed—wage-earners, school teachers, white-collar workers, pensioners, and so on.

Those are the very classes of people that the opposition have been concerned about today and whose plight they have been presenting to the government.

> That there would be profiteering and speculation in the necessities of life can be taken for granted. And it is an absolute certainty that many prices, after rising suddenly, would fluctuate widely, and later on decline perhaps as abruptly as they went up. To remove all controls now would be to ask for a sudden and disruptive jump in our prices and living costs at the very time when we can begin to see ahead of us the completion of the job of orderly readjustment. We would be throwing away many of the advantages of the policy which Canada has successfully followed when, with a little more persistence and a little more patience, we could pilot ourselves through the difficult period of readjustment without the dislocation and economic disorder which usually follows war.

If the government had only exercised a little more patience and had carried on those policies for a little longer period, in our opinion—that is, the opinion of the group to which I belong—we would not have entered the present condition of instability and insecurity.

On motion of Mr. Herridge the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we wish to proceed with those two government notices of motions setting up the committees mentioned by them. I understand that some members are anxious that those committees should start their studies. Then we shall move to go into supply, or continue debate on this motion we have been discussing all day, with the amendment of the leader of the opposition (Mr. Drew), hoping that we will get a vote before six o'clock. At eight o'clock the Minister of Finance (Mr. Abbott) will present his budget. Then the debate on the budget will be adjourned, I understand, for some time. We could then take up Bills No. 191 and No. 192 that are on the order paper.

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

HOUSE OF COMMONS

Tuesday, April 10, 1951

The house met at three o'clock.

ARTS, LETTERS AND SCIENCES

STATEMENT AS TO TABLING OF REPORT OF ROYAL COMMISSION

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, in view of the question yesterday of the hon. member for Eglinton (Mr. Fleming) about the date of bringing down the report of the royal commission on arts, letters and sciences, may I say that I had a communication this morning from the secretary stating that April 20 was the date on which they had hoped to have it ready, but that in spite of their best efforts they have experienced some delays in the printing and it would be too optimistic to expect it on that date. He has promised to make every effort to expedite the printing, and as soon as it is prepared I shall be glad to place it before the house.

BUSINESS OF THE HOUSE

SUSPENSION FOR THIS DAY'S SITTING OF STANDING ORDER 15 IN RELATION TO PRIVATE AND PUBLIC BILLS

Right Hon. L. S. St. Laurent (Prime Minister): In view of the applause which greeted the announcement made by the Minister of Finance that he would bring down his budget tonight at eight o'clock, I trust I shall have unanimous consent of the house when I move:

That standing order 15 in relation to the consideration of private and public bills on Tuesdays be suspended for the sitting of Tuesday, April 10, 1951, so that the order for the house to resolve itself into committee of ways and means (budget) may be proceeded with at eight o'clock p.m.

Motion agreed to.

LABOUR CONDITIONS

INTERNATIONAL UNION OF MINE AND SMELTER WORKERS—ORGANIZING ACTIVITIES AT YELLOWKNIFE AND PORT RADIUM

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, on Friday last the hon. member for Hamilton West (Mrs. Fairclough) asked me a question, which is reported at page 1670 of *Hansard*, as to the organizing activities reputedly being carried on by the international union of mine, mill and smelter workers at Yellowknife and Port Radium in the Northwest Territories.

The union in question is known as the Yellowknife district miners union, local No. 802, of the international union of mine, mill and smelter workers, an organization which has carried on as an independent international union since its expulsion by both the Canadian Congress of Labour and the Congress of Industrial Organizations in the United States.

There have been contractual relations for some time between this union and the two principal mining companies in the Yellowknife area. One of these companies is Giant Yellowknife Gold Mines Limited, the management of which recently renewed its agreement with the union for the period from April 1, 1951, to March 31, 1952, through the process of direct negotiations. The other is the Consolidated Mining and Smelting Company of Canada, which has contractual relations with the union covering employees at its "Con" and "Rycon" properties, expiring in June, 1951.

Smaller mining operations are carried out in the Yellowknife area by Negus Mines Limited and Discovery Yellowknife Gold Mines Limited. These companies do not have collective agreements with any trade union, and the Department of Labour has no information as to any union organizing activities being carried on at their properties.

At Port Radium, much farther north, the only employer is the crown company, Eldorado Mining and Refining (1944) Limited, which carried out uranium mining and concentrating operations at La Bine bay on the east shore of Great Bear lake. In 1946 an attempt to organize the employees of this company was made, and an application for certification as bargaining agents was filed with the national war labour board by officers of the so-called Eldorado section of the Yellowknife district miners union, local No. 802. After conducting a vote, the board rejected the application for the reason that it was not supported by a majority of the employees affected. The Department of Labour has received no information that would indicate that there has been any union organizing activity at Port Radium since 1946, and there is no collective agreement with any trade union covering employees of the company's operations in the Northwest Territories.

Collective bargaining does take place, however, in connection with the refinery operations of Eldorado Mining and Refining (1944) Limited at Port Hope, Ontario. There the production employees are covered by a collective agreement between the crown company and the chemicals division of the United Mine Workers of America.

PUBLIC ACCOUNTS

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Harkness be substituted for that of Mr. Macdonnell (Greenwood) on the standing committee on public accounts.

Motion agreed to.

RAILWAYS AND SHIPPING

APPOINTMENT OF COMMITTEE ON ACCOUNTS AND ESTIMATES OF GOVERNMENT-OWNED TRANSPORTATION LINES

Hon. Lionel Chevrier (Minister of Transport) moved:

That a sessional committee on railways and shipping owned, operated and controlled by the government be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers, and records and to report from time to time, and that notwithstanding standing order 65, in relation to the limitation of the number of members, the said committee consist of Messrs: Benidickson, Bourget, Carter, Cavers, Clark, Follwell, Fraser, Fulton, George, Gillis, Gosselin, Hatfield, Healy, Helme, James, Knight, Macdonald (Edmonton East), Macdonnell (Greenwood), McCulloch, McLure, Mott, Mutch, Picard, Pouliot, Thomas.

He said: Mr. Speaker, this is the usual motion to appoint the committee on railways and shipping to which are assigned for consideration and study the annual reports of Canadian National Railways, Canadian National (West Indies) Steamships, the Canadian National securities trust, the auditor's report, and the annual report of Trans-Canada Air Lines, together with certain of the estimates of the committee of supply which are withdrawn from the house and referred to the committee on railways and shipping for consideration.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the motion carries, there are a few words that I should like to say. I heartily support the motion to set up the committee once again. Indeed it is rather an institution, and is almost a standing committee of the house by now. I should like to urge, however, that the committee in its study of the affairs of the Canadian National Railways this year give particular consideration to the position of pensioners of that railway, and indeed the position of employees of the railway who hope that some day they may enjoy the pension benefits they deserve.

My remarks will be brief; indeed, most of what I might wish to adduce by way of evidence can be found in *Hansard* of March 12 of this year at pages 1129, 1130 and 1131. On those three pages will be found quite a number of questions which I had placed on the order paper concerning Canadian National pension matters, together with the answers given by the Department of Transport.

I shall not take time to give all the minute details contained in those answers, but I should like to point out that there are 3,256 retired employees of the Canadian National Railways whose pension is only $25 per month. In addition, there is a small group of twenty-four pensioners whose pension was earned under a prior plan, and is an amount less than $25 per month. If one takes the answers to the various sets of questions contained on these three pages and does a little arithmetic, one will discover that there are 7,269 pensioners of the Canadian National Railways whose pensions amount to less than $40 per month. I will not give the results of the rest of the arithmetic I might have presented on the basis of the answers to these questions. I submit, however, that the time has come for an overhaul of the set-up of Canadian National pensions. That applies with respect to those now on pension; for, as with many others on fixed incomes, their position has become a very difficult one. It applies likewise to those still employed and contributing to various pension plans.

I know what the Minister of Finance (Mr. Abbott) says when we plead the cause of such people, the cause of superannuated civil servants and others, but I notice that in *Votes and Proceedings* for yesterday, the 9th of April, there is notice of a motion to adjust the pension position of a certain other group of employees of the federal government—namely, that of judges—and of judges' widows. No doubt the increased cost of living will be presented as a factor in that situation. If that is the case with respect to one group it is the case with respect to all groups. I plead in particular, because of the motion now before us, the case of pensioners and prospective pensioners of Canadian National Railways. It is not often that I quote the Canadian Pacific Railway Company as a good example, but I must point out that although it is a very small adjustment that the Canadian Pacific has made, that private company has recently made certain changes in its pension plan which

have the effect of boosting by stages the amounts of pension that retired employees of that railway may enjoy.

The Canadian Pacific Railway Company has also made provision for a supplement—it is a very small one—of $5 per month which it awards to pensioners whose pensions are in the lower brackets, until such time as they reach an age entitling them to receive the old age pension. My compliment to the Canadian Pacific Railway Company is not unlimited, because, as I have already indicated, I do not feel that it has gone nearly as far as it might have, but at least it has recognized the fact that modern conditions call for improvement in the pension plans affecting its employees. I submit that this applies also to the employees of the Canadian National Railways. I have argued from time to time, and it is still my view, that what we need in this country is a set-up similar to that in the United States. I have in mind the railroad retirement act in that country. I will not take time to give all the details, because I have done that on previous occasions, and have indicated the many ways in which that federal legislation in the United States provides much better pension arrangements than those accorded to railway employees in Canada. I still hope the day will come when our railway employees will have the benefits of a pension plan of that kind.

In the meantime—and I say that advisedly because we know how long it takes governments to move in these matters—it is grossly unfair that pensioners of the Canadian National Railways, numbering 3,256, should be drawing only the basic pension of $25 a month; and it is manifestly unfair that there should be 7,269 former employees drawing pensions of less than $40 per month. My questions put the bracket at $39.99, so that is the number of pensioners drawing less than $40.

I submit that in the light of present-day conditions; in the light of the fact that this is our own government-owned railway and that government institutions should be model employers and should be leading the way, the time has come when this whole situation should be overhauled, and there should be an immediate improvement in the pensions paid those already retired, particularly those in the lower brackets. There should be a change in the whole plan in order to improve the position of those who in future will become pensioners of the Canadian National Railways. I strongly urge that this committee go into this matter this session, and I would hope the result might be a report to the house that something should be done without delay.

Mr. J. G. Diefenbaker (Lake Centre): I want to add just a word to what the hon. member for Winnipeg North Centre (Mr. Knowles) has said. On several occasions in previous years I brought up this matter with a view to removing the evident injustice that is being done so many of these former employees who receive only $25 a month. I suggest to the minister, as I have done on previous occasions, that the regulations under which this fund is administered contain many anomalies and injustices. I think of employees who, having worked on the railway for fifteen, eighteen or twenty years, are unable to carry on because of illness, and are denied any pensions. I think of the recent example of a man in Saskatchewan who after twenty-five years of service as a sectionman had to retire because of illness. He has nothing to show for those twenty-five years.

The pension regulations should be substantially changed and brought up to date. As I remember it, the basic pension of $25 a month came into effect some twenty-two years ago. At that time $25 had a far greater purchasing power than it has today. It was inadequate then; it is more than inadequate now. If I were a member of this committee I would endeavour to have this matter considered, with a view to doing something on behalf of these public employees. After all, the employees of the Canadian National Railways, a government enterprise, should be shown the consideration that is expected from private enterprise; and certainly $25 a month cannot be justified by any stretch of the imagination. When it is realized that more than three thousand employees are in that category it is hard to understand the attitude of those in authority in failing to revamp the act and the regulations in order to do justice in many cases where today injustice is being done.

I am not going into the matter at length today; I have done so on previous occasions. I have also dealt with the United States retirement act. I realize there would be difficulties in applying that act to Canada, but there can be no justification for the continuance of this system of pensions for men who give thirty and forty years to the public service, men in the lower income brackets, sectionmen, porters and so on, whose salaries do not permit them to make provision for their later years. With salaries of $150 and $175 a month it is impossible for these people to provide their own pensions. They give of the best years of their lives; and, even having regard to the economy we all wish to practise at this time, I am sure there could be no criticism if the injustices now being done these men were corrected.

Mr. Graydon: May I ask the minister whether it is his intention to bring before the committee this session the question of the debt structure of the national railways?

Mr. Chevrier: Mr. Speaker—

Mr. Speaker: Order. If the minister speaks now he will close the debate.

Mr. W. Chester S. McLure (Queens): I want to bring just one matter to the attention of the minister. I am very proud to be a member of this committee, and I hope the resolution carries, but I would like to ask the minister when the committee will meet. I hope it will not meet during the week of April 23-28, because in the interests of true democracy I should be down in my province at that time, since there is an election coming up. I would ask the minister to see that this committee does not meet during that week.

Mr. Chevrier: Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. Lionel Chevrier (Minister of Transport): It is not within my province to say when the committee shall meet, but if I have anything to do with it I can assure my hon. friend that it will not meet during the week he has to attend to important democratic business in his constituency. As the house knows, the committee is master of its own procedure, and when the organization meeting takes place it decides the time of sittings.

The hon. member for Peel (Mr. Graydon) asked if it was the intention of the government to submit to the committee the question of the capital structure of Canadian National Railways. I hesitate to repeat what I said on this subject during consideration of my estimates on Friday of last week, because the statement was lengthy and I am sure the house would not want to hear it again. I would say, however—and this applies to the remarks and representations made by the hon. member for Lake Centre (Mr. Diefenbaker), as well as those of the hon. member for Winnipeg North Centre (Mr. Knowles) —that members of the committee are free to bring up any questions in which they are interested. The hon. member for Winnipeg North Centre is not a member of the committee. He could become a member if he so desired; he is the whip of his party, and I presume would have something to say about who goes on a committee or who does not. But even if he is not a member of the committee, the members of the committee representing his party, as well as those representing the official opposition, may bring up any questions that are of particular interest to them.

[Mr. Diefenbaker.]

To deal more specifically with the question of the hon. member for Peel I said the other evening that until such time as I was able to bring before my colleagues draft legislation dealing with the equalization of freight rates, and the government was able to approve that draft legislation for implementation at this session of parliament, I hope, I did not think it was possible to submit to my colleagues for their consideration the question of the capital structure of Canadian National Railways. However, if the members want to examine the president of the Canadian National or myself on the implementation of the plan, we shall be glad to give what information we can.

Motion agreed to.

NATIONAL FILM BOARD

TAKING OF PICTURES IN CONNECTION WITH VISIT TO CANADA OF PRESIDENT OF FRANCE

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Will the Minister of Resources and Development say who gave exclusive picture rights to the national film board in connection with President Auriol's visit to Canada? Did those exclusive rights include the visits to the cities of Ottawa, Toronto and Montreal?

Hon. Robert H. Winters (Minister of Resources and Development): To the best of my knowledge the national film board did not have over-all exclusive rights to the taking of pictures during the visit of President Auriol to Canada.

Mr. Fraser: Will the minister say whether the newspaper reports are wrong? They say that the newspapers were refused the right to take pictures.

OLD AGE PENSIONS

CORRESPONDENCE WITH PROVINCES—INQUIRY AS TO PROGRESS IN REACHING AGREEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Minister of Justice. Has the minister now received replies from all ten provinces to his letter of February 28 concerning the form of a constitutional amendment to make possible the implementation of the old age pension plan recommended by the parliamentary committee last year? What progress is being made in reaching agreement on this matter?

Hon. Stuart S. Garson (Minister of Justice): The last communication which I had from the provinces reached me in the early afternoon of April 2. Later that same afternoon

I dictated the first draft of my letter to the provincial premiers arising out of the replies which I had received from all of them. In that letter I forwarded a further, and I hope final, redraft of the old age pensions amendment to the British North America Act, and also of the proposed provincial retail sales tax amendment. In those redrafts I endeavoured to incorporate the views of all the provincial governments so that the amendments would be acceptable to all provincial governments.

Mr. Knowles: May I ask the minister whether, today or tomorrow, he could table this correspondence to appear as an appendix to *Hansard*? After all, this would be supplementary to previous correspondence on the same matter.

Mr. Garson: I assume that these are going to be tabled in due course. So far as I was concerned, I had rather planned to wait until we got some replies and then table them all together.

CRIMINAL CODE

CHEMICAL TESTS IN DRUNKEN DRIVING CHARGES —QUESTION AS TO AMENDMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Justice in connection with a matter that came up last session, having to do with increasing the powers of enforcement in cases of alleged offences by drunken drivers. At that time he said he was going to communicate with the provinces. Has he communicated with the attorneys general, and if so, will he table their replies? Is it his intention to introduce at the present session legislation concerning drunken driving, and also to permit the use of chemical tests in the determination of intoxication?

Hon. Stuart S. Garson (Minister of Justice): The subject matter to which the hon. member refers is one which, if it were dealt with, would be included in the Criminal Code amendments. The Criminal Code amendments which we have this year are an unusually large crop, and are more extensive than we have had for some years. In the department we have been conferring on them for some weeks. Just this afternoon I signed the final submission to be included on the cabinet agenda for its next meeting. Until cabinet considers these amendments I am unfortunately not in a position to answer the hon. member's question as to whether or not there will be legislation covering the subject matter of drunken driving. If and when such legislation is brought down, we shall comply with the other requests of the hon. member. If it is not brought down, the hon. member will have an opportunity to criticize us for not bringing it down when the estimates of my department are before the house.

Mr. Diefenbaker: Does the minister say he will not table the correspondence unless legislation is brought down?

Mr. Garson: I do not think there would be any objection to tabling the correspondence. What I would suggest, though, is that I show it to my hon. friend, and then if he wants me to table it I shall be glad to do so.

POTATOES

INQUIRY AS TO PRICE SUPPORT PAYMENTS TO GROWERS

On the orders of the day:

Mr. W. Chester S. McLure (Queens): On April 5 I directed a question to the Minister of Agriculture. He was not present that day, nor was his parliamentary assistant. I thought that I might get an answer from him today, if he has looked at the question, which appears on page 1647 of *Hansard* for that day.

Right Hon. J. G. Gardiner (Minister of Agriculture): That concerns the arrangements for marketing potatoes?

Mr. McLure: Yes, about potatoes.

Mr. Gardiner: I read the question, Mr. Speaker, and I am sorry that I did not answer it before. My memory is that the question related to what arrangements had been made with regard to marketing potatoes in the two provinces of New Brunswick and Prince Edward Island. The arrangement made is that marketing boards have been set up in the two provinces to market some 2,000 cars of potatoes that remain in surplus. It is suggested that they be marketed in two ways, first as table potatoes, and second to the starch factories.

So far as the starch factories are concerned, my understanding is that they have agreed to take delivery of potatoes at 60 cents a barrel, which works out at about 22 cents a bushel. They make a payment of that amount at the time the potatoes are delivered. Then there has been an arrangement to issue participation certificates upon which payment can be made at a later date. In other words it is a co-operative organization set up under the act of 1939, and we have guaranteed that the 60 cents a barrel can be advanced. We have also suggested to the provinces that we are prepared to make a further payment into the pool at a later date. This further payment will be limited to a certain amount which will permit a higher

payment than the 60 cents to be made, but at the moment we are not in a position to say what that will work out at.

The boards will proceed to sell the potatoes at the best price they can obtain for them. Any amount which is obtained over and above the sale price to the starch plant and for table use, together with the amount that is paid in from the treasury here, will be distributed to the farmers who delivered potatoes.

Mr. Hatfield: I should like to ask a supplementary question. Will the marketing board plan be carried out for the 1951 crop?

Mr. Gardiner: I think, Mr. Speaker, the hope is that it will be, but that will depend, I suppose, somewhat upon the success the boards have in marketing the 2,000 cars in question.

TARIFFS AND TRADE

TORQUAY CONFERENCE—QUESTION AS TO MAINTENANCE OF PREFERENTIAL TARIFFS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Trade and Commerce under what instructions from the government the Canadian delegates to the Torquay conference are working now with reference to the maintenance of imperial preference?

Hon. Douglas Abbott (Minister of Finance): Perhaps I may answer that question. The head of the Canadian delegation is the chairman of the tariff board, Mr. Hector McKinnon. My information is that it is expected agreements will be signed with sixteen countries, and Canada will have a satisfactory agreement with the United States. Other than that, I am not in a position to make any statement at this time.

SUPPLY

COST OF LIVING—AMENDMENT, MR. DREW

The house resumed, from Monday, April 9, consideration of the motion of Mr. Fournier (Hull) that Mr. Speaker do now leave the chair for the house to resolve itself into committee of supply, and the amendment thereto of Mr. Drew.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in the few minutes I had at my disposal last evening I read one or two extracts from *Hansard* in an effort to indicate the opinions of certain members of the government with respect to the value of price controls, subsidies and rationing under what we would term abnormal and emergency circumstances and conditions. Before proceeding, I just want to read one more extract as further proof and thus further substantiate our continuing argument in connection with this most important question.

The hon. member for Winnipeg North Centre (Mr. Knowles) has been greatly interested in this question since the period of decontrol commenced in 1946. He placed a question on the order paper of February 25, 1947. I will read the question. It is as follows:

February 25—Mr. Knowles—Order of the house—For a return showing (a) the total cost of the government's price control program during the entire period thereof since the outbreak of world war II, together with a break-down of said total in such a manner as may be readily available, and (b) the amount saved by Canadian consumers as a result of this program, together with a break-down of this figure and an indication as to the basis used in computing the same.

For a considerable period, the hon. member did not receive a reply to that question on the order paper. From time to time he asked for information in the house as to when the question would be answered, and he persistently pressed Mr. Ilsley, then minister of finance, for a statement in connection with the question which had been on the order paper for so long, until finally Mr. Ilsley made in the house one of the most interesting statements that had ever been made by a minister of finance on such an important question. I wish to read briefly from the statement made by Mr. Ilsley on April 1, 1947, as reported at pages 1926 and 1927 of *Hansard*:

Mr. Ilsley: . . . the hon. member for Winnipeg North Centre (Mr Knowles) put a question and pressed me to answer it, and I will do this as best I can, although it is almost impossible to give an answer to the question He asked for an estimate of the benefits to the citizens of Canada as a result of the price control policies; that is to say, the saving in prices to the consumer—the amount by which consumer prices were made lower than they otherwise would have been.

The following estimate gives some indication of the strain and difficulty which would have developed in the Canadian economy without price control. It is based on the assumption that in the absence of price control prices would have risen in recent years to the same extent that they rose in world war I and its aftermath. Nobody knows whether they would or would not, or would have risen higher.

Mr. Case: It is an impractical question.

An hon. Member: Hear, hear.

Mr. Herridge: To the hon. member who has just said "hear, hear", I might say that when the next election comes along the same thing may happen to him as happened to Mr. Case. I continue the quotation:

Mr. Ilsley: I wish to point out that we never devoted more than fifteen per cent of our resources to the war in any year of world war I, whereas in world war II, in some years, we devoted approximately fifty per cent of the production of the country to the war. And economists have always told me that that is the main factor in driving

prices up—the proportion of output that you shoot away and send away, leaving in the country the purchasing power that was paid out to produce it, and nothing to spend it on. That is a powerful inflationary influence. It must be remembered that in many countries where there existed no effective control, prices were going up 100, 200 and 300 per cent, and I am not talking of wild inflations such as occurred in China and other places. But if we assume that prices would have risen, and the inflationary factors were more powerful in the last few years than in the years between 1914 and 1920, much more powerful—if we assume, I say, that prices would have risen, without control, just to the same extent proportionately, year by year, as they did in the period from 1914 to 1919, then these are the results you get: the consumers would have had to spend an average of nearly $8 billion between 1942 and 1946.

Mr. MacNicol: How many millions?

Mr. Ilsley: I said nearly $8 billion a year between 1942 and 1946, to buy goods and services, which in fact cost them on the average not quite $6·5 billion a year. If hon. gentlemen want to know how that is arrived at they can procure table 11, gross national expenditure at market prices, 1938 to 1946, issued by the bureau of statistics, which shows the personal expenditure on consumer goods and services for each of the years from 1938 to 1946; and if the amount spent had increased proportionately to the increase in prices in the first great war, the amount spent would have averaged $8 billion in those years instead of the $6½ billion which the consumers actually did spend.

Mr. Quelch: Does that take into consideration the higher taxation?

Mr. Ilsley: No; it does not take that into account. Taxation was part of the stabilization policy.

We in this group recognize that.

High income taxes were probably the most powerful factor in the anti-inflation policy. In short, if prices had risen as they did in the last war and its aftermath, the consumers would have had to spend $1½ billion more than they actually did.

It should also be noted that the general stabilization program held down the cost of munitions and other military expenses, thereby saving a further large addition to the already heavy national debt.

I am sure that sentence will appeal to the Minister of National Defence (Mr. Claxton), in view of the statement which I understand he made at some public gathering quite recently. I continue:

It is estimated that government expenditures averaged $4 billion a year between 1942 and 1946. Without price control this cost might have been at the very least twenty-five per cent higher. I think that twenty-five per cent is based upon the other figures which I have given with regard to the additional percentage which the consumers would have been obliged to pay; and the stabilization program has thus meant a saving of another billion dollars a year. From these estimates it is possible to see that the cost of the control program was under $200 million a year, while the savings to the consumer purchasers and government as a buyer were on this hypothesis possibly $2½ billion a year. The figures are tentative but do give some idea of the relative magnitude of the cost of and the savings effected by the government price control program.

Here we have, Mr. Speaker, from the highest authority—the minister of finance of the day, who had the portfolio during the greater part of the war period—proof as to the value of price control and subsidies in savings to the government and people, and definite proof as to the cost of those price controls and subsidies to the Canadian people. We have that on the highest authority. Yet, Mr. Speaker, in reading the Canadian papers recently, I note that one Liberal member of parliament gives as his reason for opposing the policy of price control and subsidies, and for supporting the government's policy in that connection, that price ceilings would be more costly than inflation to the Canadian people. I just wish to read from the Nelson *Daily News* of March 31, which reports a meeting of the East Kootenay Liberal Association at Cranbrook on March 29. It has this to say in part, in reporting the speech of the hon. member for Kootenay East (Mr. Byrne):

He supported the government in its stand against price controls establishment and its alternate policy of credit control to reduce buying power on the grounds that enforcement of resulting rationing and price ceilings would be more costly to the public than present inflation.

I presume that report is correct, because I read the same sort of report, in almost identical words, in the Cranbrook *Courier* of March 29. When the hon. member made that statement, I think he was unaware of the statement of the former minister of finance with regard to the relative cost of price controls and subsidies, and the savings effected for the Canadian people. For every dollar spent on price control and subsidies, according to the statement of the highest authority, the saving to the average Canadian consumer was between $12 and $13. Surely it is time the government acted in this situation.

As I said before, I certainly am aware of its difficulties, its ramifications and the complications attending it under this system. But the government could act in the sphere of food, clothing and shelter, these three things that so seriously affect the lives of the people who have the lower incomes in this country. I am not personally concerned about the price of liquor, or the price of luxuries, or things of that sort. But I do think that this government should act in the field of food, clothing and shelter, and act now. If we are to protect the living standards of the families of this country, particularly of people raising families at this time, something must be done to protect those who are in receipt of fixed incomes, because they are in a very difficult position. I realize it is difficult to remedy the situation, and, shall I say, place them in a satisfactory position in relation to other groups in the community. We will have to roll back prices where possible after investigation. Those who are living on small pensions and fixed incomes find themselves in

very difficult circumstances. Then there are those who are anxious to build houses. I believe the very foundations of democracy are built and maintained by people who own or desire to own their own houses. In my personal experience from dealing with people I have noticed that a change in the attitude of some men toward life takes place when they are able to build or own their own homes and have a little plot of ground around them to cultivate. These three things—food, clothing, shelter—should be given very serious consideration and action should be taken by the government now.

I realize that the present inflation is not all the government's fault. I think every fair-minded person realizes that. Some of it has been the result of human nature and of human greed. I know of many storekeepers who are very much perturbed by the constant rise in prices. They have shown me their invoices and have explained to me how much concerned they are about the situation. They know of its effect on their customers. But I know of other storekeepers who are storing supplies in their basements and are working havoc with prices just because they can take advantage of the Canadian people's circumstances at this time. Some manufacturers are raising prices unduly. There is no question about that.

Some manufacturers in this country have an excellent reputation, and are willing to accept a reasonable standard of profit. We realize that under this profit system a reasonable standard of profit is necessary if the system is to continue to function; but I know personally of individuals who have taken an exceptional advantage of present circumstances and shortages.

I come finally to the question of lumber. Lumber is a very important thing in this country in connection with the building of houses. There are lumber manufacturers in this country who have done their best to maintain a reasonable price throughout the difficult years; but owing to the competition for lumber from the United States, lumber prices have risen almost dramatically in the last two or three years, and to such an extent that at the present time there are thousands of Canadians who even a year ago were considering building a house, but owing to the increased cost of lumber, the increased cost of hardware and other things, are denied that opportunity and privilege at this time. I suggest, Mr. Speaker, that the government could well make certain that the Canadian requirements are met by a quota on the export of lumber, and establishment of price control on the lumber sold in the domestic markets. The return from lumber sold to the export market is quite sufficient to secure for any lumber company an adequate profit in relation to the lumber they would have to sell on the domestic market. I think control of lumber is a very necessary step at this time.

I have made some investigation of the prices of lumber in this part of Ontario. I have heard references made to the prices charged by the lumber industry in British Columbia. I can say this in all truthfulness, and I am sure in this I shall be supported by other British Columbia members, that the prices that are charged for lumber in the city of Ottawa are simply out of this world as compared with the prices being charged for comparable grades in my own district of British Columbia.

I want to bring another thing to the attention of the minister. I know a little about lumber grades. I have an interest in a little tinpot mill, and we grade very strictly. Everything that goes out of the mills in our district for export is good quality lumber and timber. I think that is generally the practice throughout British Columbia.

Mr. Gibson: Like our apples.

Mr. Herridge: The same as our apples. I think that all products sent from British Columbia are of good grade. But, Mr. Speaker, I was in Calgary last year and met a man driving a truckload of lumber. He was coming out of a lumber yard. I said: "What grade of lumber have you on there?" He said: "This is a load of No. 1 common." It was not a load of No. 1 common at all. It was a load of lower grades of lumber being sold as No. 1.

I think the government should do something to protect the lumber purchasers on the prairies, because in my opinion this overgrading has occurred out there in recent years. There is a dilution of lumber grades, when it reaches the prairie market, by a few wholesalers, jobbers, retailers, and so on. I should like to see the government give democracy an opportunity to function.

As I have said over and over again, this is a most difficult question. There is no overnight solution to it; but we in this group believe that if the government takes into its confidence organized labour of this country, the organized farmers, the representatives of the co-operative movement, the representatives of the consumers movement and some representative women, and these people are permitted to get around a table with representatives of the federal government, a great deal can be done under the leadership of the government, in co-operation with the

people's representatives and organizations to stabilize prices and improve this very unsatisfactory situation.

The cost of living index on March 1—not April 10—was 179·7. When the Canadian people read that in the papers it appalled many of them. Without doubt some minister's statements in previous months were an invitation to greedy people to raise prices, and without doubt some greedy people have taken advantage of the situation. The fiscal policies of the government and its credit restriction policy are not sufficient. That is evidenced by what has happened.

There are certain interests in this country who are against price control. The Canadian Chamber of Commerce has been consistently against price control, I think because it is not in favour of any restriction or controls that appear to interfere with the operation of free enterprise. The Canadian Manufacturers Association has been against price control consistently, and some of the lumber organizations throughout Canada have been against price control. I remember in March, 1947, the Western Retail Lumbermen's Association made representations by letter urging the dropping of price controls immediately, when this government was following a policy of limited decontrol. In that letter they said something to this effect: If only price controls would be discontinued production would increase and the cost of lumber would drop. As a matter of fact production has increased greatly since that time, but owing to conditions in the external market and the demand for lumber internally, instead of prices dropping, they have constantly increased.

For price control, or should I say a form of profit control, we have a majority of Canadians as indicated by public opinion polls. We have organized labour. Organized labour as a whole does not want wage freezing, but organized labour is in favour of price controls and subsidies and is willing to co-operate with the government in order to do something to bring about a satisfactory relationship between wages and prices on the basis of negotiations and the practice of the principles of collective bargaining.

The organized farmers are in favour of price controls, necessary subsidies and regulations of that type. They do not want price freezing, but they are willing to work in co-operation with the government in the best interests of the country and in co-operation with labour to bring about a satisfactory relationship between prices and wages and so on. We have the co-operative movement leaders expressing themselves as being firmly in favour of price controls, subsidies and necessary regulations, and indicating their willingness to co-operate with the government. We have the veterans organizations. The British Columbia command of the Canadian Legion has taken a firm stand on this question, as have other veteran organizations. They are ready to co-operate. Then there are women's organizations and a large number of civil servants who are looking forward to the day when the government will take action.

If this government will only let democracy function and give the people the opportunity to participate, we can expect results. I know from experience that when a challenge faces the people they are ready to meet it. Things do not necessarily have to be smooth or easy. The government should give the people something to live for, and a worth-while purpose. This government can give the Canadian people something to live for by asking them to co-operate in developing a stabilized price structure in this country and a system of subsidies which will help to equalize the cost of living, help to equalize the burden now on the backs of the lower income groups by bringing about a more satisfactory relationship between wages and prices.

(Translation):

Mr. J. O. Gour (Russell): Mr. Speaker, when I hear the opposition blame the government for the rising cost of living, I wonder if it could not be said instead that the Liberal government has so well run the country that we are enjoying an era of prosperity without precedent in history. Due to the markets the government has been able to find abroad for our products, the purchasing power of our people has increased substantially. This results in increased demand and, therefore, brings us higher prices for our products, higher wages, et cetera.

I would be tempted to twit the opposition about it, especially the official opposition; indeed, from 1930 to 1935, they showed so little capacity for running the country that they caused part of the people to go bankrupt. In fact the country was then swarming with unemployed, wages ran from 10 cents to 60 cents an hour, whereas today our workers are getting 60 cents to $2.50 an hour. Farm products were selling at ridiculous prices. Most farmers even lost the savings that had been put away for two or three generations while their income was barely sufficient to feed their families and pay their taxes.

Cost of Living

I have a few suggestions to help the government check inflation and lower the cost of living. It could be done by lowering the price of a wide variety of goods. My suggestions will not be welcomed and I trust that, if they are accepted, those who will suffer from them will not bear me too much ill will, for I make them sincerely.

In the first place, I believe that industrialists and businessmen should not be allowed to spend more than 25 per cent of the cost of a product for advertising purposes. I suggest that legislation to that effect would lower the cost of goods by something between 5 and 25 per cent, for the cost of advertising is really borne by the consumer.

I think an excess profits tax similar to the tax we had during the last war should be levied against all individuals, industrialists or others who, in the past four years, have had a taxable income of $5,000 or more, so that a 100 per cent tax might be levied on all incomes over and above the computed average for those years, and that they should be granted a reimbursement of 20 or 25 per cent in 1955 or 1956. Such taxation would curtail profiteering, force prices down, and bring substantial revenues to the government.

I believe we could also ask all our people, especially during 1951 and 1952—or as long as the world crisis prevails—to work from two to eight hours more a week. This would bring about a surplus of goods and consequently a lowering of prices which would benefit our working class and people of restricted means.

I am sure the government will take the best available means—and there are many—in order to fight inflation, which is disheartening to people of smaller means.

The new budget will be brought down tonight. I am sure the government has made the necessary provision for a sound administration of the country and that whatever regulations are made will prove satisfactory to all our people.

Unlike many hon. members of the opposition, I do not wish to put an end to prosperity in Canada. Our workers have more money and live in better homes than ever before. Farm buildings are in better condition than ever and the situation keeps on improving; we see new structures going up as well as community recreational centres, not to mention an ever-increasing number of new cars and new tractors driven by well fed and well dressed people.

I realize that, from time to time, the government must curb the ambitions of some people and bring them back to reason, but nothing should be done to jeopardize the prosperity which, thanks to the present administration, our people have enjoyed since 1935. I therefore urge my leaders not to make the mistake of acting on the advice of those who, from 1930 to 1935, handicapped the development of Canada.

[Mr. Gour (Russell).]

(Text):

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I think it would be natural, having regard to the speech delivered last evening by the Minister of Trade and Commerce (Mr. Howe), that I begin my remarks by referring to what the minister said. I must confess that in part the speech was a great surprise to me. I listened with much interest to the minister's account of various proceedings which are being carried out by his department, but when he came to the end of his speech he used words which I imagine were a surprise to a large number of people in Canada who think they are suffering at the present time. The minister said, as reported on page 1762 of *Hansard*:

> I am sure that we can get along quite comfortably as consumers and still engage in a substantial defence effort.

And a little later:

> Unless all-out war comes, Canadians can continue to live well.

Now, I listened to that and I said to myself: What are we talking about? Is there really any rise in prices at all? Yes, the minister indicated that there was a rise. At page 1758 of *Hansard* he said that prices had gone up about 16 points or 10 per cent, and I think that is roughly within a year. When I read this I could not help wondering what would be the feelings of the people of whom the hon. member for Hamilton West (Mrs. Fairclough) spoke last night. Incidentally, I think the hon. member for Hamilton West can speak with a particularly strong title for the housewives of Canada as she herself is not only an efficient member of parliament but also an efficient housewife. When we heard what she had to say it was certainly most difficult indeed to square it with the words of the minister which I read. Indeed it seems that when the minister speaks about this matter he is able to maintain an attitude of detachment, almost as if he were an onlooker.

I leave that and come back now to what I think is the feeling of the great mass of the ordinary people, the people who really believe that they are suffering seriously. I think these people, and indeed a very large number of the population of the whole country, having regard particularly to what happened in the month of February, believe that we have an inflation which is at any rate giving a very

good imitation of being a runaway inflation. I was pleased to hear the minister say that the month of March had apparently flattened out but we must not take too much comfort from that because, after all, it is not as if at the present stage of costs we should be content to go on as we are. There has got to be something much better or people are going to continue to suffer in a way which is extremely hard for them to bear.

The thought of inflation and what it does reminds one of a remark of Lenin which I believe Stalin is in the habit of quoting often, that the way to destroy a capitalist country is to debauch its currency. When those in Moscow watch what is going on here at the moment, and what has been going on for some months, it seems to me that they will be chuckling a bit and saying: Well, these people are trying to get ready to meet us in the field but if they go on as they are now, managing their affairs as badly as they are now, it may be that they will destroy themselves, or at any rate weaken themselves to the point where their defence effort will be utterly blunted. It is interesting to note that the Minister of National Defence (Mr. Claxton) in a speech he made in New York the other day was uttering what almost sounded like a signal of distress by reason of the fact that high prices were indeed blunting his defence production by increasing costs so enormously.

One would have reason to worry about this matter much less if we were in the full swing of our defence expenditure, but we are told that we have only made a good beginning. I did not see this in print but I was told the other day that Mr. Harris, the steel controller, speaking from where he sits, said that we really would not be under a full head of expenditure for about a year. The minister will correct me if I am wrong on that, but that was reported to me, and it makes me feel that the present situation gives cause for just that much more anxiety. It makes one feel that, even if March has flattened out, the pressures still to come make the whole situation full of danger.

Why are we in this trouble if defence expenditures are still at a comparatively early stage? I want to ask also whether it could have been averted. I think a good deal of it could have been averted, and I shall try to say why. I suppose there are two main reasons why we are in this difficulty now. The first is, as the minister said last night, that we have had bad public psychology. People have been running to cover, people have been hoarding. Anticipating higher prices a great many people have bought goods, I am afraid, speculating for a rise. The minister is somewhat tired of hearing his own remarks quoted on that point, but he made it very clear when he said that people were "governing themselves accordingly". What he said was that people, anticipating and fearing that some kind of controls might be put on, were "governing themselves accordingly"—in other words, buying up commodities.

Human psychology is one reason, and there I think we are fully entitled to blame the government. The hon. member for Kootenay West (Mr. Herridge), who has just spoken, called for a lead from the government. I thought some of his remarks were quite sound, and that we do need a lead. I feel ever so strongly that the government has not taken the lead.

When we met in this chamber last September the leader of the opposition (Mr. Drew) and others pressed very strongly that the government should say whether or not there was an emergency. The government hesitated to do so, and I think that people have hesitated to believe that the situation is as serious as the actual figures show it to be. I think that remark also applies to the situation in Korea. It is quite astonishing how we have dissociated ourselves from the happenings there, which are tremendous, even though at the present time they seem to be in a lull.

The next cause, and a very active material cause for what has happened, is that there has been what I call a gross failure on the part of the government to use the financial controls that are available to it, particularly through the Bank of Canada. The Bank of Canada was set up for the very purpose of giving the government an effective agency to control credit. I shall try to show the house in the course of the next few minutes that in this respect there has been a grievous and inexcusable failure. I think it is desirable that the public should know the causes of the present situation. As a matter of fact if people know the causes there will be some occasion for them to take heart and say: Well, if those causes are met we may have a better hope for the future.

As the leader of the opposition said some weeks ago in the house, there is a terrible feeling of insecurity abroad. I would say that this insecurity has invaded the minds of all but the well-to-do—and perhaps even the minds of many of them. Second, those who have wage contracts with automatic cost of living escalator clauses may feel that they can escape, and third, those who are so well organized that they feel they can have their wages keep pace with the cost of living. These three classes might to some extent escape the prevailing sense of insecurity

although I suggest that as things are going now none of them will feel secure because they surely will realize that if this thing goes on and is not checked it will undermine, as the minister said last night, the very foundations of our society.

This situation demands qualities which are hard to summon up in peacetime. There is no doubt in the world that it demands energy, activity and all that kind of thing, but it also demands a certain forbearance. It also demands that people should not try to tread down other elements in the community regardless, and think only of their own welfare, because if that prevails in the end they will be dragged down also. It is easy to describe the disease. It has been described so often we are tired of hearing about it. It is the case of "too much money chasing too few goods". It is easy to describe the cure—"more production and less consumption". That is easily said, but I have here an epigrammatic statement made by a competent economist from which I propose to read because I think it puts in simple words very pertinent advice which we should all bear in mind, and which could have a very practical influence on the situation if we would really bear it in mind. He said:

> If when I get a larger income in dollars for myself I produce at the same time correspondingly more than I produced before, this will not raise my neighbour's cost of living.
>
> But as often as I get a larger income without at the same time producing correspondingly more than I produced before, my success in getting more income for myself must raise my neighbour's cost of living.
>
> And in parallel with this, whenever my neighbour gets a larger income in dollars for himself and at the same time enlarges his own output correspondingly, he will not raise my cost of living.
>
> But as often as he gets a larger income without at the same time producing correspondingly more than he produced before, his own success in getting more income for himself must raise my cost of living.

I suggest that there is a lot of practical common sense in that, and if by some magic we were all able to realize the force of that statement and practise it, that in itself would go a long way towards solving the problem. I suggest also that governments, by wise instruction and wise leadership, could do a great deal to make that view prevail.

Mr. Coldwell: Will the hon. gentleman say who wrote that?

Mr. Macdonnell (Greenwood): Yes; Gilbert Jackson, who I think is one of the most earnest students of economics. I think we can also say, and I imagine everyone will agree with this, that civilian demands must be reduced through economy of expenditure by governments, businesses and individuals.

We must have higher taxes; we must have credit restraints; we must have control of scarce commodities. As a matter of fact the minister referred to this very thing last autumn. I should like to read just a sentence from what he said when he actually spoke of controlling prices. Apparently there are some people who feel that even to suggest such a thing is hardly done in respectable circles, so I want to read to the minister part of what he had to say at page 458 of *Hansard* for last September. Speaking on the Essential Materials (Defence) Act he said:

> The purpose of the measure is to try to see that war buying is not permitted to be a factor in increasing prices. In other words, if for war purposes we shorten the supply of materials and the remainder is insufficient for domestic supply, we then take the right to fix prices on the materials for domestic use, and arrange distribution.

To me that seems sensible. That seems to recognize what is actually happening, that purchases by governments have upset and are upsetting the ordinary operations of the market. The other day we read that the United States, which had been stockpiling tin, brought down the price of tin by a very substantial amount in one day by ceasing its operations. That shows the effect actions by governments are having day by day on the markets.

Of course it is commonplace to say what we all agree with, that production is all important. I suppose we could easily have a calculation made to show that if by some comparatively small percentage, probably less than 5 per cent and perhaps only 2 or 3 per cent, we could increase our production each day, our problems would largely disappear. Unfortunately that realization will never get abroad while we are utterly unconscious of the fact that we are living under stress, that there is a real emergency, that we are in real danger, the kind of danger which in wartime made us all prepared to do for our country more than we would ordinarily do. I believe enough in human nature to feel that if the people could be made to realize the urgency of the situation, much could be done in that way. But as we listened last evening to the Minister of Trade and Commerce (Mr. Howe), interesting as he was; as we have listened to the Prime Minister (Mr. St. Laurent); as we have listened to the Minister of Finance (Mr. Abbott)—and of course we shall hear more from him tonight on this subject—one gets the impression of people who are onlookers. One almost gets the impression that the government has become so complacent and so pleased with itself that it really feels that nothing very much can be wrong as long as it is in power. That is a very pleasant

belief, but it does not just cover everything. I would say also that these signs of complacency have existed even since last September, even since the time when I think it became perfectly clear that we were in an emergency and should have acted accordingly.

I think we saw that attitude exhibited in this house the other evening when this debate was suggested. When the figures for February were quoted the Minister of Trade and Commerce said after all they were five weeks old, and for that reason there was no urgency about debating them. I could not understand what the minister meant, unless he felt that people had been so numbed by those figures for February that they really had no power of feeling left. Then we heard from the genial Minister of Public Works (Mr. Fournier) who told us there was no use having a debate because nobody would pay any attention to what we said. Those were not his exact words—

Mr. Fournier (Hull): I would not interrupt when the hon. member was speaking.

Mr. Macdonnell (Greenwood): I would not for the world say anything unfair about the minister, but I think I can get fairly close to his words. He said, "What is the use of talking about this, because you will not have any influence on the government."

Mr. Fournier (Hull): At that time.

Mr. Macdonnell (Greenwood): Let me finish and later you may correct me; that it would not have any influence on the government, or at any rate not in time. I had a feeling the minister was doing a good deal, perhaps unintentionally—though he is a good fellow, so it may have been intentionally—to underline what we have said here time and again, that the government does not consider parliament as seriously as we would like it to. As a matter of fact the minister's words created a very curious effect in one quarter. His rather contemptuous reference to the power of debate—though I did not take it in any personal way, and I do not think he meant us in the opposition to take it in that way, since I understood he was just speaking in general—prompted somebody to say, "What does the Minister of Public Works want the opposition to do; put on a floor show?"

Mr. Fournier (Hull): That would be a change.

Mr. Macdonnell (Greenwood): I will not give the Minister of Trade and Commerce a chance to say that is what we are doing. Then of course we had the Minister of Finance, who did not want this debate to take place either. I can sympathize with him, too, because in a way we are muddying the water for him tonight. This is like a kind of trial trip for his speech this evening. He has already given us a little preview of what may come by using that interesting phrase "world-wide phenomenon of inflation". I take it we can infer from those words that the minister's line this evening is going to be: yes, there is a little inflation, but it is all over the world. It is a phenomenon; that is, it is a kind of act of God, and no man has anything to do with it. Then no doubt he will go on and tell us how bad things are in the United Kingdom; and they are having troubles there. He will tell us how bad they are in France. Then he will go to the United States, and when he is through we will have the good old ending that really things in Canada are so good we ought to be thankful to this all-wise government for protecting us from all the evils from which the rest of the world is suffering.

Mr. Knowles: The government treats all problems as either provincial or international.

Mr. Macdonnell (Greenwood): I think we should admit at once that foreign events do have some influence, but I want to stress the fact that we have far more power over ourselves than foreign events have over us. I would remind the members of the government who are here how often in past years we have been told of the wonderful lead we have given other countries, how the United States had to come and sit at the feet of this government to learn how to do this, that and the other. But now the talk seems to be all in the other direction. I propose to show as clearly as I can what I regard as the most damaging, devastating negligence on the part of the government, particularly the finance department, in respect of financial controls especially since last September. But I must give them credit for one thing. The propaganda machine is already at work. I read this statement, which I assume to be inspired. It was not marked "paid advertisement". There was nothing to indicate that it was, but I inferred it was inspired. It reads:

> Canada is now leading the world in a unique program aimed at getting to the roots of the age-old problem of inflationary cycles.

Upon reading this article further, you find that somewhat grandiloquent expression really means that after months and months of delay the finance department and the Bank of Canada pulled themselves together, and they have suggested to the banks—"suggest" is not a strong enough word, but that is used because they do not like to use the word "power", and they have plenty of power—that there should be a curb put on lending. I believe it is desirable that there should be a curb put on lending.

Cost of Living

Lest I forget later, I should like to point out that some of this lending to which I am going to refer assisted a good deal in that very process which the minister described some weeks ago when he was telling us how difficult it was to do anything in the matter of controls, because really the horse had got out and it was too late. I refer again to the people who are "governing themselves accordingly", and one of the things that helped them to buy was the fact that loans were being rapidly increased by the banks. Many times in this house we have talked about the effect of the supply of money on prices. I am not going to weary the house with long lists of figures. The figure which has often been used is that in the last twelve years the amount of money has gone up roughly four times, and the amount of goods has gone up roughly twice. I am not suggesting that means that you do a little sum in arithmetic, and say therefore prices have doubled. It is not as simple as that. On the other hand no one who has seriously thought about this matter doubts that the quantity of money which is in existence has a great effect on prices.

I wish in some way I had the capacity to make the ordinary taxpayer feel that this interests him; that this is not just a matter of millions and tens of millions of dollars, which are figures put in bank books and discussed by ministers of finance. I wish I could convince him that what happens when newly-created money comes into existence is that that money competes—I am almost quoting now from the budget speech of 1939 made in this house—with the existing money. I shall give the figures in a moment as to what happened last autumn. I do want to get this across, that when hundreds of millions of dollars of new money come into existence they compete with the old money. New dollars, however, look just like the old dollars. In the old days when they debased the currency they did it rather more honestly by clipping bits off the coins. You could see what was happening. The coins did not look right. Today we make new dollars that look like the old dollars. While we are diluting and debasing the currency, it is difficult for an ordinary person to observe it.

I want to say something else about this huge increase in money which happened last autumn. I want to make it clear that any banker who is in business must make loans to credit-worthy borrowers. It is not for him to say that, as a matter of general policy, there has to be credit restriction; that is a matter for the government. I believe that was the prime reason, or one of the prime reasons, for the creation of the Bank of Canada.

I should like to go back for a moment to last September; because last September we in the opposition did our best—the Minister of Public Works (Mr. Fournier) says we do not have much effect—to create a sense of urgency. Indeed, we liked to think we did have some effect, because the Minister of Finance (Mr. Abbott) used words which sounded all right. We had no reason to think he was not going to do anything about it. He said that what we require is a "prompt and effective anti-inflationary program." Now, that sounds all right. I could not improve upon those words, and I doubt if anyone could. They express exactly what should have been done. What did he do? I would say that, as near as makes no difference, he did nothing until February.

Mr. Graydon: He unhitched the horse and let it run away.

Mr. Macdonnell (Greenwood): I shall accept what the hon. member for Peel said. Let us look at what began to happen last September. Let us take bank loans. Members will be familiar with the fact that current loans in banks can be made and new money is created; that is quite proper provided that the banks ratio of cash is maintained. What did we do in September? Bank loans were $2,294 million then, and by the end of the year they were $2,651 million, a rise of $350 million. Then they went up roughly another $50 million by the end of January. You had, therefore, something in the nature of 400 million new dollars coming into operation and competing with the old dollars. During that time, let me remind you, we had a rise in the cost of living; while that $400 million of new money was coming into circulation, the cost of living went up. First of all it went from 170 to 172, then in January from 172 to 175. As I have already pointed out, that is not the whole story, because that new money facilitated the process which the minister described as governing themselves accordingly.

I must say, though the Minister of Trade and Commerce will know how much I dislike criticizing him, that the words he used when he explained that people had been governing themselves accordingly, disclosed the facts. As was said yesterday, I think that was almost an invitation to inflation. At any rate, I cannot see how else it could have operated except to make people say: We better keep on just the way we have been operating; the minister says we are governing ourselves accordingly and he seems to think that what we are doing is the natural reaction to the circumstances, so perhaps we had better continue.

This monetary policy of the government did not begin last September. Oh, no; it began long before that. I shall say just a word about it. I have said it before, so I shall make it very brief. During the war, of course, there had to be inflation. I have never hesitated to say that I think the finance department did many good things during the war. But when we came to the peace in 1945, they produced a memorandum which was to take care of the depression, which I must admit most people feared at that time. I think that memorandum in 1945 was a proper memorandum and a useful memorandum. The only complaint I have is that they used that technique, which is designed for a depression, year after year for what in any man's language was a boom. The Winnipeg *Free Press,* which is often quite favourable to the government, referred to it as a big blunder. What they meant by the word "blunder" was the fact that the tool which was designed for one purpose was used for exactly the opposite purpose.

As I say, that was continued year after year. We tried, in our simple way, to bring attention to that, and suggested it was not sound. We suggested it was creating an artificial stimulus and was driving prices up, even at a time when we were not in fear of war although perhaps we should have been.

Even if last September, when the pressure was on, the government had acted, we would have been inclined to forgive them. But it seems as if they were steeped in what I can only call this expansion mentality, this control mentality, in the belief that somehow or other we had plunged into a new world where the finance department were going to control us in any way they liked. Nothing was done. I quote from the *Free Press* of September 9, which says:

> The weakest aspect of the budget is undoubtedly the measures proposed to counteract inflation.

Instead of having used the phrase I quoted a little while ago, the minister took it rather lightly. He insisted on calling the inflation incipient, although the cost of living then had quite recently risen—within recent months—about eight points.

I think in retrospect I can see exactly what happened. When we were here in September we were anxious about the fighting in Korea; but hon. members will recall that immediately after that the military situation greatly improved and indeed the fighting lulled and almost died away. I am just as sure as I am of the fact that I stand here that what happened is that the government, which had been extremely doubtful as to whether there was a real emergency in September, had decided by October that there was not any emergency, that they were off the hook and that they did not really need to take any great action.

The best proof of that is that things jogged along and on February 8, just about two months ago, I asked the Minister of Finance about what was happening with regard to credit controls, whether anything was being done to curb credit. The minister then treated me rather jocularly. I say "jocularly", because I am quite sure the minister was aware of his powers; but the language he used was strange. He asked me if what I was proposing was that the Bank of Canada should scrutinize the loans of individual banks. I said no, that I was not referring to that. Later on, in a speech which the minister made, he referred to this matter again jocularly, as something which was really an absurd suggestion. I was then able to read to him from the evidence of the governor of the Bank of Canada given before the prices committee in 1948, indicating that in 1948 the bank, as the government instrument—very tentatively, I must admit, and very temporarily, I must admit—had done this very thing. In other words, it suggested to the chartered banks that loans should be to some extent discontinued. Oh, yes, they had to be discontinued for capital purposes at that time, or at any rate there was to be retrenchment.

Then again, some days later, I pointed out to the minister that there had been a report that the governor of the bank had called together the general managers of the chartered banks for this purpose. Again the minister treated the matter in what I thought was a rather curious way. He really brushed it off by saying yes, it was true that the governor of the bank had had a routine meeting with some of the general managers of the chartered banks; but as a matter of fact, when he referred to the meeting as routine, he was not quite doing it justice because actually what they discussed at that time, as reported by the governor of the bank itself, was this. They concluded that "what was now required was a definitely restrictive approach to the whole question of credit expansion." It will be seen that in effect, perhaps under our urging—at any rate, after we had raised the question—this point was taken up and dealt with in a practical manner. But all those months were lost. Incidentally, when the minister talks this evening, I hope he will not suggest that these are matters which are international or world-wide phenomena. I hope he will

not try to suggest that a great error and a deplorable piece of neglect was not practised at that time.

There is another matter which is another of the chickens that are coming home to roost; because, Mr. Speaker, the results of this policy have been long averted, long delayed, but they were always inevitable and they have come at last. Let us look for a moment at the question of bond prices. Tens of thousands of people—yes, I suppose hundreds of thousands—in this country are now greatly outraged because they find that the bonds which they bought probably at 102 or 103 are now selling perhaps at 97 or 98. They are inclined to blame the government, and in one way I think they are quite entitled to do so; because when these low rates—which were then not so familiar and not so acceptable—were offered, as a kind of sweetener—the inducement—it is hard now to find out exactly who said it—was undoubtedly held out: "Yes, the rate is low, but at any rate you will always be able to get par for your bonds." Of course those abnormally low rates penalized thrift. They made it extremely hard for people who were trying to provide their own security, the very people who ought to be encouraged.

But at any rate, I come back now to the question of this assurance or alleged assurance which got around. The extent of this belief was incredible. I remember that in January, 1948, when there was a temporary flurry in the price of these bonds, I ran into a rather senior and well-informed investment dealer—I should say that he had been in Ottawa for a time during the war and perhaps had absorbed a little of the control mind. I said to him, "I see some sign of the bond market finding its own level." He said, "Well, of course it can never go below par." I said, "Why not?" "Well," he said, "the reason it could not go below par is that the Minister of Finance said so." He meant Mr. Ilsley. I do not believe that Mr. Ilsley ever did say such a thing; but I believe that that assurance was in the air; that it was allowed to become widespread, indeed universal; and that nothing was ever done to disabuse people's minds of it. Indeed I go further and say that I am much afraid that in those days there was a feeling that somehow or other interest rates could be controlled in such a way that bonds at any rate would not go below par.

One other form of credit control I want to mention is control of instalment buying. We passed a measure with regard to that matter last autumn; but anything that was done at that time was a mere gesture, a mere token. I have not been able to find anyone who thought it has been the least bit effective; and the best proof that it was not effective is that within recent weeks we have had new buying controls, with much more effective teeth put in them.

There is another control which might have been effective, and that is the government's own control of its expenditures. Again, so that there is no danger of my being unfair, I will read what the *Free Press* says about this aspect. The *Free Press* of March 16 said:

> The federal government's estimate of expenditure in the next fiscal year shows clearly that economy as a weapon against inflation has failed. The government has sharply reduced its expenditures in various departments, but these savings are almost entirely counterbalanced by increases elsewhere. Thus, apart from defence, the government's total expenditure in the next year will show a reduction of only $35 million . . . Rising demand for goods and services will soon exercise a new and powerful inflationary influence.

I now come to the question of commodity control. I have already made reference to what the Minister of Trade and Commerce (Mr. Howe) said about it last autumn. My feeling is that he too, like the Minister of Finance, suffered from the Korean malady, that he thought they were off the hook, and that he did precious little about it. He gave us last night some instances of things they had done; but they did very little indeed to alter the situation.

I suggest that it would ameliorate the situation if the government were prepared to confess their mistakes and to promise to do better, in order to give people more hope. But I have great doubt whether any such practice will be followed by the Minister of Finance this evening. Indeed, I have already indicated that I have no doubt we shall have the full explanation that everything possible has been done by the government.

I now want to say just a word or two in closing, Mr. Speaker, to review the remedies which I have already mentioned, and I want to say this. In what I have said and what I shall say I do not feel that I have changed my principles in any way. I have just as strong a feeling that free enterprise should be allowed to govern, but I think that in a world where governments have stepped in, as they have stepped in, to suggest that we can carry on as if none of these things have happened is to suggest something doctrinaire.

I have already instanced the case of government stockpiling. I have mentioned the example of tin, but there are many others. I refer again to what the Minister of Trade and Commerce (Mr. Howe) said on September 8 last, namely, that in the case of commodities

which were being bought in large supply by the government for defence purposes he would control both price and allocation.

I refer again to the measures which should be used, namely, higher taxes, economy on expenditure by government, credit restraint and control over scarce materials. On this last I want to say a further word. I want to quote from two quite different authorities who mentioned this as one of the measures which could be used. My leader has said, and I wish to reiterate, that we are not suggesting any rigid return to methods of the past. Indeed we believe that government should have learned something in those last years. What we want is something flexible and sensible. Those two authorities follow in a way the general lines indicated by the minister himself last September. The first person I wish to quote from is Mr. Rhys M. Sale, president of the Ford Motor Company of Canada, who is now, I believe, assisting the government on some committee. He said this:

> As was apparent in the second world war and has already been indicated in the United States in this crisis, the easiest way to ensure adequate supplies of a critical material for military purposes is to deny its use for civilian consumption. By far the better way is to apply every means to create more of the critical material so there will be enough for both military and essential civilian use.

My next authority is an American by the name of Slichter who has a practical and sensible article on the subject of inflation in the April issue of the *Atlantic Monthly*. He makes a remark pretty well along the same lines. He said:

> An effective way of discouraging the demand for consumer goods and thereby limiting inflation is to prevent industry from making the kind and quality of goods that consumers desire to buy. Price ceilings as I have pointed out do this to a certain extent, though that is not their purpose. A more effective restraint on consumer demands, however, comes from restrictions on the use of scarce materials.

I have just one further point I want to make—in this I find myself agreeing with the minister—and that is that we should not leave everything to the government. I agree with him that consumers, labour unions, farm organizations, businessmen, everybody should be prepared to carry some responsibility. But they have got to have a lead, and up to the present there has been no lead at all. I would say absolutely none but a few amiable admonitions in the speech of the Minister of Finance (Mr. Abbott) last autumn and an occasional amiable admonition from this or that minister as he goes about the country. That is no good. The government has done nothing to convince the people that they are serious about all this. They will have to convince themselves that they are very serious before they can carry the conviction to the ordinary citizen. They ought to be able to convince them. Surely, it is not for want of propaganda machines that they cannot do it. If all the propaganda machinery which spends its time lauding the government were turned in on an intelligent plan to try to organize the citizens up and down the country, to make clear to them how they can co-operate, to make clear, perhaps to the housewives, better methods of buying when this or that commodity is scarce, all these things would help, and none of these things has been done.

How much better it would be if the Minister of National Health and Welfare (Mr. Martin), instead of sending out circulars telling us what we should take with us on picnics, were to put out his circulars advising people how to conduct themselves in this world situation—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but he has exhausted his time.

Mr. Macdonnell (Greenwood): May I have fifteen seconds?

Some hon. Members: Go ahead.

Mr. Fournier (Hull): Go ahead.

Mr. Macdonnell (Greenwood): I just want to ask this question. Is it an accident that apparently we are the only civilized country which is not trying to take steps in these circumstances? I cannot believe it is. And although my expectations for what is to be said tonight by the Minister of Finance were a good deal chilled by what the Minister of Trade and Commerce said last night, nevertheless I am going to allow myself to hope until eight o'clock that we may have some indication that after all the hesitation, that after all the delays which have cost us so much, finally the government will act.

Mr. W. J. Major (Glengarry): Mr. Speaker, may I offer a few figures on prices as I find them on my records and which are actual? Knowing that the farmers are struggling hard to keep up production, I want to offer a few facts at this time. I could use any of the branches of mixed farming to illustrate my point, but as I had the opportunity of taking figures from my records during the week end I will deal with a commodity upon which I have the most data at this time.

To show my point, I have prepared tables covering from 1942 to 1951 showing the relation between prices received during that period as well as some of the costs.

First let me give the price per dozen of grade A large eggs received by the producer

at the farm, and I will quote the highest and lowest price received during the year, striking the average which relates very closely to the actual average, depending on quantities:

	High	Low	Average
1942	·49	·31	·40
1943	·50	·35	·42
1944	·46	·33	·39
1945	·48	·31	·39
1946	·45	·31	·38
1947	·48	·34	·41
1948	·62	·41	·51
1949	·48	·37	·42
1950	·62	·21	·41
1951 January	·41	·35	·38
February	·57	·41	·49
March	·52	·48	·50

The average for the first three months of 1951 was 46 cents. You will note, Mr. Speaker, that the average price paid the producer in January, February and March of 1951 is really 10 per cent lower than the 1948 average. You will also note the disproportionately low price to which eggs declined in 1950, namely, a low of 21 cents a dozen.

I remember that about that time I was coming home from Toronto and I had a meal on the train consisting of an omelette and other things. When I reached home I found that I had paid out the equivalent of nine dozen eggs for that meal.

Let us make a comparison of some of the costs as related to the figures quoted in order to find the basic feed cost to the producer in the same period. I should like to indicate the cost of feed wheat per hundred pounds to the producer from 1942 to 1951. The figures which follow indicate the high, the low and the average and they are:

	High	Low	Average
1942	$1.95	$1.65	$1.80
1943	1.90	1.75	1.82
1944	1.80	1.75	1.77
1945	1.90	1.80	1.85
1946	1.90	1.80	1.85
1947	2.95	1.90	2.42
1948	3.80	3.00	3.40
1949	3.75	3.35	3.05
1950	3.60	3.20	3.40
1951 (first three months)	3.65	3.35	3.50

In 1942 laying mash to the producer was $2.40 per hundred pounds, whereas in 1951, it is $5.25 and over. It will be noted that during the period 1943 to 1951 the price received for grade A large eggs by the producer increased only by 9·5 per cent, while the cost of feed wheat increased 92 per cent and the cost of laying mash by over 100 per cent. There is another fixed cost which is overlooked. I refer to the electricity supplied by the hydro at cost. The hydro commission have had to increase their rates. I have a class F contract under which I was supplied power in 1944 at the graded monthly rate of 80 kilowatt hours at 4 cents, 240 kilowatt hours at 1·6 cents and the balance at ¾ of a cent. In 1947 the graded rate was changed to 260 kilowatt hours at 3·5 cents, 780 kilowatt hours at 1·6 cents and the balance at ¾ cent. In 1950 there was a further change to 260 kilowatt hours at 4·4 cents, 780 kilowatt hours at 2·1 cents and the balance at 1·1 cent.

For the purpose of calculation let us use the same figure, and for easy computation let us put it at 2,000 kilowatt hours per month. Under the 1944 rate the cost would be $19.64; under the 1947 rate it would be $28.78, and under the 1950 rate it would be $38.38. Thus it can be seen that the cost was increased by 46 per cent in 1947, and by a further increase of 33 per cent in 1950 over 1947, or a total increase of 95 per cent in 1950 as compared with 1944.

After reading the table dealing with egg prices from 1942 to 1951 it will be noted that the producer is not receiving as much of the price paid by the consumer as one might be led to think by reports released on the cost of living index. To the price received by the producer for his eggs must be added some 15 to 18 cents per dozen to cover the cost of and profit to the grading station, the wholesale dealer and the grocer who sells them over the counter.

Before a decision is reached to establish price controls of necessity the prices of farm produce would have to be stabilized and all other prices and wages controlled accordingly if you did not want a further reduction in farm food production. If most farm products are in low supply it is because prices are not sufficient to warrant the employment of extra labour at prevailing wages. Farm wages and other costs have increased disproportionately to the selling price of farm products in the last few years with the result that the farmer cannot produce the extra quantity required to overcome the shortage.

If the prices of farm products were to be controlled at the present level, instead of benefiting the consumer I am afraid you would create a much worse condition through a further aggravation and decrease in the already low production. In the past the farmer's wife, and his sons and daughters, have been giving long hours of free labour which contributed to food being placed on the market at a cheap price. As the farmer cannot compensate his family for their free labour, his sons and daughters are leaving for the city where they can enjoy the pleasure of a 40 hour week with a 48 hour take-home pay.

Did it ever occur to hon. members that this 40 hour week with a 48 hour take-home pay would result in the consumer finding that her dozen consisted of only ten units and her

pound of only 13 ounces should the producer make the necessary reduction in order to offset increased costs caused by the 40-48 build-up?

If prices to the consumer are really too high I suggest that restrictions be placed on credit for the purchase of non-essentials, and possibly a direct subsidy given to the consumer, to be applied toward his essentials if need be. I feel that the real remedy at this time is not price control, with all its coupons and regulations, but rather the necessity of a keen sense on the part of everyone of giving back to the dollar what they draw from it. If we insist on giving a lesser service for the service we expect in return I am afraid that all the controls imaginable will be of no avail, will be useless and inapplicable.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I should like to take only five minutes in this debate to make one particular point. We have listened for the past several days to a rather contentious discussion of the cost of living. The position of the party to which I belong is well known, and I am not going to labour it at this time. For many years I have listened to the government tell the country that the cost of living index is affected by certain external factors. Last night I heard the Minister of Trade and Commerce (Mr. Howe) state that fact. In this instance I am inclined to agree with the government and therefore I propose to discuss briefly this afternoon a specific external factor which I shall contend has a definite relationship to the Canadian cost of living. I refer to the words and actions of the United Nations commander in Korea, General Douglas MacArthur.

Every time this general, who commands Canadian troops, makes one of his inflammatory speeches or political pronouncements he stirs up war fears which cannot help but affect the cost of living in Canada and elsewhere. The Korean war started the rampage of rising prices. I do not think any hon. member would deny that. Therefore I suggest that what the commander in that theatre says affects Canadian prices. There are few members in the house who would deny that General MacArthur has many good qualities. There are few members who would deny that the free world owes a debt to this American. Nevertheless I am sure that most hon. members, regardless of their party, are alarmed and concerned at the general's repeated and stubborn insistence upon intervening dangerously in political matters and international policies beyond his responsibility.

Most Canadians have an inherent distrust of the general in a political way. They simply cannot understand why the United States government permits his continued meddling in political matters. Since his appointment as the United Nations commander, the general has consistently refused to leave political matters to the leaders of the various nations engaged in Korea. He refuses to stick to purely military matters. Time and again he has recklessly intervened in matters outside his authority, and by so doing he has created much ill will and confusion among the allies.

Mr. Browne (St. John's West): On a point of order, is the hon. member in order in discussing the situation in Korea?

Mr. Deputy Speaker: I believe he is out of order.

Mr. Thatcher: Speaking to the point of order, I would suggest that the very rapid increase in the cost of living was caused by the Korean war. I also suggest that some of the pronouncements that the general is making are having a considerable effect upon our cost of living index. I am sure that the hon. member who has objected would not suggest that external factors as well as internal have not something to do with the situation, and I propose to proceed.

Mr. Deputy Speaker: I would suggest that the hon. member relate his remarks strictly to the amendment.

Mr. Thatcher: That is what I am talking about, price control, the high cost of living. General MacArthur, supposedly working under instructions of the United Nations—

Some hon. Members: Order.

Mr. Thatcher: —theoretically has only limited powers, and yet our own government—

Mr. Browne (St. John's West): Mr. Speaker, on a point of order—

Mr. Thatcher: This is quite in order, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for St. John's West (Mr. Browne), on the point of order.

Mr. Browne (St. John's West): I raised a point of order a few moments ago. Your Honour ruled that he was out of order, and he is still going on.

Mr. Thatcher: He did not.

An hon. Member: Oh, yes, he did.

Mr. Thatcher: Mr. Speaker, the point I am trying to make is that our nation has

troops in Korea, and surely parliament should have some say as to how, where, and in what method these troops are going to be used.

An hon. Member: Not on this question.

Mr. Thatcher: I ask my good friends to the south of us in the United States whether they want the Korean campaign to be a one-man show, or do they want—

Some hon. Members: Order, order.

Mr. Thatcher: —it to be a team affair. If they want it to be a team effort, then they should have General MacArthur resign.

Mr. Deputy Speaker: Order. When the hon. member speaks of General MacArthur he is out of order. I would ask him to confine his remarks to the cost of living.

Mr. Thatcher: Thank you. I shall proceed. With few exceptions, as I said a moment ago, Canadians are convinced of the justice of our cause in Korea. We are well aware of the great sacrifices that are being made, particularly by the Americans, in Korea. Nevertheless we cling to the fervent hope that this limited war may by statesmanship be prevented from spreading to a general war. Many of us are very much afraid that General MacArthur, with some of his ill-advised pronouncements, may embroil us in a third world war, which I do not think anyone in Canada wants. On December 5 most of us felt reassured that the general's sabre-rattling speeches were going to end, because on that date the United States government ordered the general—

Mr. Browne (St. John's West): On a point of order, Mr. Speaker, the hon. member is ignoring your ruling. I must ask that your ruling be enforced.

Mr. Deputy Speaker: I would ask the hon. member to confine his remarks to the cost of living.

Mr. Thatcher: That is what I am doing.

Mr. Fraser: The cost of living in Korea, not here.

Mr. Thatcher: I am talking about the Korean affair and how the supreme commander there is affecting our cost of living.

Some hon. Members: Order.

Mr. Thatcher: General MacArthur fell in line with the pronouncement of his government for a while. However, in tonight's Ottawa *Journal* there is an article with the subheading "Stands Pat in Two-Hour Conference". In part the article reads:

> General MacArthur made it plain to his superiors today that he intends to keep right on fighting for a freer hand in the Korean war.

Some hon. Members: Order.

Mr. Browne (St. John's West): If the hon. member is allowed to discuss that subject, I think other hon. members should be allowed to discuss it.

Mr. Deputy Speaker: I am very sorry, but I must rule the hon. member out of order in discussing General MacArthur's conduct in the Korean campaign.

Mr. Thatcher: If Your Honour makes that ruling, I will have to bow to it.

An hon. Member: He has made it three times.

Mr. Thatcher: But I hope that in the very near future, in order to lower our cost of living, the Canadian government will demand the resignation of this man before the United Nations.

Some hon. Members: Order.

Mr. Fraser: No, no.

Mr. Thatcher: I think that if our government does not demand his resignation—

Some hon. Members: Order, order.

Mr. Thatcher: —we are going to have much higher prices, and the cost of living is going up even more. Therefore I say that this trigger-happy prima donna, as I am going to call him, should be recalled at once.

Mr. Fraser: Order. That is uncalled for.

Mr. Deputy Speaker: Order.

Mr. Harris (Danforth): Mr. Speaker—

Mr. Deputy Speaker: The hon. member for Vancouver East.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I wish to take part in this debate for a few moments. I assure you I would not do so if it were not for the fact that I believe this is the most important question facing the people of Canada today. I know that I am in agreement with perhaps all hon. members of the house in making that statement. The question of inflation or rising prices is not a new one. It is one that has plagued us in Canada since controls were removed following the end of world war II. I have a vivid recollection that at about this time in the session of 1948 we were debating the setting up of a parliamentary committee to examine into the reasons for rising prices. The average cost of living index for the year 1948, according to the figure I have before me, was 155, and at that time we thought that looked pretty bad.

Today we find that the cost of living index is about 180, that is, 25 points higher than it was in 1948. What makes this situation really desperate is that there are large numbers of

people who have not increased their incomes at all since 1948, and because they have not done so they have taken a very drastic drop in their standard of living.

Speaking in the debate last evening the Minister of Trade and Commerce (Mr. Howe) had this to say, at page 1758 of *Hansard:*

> The government is just as concerned about rising prices and inflation as are the members of the opposition who have spoken.

He then referred to the situation in almost the same words as I did when I rose to speak:

> There is perhaps no problem before the democratic countries today more important than inflation, for inflation can undermine the very foundation of society.

He then went on to say the government is taking positive measures to control inflation. I would like to know what those positive measures are. Not only that; I would like to know what effect they are having in reducing prices, because being positive measures they should be effective. Are they helping bring down the cost of living? The minister drew attention to the fact that between August, 1949, and January, 1950, the cost of living index dropped from 162·8 to 161. That was a drop of 1·8 in five months, and I assume that drop took place before the government undertook their fiscal and monetary policies to stem inflation. But since January, 1950, the cost of living has risen from 161 to 179·7 as at February 28, 1951. I want to tell the members of this house that inflation never cured itself. It has brought ruin to every country in which the government did not have the backbone to take action to curb it, and the same thing will happen in this country.

I am rather amazed at some of the reasons put forward by speakers, especially on the government side, for the high cost of living. Last evening the hon. member for Cochrane (Mr. Bradette) said we could not have price control unless we also had wage control. The hon. member for Springfield (Mr. Sinnott) speaking a little later blamed the trade unions for high prices. As usual, because it is not safe to be too hard on large numbers of people who have votes, he laid particular blame on the leaders of the trade union movement as those responsible for the high cost of living. Just a moment ago the hon. member for Glengarry (Mr. Major) spoke of the difficulties of the farmers under the present system, with industrial prices rising faster than farm prices.

What amuses me, or would amuse me if it were not so tragic, is that all of these hon. members believe in the free enterprise system. What is that system? Fundamentally the free enterprise system is based on the principle that everyone is entitled to take for himself everything he can get. If he can get a great deal so as to enrich himself beyond his fellows, then he is looked up to by the whole community. I am afraid these hon. members do not understand that free enterprise does not apply any more. There is scarcely any industry outside of farming where free enterprise operates unhampered or where today the law of supply and demand is working. I could draw attention to cases now before our courts of alleged monopolies to control prices, so that every time you light a match you are adding to the wealth of a small group of people. Every time you buy a loaf of bread you are adding to the wealth of another small group of people who not only set their prices but police those prices. I could enlarge on that and discuss the investigation into dental supplies, where one might say they make you pay through the nose for your false teeth.

All these things indicate that free enterprise no longer operates; and because it does not operate, those who control the economy are in a position to hold up the community to ransom, and do so. Until we are prepared to tackle that question realistically we are not going to deal very effectively with the question of the cost of living. I might read a small item that was clipped from the Manitoba *Co-operator* of March 9, 1950. It is the report of a speech by Mr. James H. Gray, editor of the *Farm and Ranch Review*, at the Marlborough Hotel in Winnipeg to students of field crops who were taking a short course. He traced the history of the law of supply and demand as propounded by Adam Smith, and the report has this to say:

> At this point Mr. Gray emphasized there has never been a time in world history when the greatest food surplus in existence was anything but a minute marginal surplus compared to the amount that was consumed. But because agriculture was the only important industry in which the law of supply and demand was permitted to operate, these fractional surpluses were ruinous to the producers.

Then he said, and this is in quotation marks:

> They will continue to be ruinous as long as we allow ourselves to be mesmerized by a so-called principle that has no existence in the real world.

That is the principle of free enterprise, the principle of the operation of the law of supply and demand; a principle, let me tell you, that no longer applies. And we are fooling ourselves if we go on the assumption that it does.

Let me reply to the hon. member for Cochrane and the hon. member for Springfield as to the position of the trade unions. At no time has the trade union movement said that it will not accept wage controls. As I have pointed out in this house on numerous occasions, wages are controlled now. No

trade union, no matter how powerful it is, can boost its own wages without going through the legal procedure that is laid down by the laws of this parliament or by the laws of the legislatures of the various provinces. When it does get an increase, it gets an increase that has been adjudged proper in the circumstances by a board that has heard the evidence as to the cost of living and that sort of thing which enters into wages. Not only that, but trade unions today are not only allowing or adopting the control of wages, but they are also to a certain extent accepting the freezing of wages. I refer to the escalator clauses that are now in agreements by means of which wages are tied to the cost of living index. When the cost of living index goes up several points, then, in accordance with the formula contained in the agreement, wages will go up a certain number of cents. If the cost of living falls a number of points, then wages will go down a number of cents. Surely nothing could be more reasonable than that.

There is another question which I am going to ask my friends who would control wages and who would insist that wages be controlled in the same way as any commodity. My question to them is this. Do you take the position that labour is a commodity? If you take the position that labour is a commodity, labour has just as much right to form a monopoly to sell its commodity as any other industry or group of industries. Ordinarily, people do not like to hear labour referred to as a commodity, and really it is not. What a worker sells is not his labour but his labour power, which is something different. When we take the position that we are going to put the energy of human beings, men and women, into the same category as cabbages, hides, steers, plows and harrows and all that sort of thing, then I believe we had better adjust our thinking. That type of thinking is going to get us into trouble.

I was interested in reading in today's *Gazette* a report of a speech by Dr. W. H. Garrett, O.B.E., of the Monsanto Chemical Limited of Great Britain. He was speaking to an audience at the Windsor hotel in Montreal. I want those who would blame the trade unions to note this, because the speaker is an employer of labour. He said:

> The day when labour could be considered as a commodity or raw material for industry has gone, and some new concept of the role played by labour in industry must take its place.

If we do not arrive at that concept, the trade union movement will arrive at that concept because they are not going to put themselves in the position of being bartered as a commodity or a raw material that is bought and sold for the benefit of industry. They are human beings. While those who may own industry put their money in it, those men and women put their lives in industry. They are surely entitled to something more than the mere cost of food, clothes and shelter to enable them to produce from day to day and leave their kind after them to continue the process. That day is gone. I would suggest to those hon. members of the house who think that they can put the blame for rising prices on the trade union movement that they ought to think again.

I noticed that neither the hon. member for Springfield nor the hon. member for Cochrane referred to the profits that were being made by industry during the past few years; those profits have something to do with rising prices. But no, they were not concerned with profits but with wages, and the way the trade union movement was exploiting the people of Canada.

When speaking yesterday afternoon, the Minister of Trade and Commerce (Mr. Howe), as reported at 1761 of *Hansard*, said this:

> Every country about which I know has had to accept some increase in the cost of living in recent months. In the United Kingdom, where controls have been more extensive than in perhaps any other country, the cost of living has been rising faster than in Canada. The United Kingdom government found that it could not go on paying higher and higher subsidies indefinitely. I believe that, whereas the cost of all retail prices in Canada rose by fifteen per cent in the year 1950, the increase in the cost of all retail prices in England was twenty-three per cent, and I believe in Australia it was still higher.

I have the *Labour Gazette* for March, 1951, in my hand. At page 434, there is a table giving the index numbers for the cost of living in Canada and other countries. I find that for Canada the cost of living index in January, 1950, stood at 161·5 and in December 171·1. The increase for the year was 9·6 points. I do not know what that would really work out to in percentage, but it would be between 6 and 7 per cent. Looking at the index for the United Kingdom, I find that in January, 1950, the index stood at 113; it was 116 in December, 1950, or an increase of 3 points. I believe that would be a little over 2 per cent. I am taking the figures as the Minister of Trade and Commerce gave them in the house, and I am giving the figures as they are produced in the *Labour Gazette* for March of this year.

Mr. Dickey: Will the hon. member permit a question?

Mr. MacInnis: Yes.

Mr. Dickey: Was not that statement of the Minister of Trade and Commerce (Mr. Howe),

that all retail prices in the two countries had risen by different percentages, and not the cost of living index?

Mr. MacInnis: That is quite possible. My hon. friend will note that when I was reading the minister's statement I emphasized the word "all".

Mr. Dickey: That is right.

Mr. MacInnis: But in the table the column for Canada is headed: "Cost of Living—Dominion Bureau of Statistics." For the United Kingdom, it is headed: "Interim Index of Retail Prices, Ministry of Labour." I do not know whether it would make any difference if all retail prices were taken or whether the cost of living index were taken, which in a general way pretty well includes all prices, because what is not included in the special items is included in the miscellaneous item. I have been careful to point that out, and I am sorry that the Minister of Trade and Commerce had occasion to leave the chamber after I began speaking.

Another point made by the Minister of Trade and Commerce, as reported at page 1759 of *Hansard* is as follows:

> Perhaps I might conclude this brief analysis of some of the main causes of the recent increase in the cost of living index by examining the 4·5 point increase that took place in February and that precipitated this debate and forms the basis for the opposition amendment. Of that increase, 66 per cent was accounted for by food, 10 per cent by clothing, 5 per cent by rents and 19 per cent by other items.

I do not know whether or not the Minister of Trade and Commerce was putting these figures forward as a sort of mitigation of the amount of the increase. But if so, from my point of view they only make the increase all the more disturbing, because the lower the income of the individual or the family, the larger the share of it that is spent on food and the other essentials of life. With that increase, nearly all of it in food, clothing and shelter, those people now find, as they must, that the burden of living has been increased for them considerably.

Let me draw attention to another factor, namely that the consumption of essential foods in this country is decreasing despite the fact that the population is increasing. The day before I left my home town to come here after the Easter recess, I saw in the Vancouver *Daily Province* an article with the headline "Canadians Eat Meat Despite Climbing Prices." When one began to read the article, one would think that the people of Canada were eating more meat than ever. But before one got to the end of it, this is what one found:

> While business was at a new high, the total volume output slipped. Meat production declined to 1,444,000,000 pounds down from 1,484,000,000 in 1949.
>
> Broken down, this showed beef output at 617,400,000 pounds, down 10·3 per cent; veal, 90,200,000 pounds, down 3·8 per cent; mutton and lamb, 23,100,000, down 19 per cent. Pork was the only item to climb, moving up to 713,300,000 pounds, an increase of 6 per cent from 1949.

Here in this country, where we are told that we have the highest standard of living in the world, we find that the standard of living is falling because, with increased prices, the poorer people are not able to buy those foods that are essential for health. They must confine themselves to the cheaper foods. In my opinion the reason that the government has failed and is failing to do anything effective with regard to price control is that they have lost touch with the common people of this country. They meet only top civil servants and business executives, and those people do not have to curtail their expenditures on food. Towards the end of his speech, the Minister of Trade and Commerce said, as reported at page 1762 of *Hansard*:

> The greatest contribution any Canadian can make to stop inflation is to avoid panicky buying and to produce as much as possible. All of us should be thinking in terms of working harder; of working longer hours, rather than shorter hours.
>
> There is too much of a tendency,—

This is a gem, Mr. Speaker. I did not notice it until just now, although I read it several times.

> —it seems to me, for people to look to government for solutions to their problems.

Imagine a government that made so many promises two short years ago—they seem long to the people who are always hungry, of course—coming to this house and saying now that people have a tendency to look to government for solutions to their problems. What did the government tell the people of Canada in 1949? They said, "Elect us and we will solve your problems. You will not have any". Unfortunately, the people took them at their word. Now the government are saying, "we will not solve your problems." That is what they are saying, because the greatest problem facing the people of Canada, on their own say-so, is the high cost of living. The government do not intend to do anything about it. Oh, they will increase the down payment on instalment buying, but that is only a curb on the person who has not the full price to pay for what he is buying. As to the person who has the price with which to pay as much as he or she cares to pay, there is no curb whatsoever on him or her. It is class legislation. The

manager of a department store called me up just before I left home and drew attention to the increases in the amount of down payment on instalment purchases and the reduction in the time for the payment of the balance. He tells me that a person, if he has the requisite credit standing, can go and borrow money without any time limit whatsoever and pay cash for what he buys. There is no restriction on his purchases and there is no restriction on his financing. It seems to me that is hardly good enough.

However, the Minister of Trade and Commerce (Mr. Howe) did say:

> Governments can help and should help in dealing with inflation.

Well, now, if they can help and should help, I wish to God they would help. That is the only thing that remains to be done. The only thing that is required now is the will, because they admit that they should help and they could help. Now, will you help? The minister goes on:

> But consumers, labour unions, farm organizations, and businessmen can do much by their own efforts to reduce the pressures that lead to higher prices.

Last Sunday I listened, as I always do when I have the opportunity, to "Capital Report". The Canadian commentator had a more effective solution than the Minister of Trade and Commerce for the problem of rising prices. His solution, or the way to stop rising prices, is: If you haven't the price, don't buy. That is a wonderful motto provided that it is the question of a mink coat, a bottle of Scotch or a gold ring.

An hon. Member: Or an automobile.

Mr. MacInnis: Or, as my hon. friend says, an automobile.

Mr. Hatfield: Or champagne.

Mr. MacInnis: Or champagne, or anything of that kind. But the people with whom I am concerned are not the people who have a choice in the matter of buying or not buying. The people with whom I am concerned are the people who must buy or go hungry, or go without the things that they need. If members of the government would only go to the chain stores once in a while and mingle with the crowd, who in many instances are looking hungrily at the things they would like to have and cannot purchase, they would do something more about the cost of living than they are doing.

There is another point I wish to make before I sit down. Perhaps I might say that all this reminds me of a famous queen. Was it Marie Antoinette who said, if the people cannot eat bread why don't they eat cake? We say, if you can't buy, go without.

There is another factor in this rising cost of living. It is not only affecting the food of the people, it is also affecting the ability of the people to shelter themselves. Not only is it affecting the ability of the people to shelter themselves, but it has also pretty well put a stop to what the government was doing to build houses for people who could not build houses for themselves. I hold in my hand a copy of a letter which was addressed to the Minister of Resources and Development (Mr. Winters) by Mrs. Rex Eaton, chairman of the Vancouver housing association. The letter is dated February 14. It drew to the attention of the minister the question that was raised in this house the other day by the hon. member for Vancouver-Quadra (Mr. Green), namely, the cessation of work on the Fraserview veterans housing project. I shall read the first paragraph of the letter to show the house the serious situation that has been brought about in my city by the rising cost of living. The paragraph reads:

> Dear Mr. Minister:
>
> This association is much concerned over press reports that the Fraserview veterans housing project in Vancouver may not be completed, owing to high building costs. With a population increase for the city of Vancouver alone of over 20,000 in the last two years, the housing situation remains as acute as ever, and the most urgent need is for moderate rental housing such as that provided in the Fraserview project.

But the government's solution for that sort of thing is to stop even the small amount of building they were doing. They admit today that they cannot build houses to rent at the price that they hoped to rent them at a few years ago. And because they cannot build houses that will rent at a price that the people can pay they will not build houses at all. Where are the people to get the shelter?

I see that it is getting near six o'clock, Mr. Speaker, and since I do not want to keep you away from your dinner I will conclude by saying that I know that to put effective price control into operation is not an easy task; I know that many people would try to evade controls; I know also that it would be irksome to many others. But, Mr. Speaker, there is in my opinion a case for price control. That case is the deplorable economic condition of thousands in Canada who are trying to eke out a living on incomes which are wholly inadequate. What is the government, what is the country, going to do with the old age pensioner, with the person on a small disability pension, with the recipient of a war veterans allowance, with thousands on small superannuation and retiring allowances, with those on social assistance, with the unorganized workers on low incomes, with the small businessman and with the marginal

farmer? The welfare of these income groups, in my opinion, is as important to us today in the world in which we are living as is the defence of this country through military effort, because if we do not make secure the lives of our people while we have the means to make them secure, we cannot defend ourselves from those evils that have overtaken all governments who refused to look after the welfare of their people.

On motion of Mr. Dickey the debate was adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I move:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

In the twelve months which have elapsed since I brought down the last annual budget disquieting changes have occurred in the state of the world, and in Canada's place in it. The prospect is still far from clear. Great issues are still in the balance.

Last June the international tension crystallized in Korea. In September, parliament wholeheartedly supported the government's policy of participation in repelling this aggression. It was our hope then that the action in Korea would soon be brought to a successful conclusion. But later events took a graver turn when the Chinese communist government supported the North Korean aggressors in force. An end to the war in Korea is not yet in sight; indeed, there are indications that the United Nations forces may shortly be facing a most severe test of strength.

The Korean situation is significant of even greater dangers. It indicates that Russia is prepared to take steps involving the risk of a general war. While the strength of the west is increasing, so also is Russian strength. In the months that lie ahead, perhaps indeed for several years, we shall face a test of nerves, of our readiness to sacrifice immediate interests for future security. This is the background against which the budget must be viewed.

Without minimizing our anxieties, we are, however, entitled to take encouragement from certain of the developments during 1950. Since I shall of necessity have to speak at greater length this evening about matters that will be less pleasant and less welcome to us as individuals, I feel I should call attention now to some elements that favour us. We have serious tasks before us, but that is all the more reason why we should clearly understand that some of the changes that have occurred are on the asset side of the balance sheet, and if we are given time and if we take full advantage of that time, they will outweigh our present dangers.

The first great asset we have acquired—and it is perhaps immeasurable—is that the free world has realized its dangers, and has shown a capacity to agree upon courses of action and to act effectively. For this great event of 1950 we owe much to the vigorous leadership of the United States and the experienced partnership of the United Kingdom. Let us never forget that upon the continued enlightened and cordial partnership of the United States and the United Kingdom the peace and prosperity of the whole world heavily depend.

Nor should we fail to appreciate the response to the crisis made by the peoples of free Europe, and especially by our associates in the North Atlantic treaty. With all these peoples we have ties of race and kinship, and now we are joined by the still stronger bond of common ideals and common purpose. The visit with which the President of France has just honoured us has strengthened the links which history and culture forged long ago between our two countries.

This unity in action on the part of the free world is the first great and incalculable change for the better during the past year. If this unity should weaken, or if it should disintegrate, the outlook would be dark indeed. That is why it must be a fundamental object of our policy to promote and strengthen this unity of purpose and policy. We do well to take pride in the imperishable record of 1940 and 1941 when the commonwealth stood alone, but we should also take care that we are not called upon a second time to face such perils alone.

Another asset we have acquired during the past year is the very considerable continued improvement and expansion in the productive capacity of the western world. During 1950 industrial production in western Europe advanced by 20 per cent and is now operating at a rate about 35 per cent above pre-war. In the United States industrial production during 1949 experienced a sharp decline. In 1950 it recovered rapidly and is now running at a rate about 115 per cent above pre-war. Canada's industrial production was almost unaffected by the 1949 decline in the United

States; in 1950 it increased still further and is now about 110 per cent above pre-war.

The recovery of European capacity to export has also been most encouraging. In 1946 the volume of European exports was only one-half of the pre-war average; by 1949 it had recovered to pre-war levels, and is now running 25 per cent higher. Much of this improvement has been the result of the realignment of exchange rates to more realistic levels which took place in September, 1949. As a result of these improved conditions the dollar problem has receded into the background, at least for the time being. It still exists, however, and the rearmament program may revise it to some extent, but it no longer dominates the economic scene as it did two or three years ago.

A third great asset we should take full note of is that here in Canada, unlike so many countries, our people are not split and divided by fundamental cleavages of opinion. My task this evening is made easier because I sense that there are no great issues of principle dividing us. Individuals and parties in this house will differ on particular proposals, and in the course of debate on this motion it will be right and proper that those who differ should criticize. There may be differences of view with respect to degree and timing, but I am confident that on the major questions of policy underlying my proposals we are all fundamentally agreed.

The tasks before us will not be easy. We shall have to forgo some of the prospects of individual economic improvement that seemed to be our right. We shall have to yield for the time being a part of our economic gains of the recent past. But we must address ourselves to these tasks, and pay whatever price may be necessary to preserve peace and assure freedom.

CANADIAN ECONOMIC TRENDS

I turn now to a review of Canadian economic developments during the past year and to a projection of these trends into the year that lies ahead. As usual I am tabling a white paper which presents the more important economic and financial statistics in a convenient form, together with some brief explanatory notes and comments. The white paper also includes the usual preliminary details of our public accounts for the year ended March 31, 1951. I commend these budget papers to the careful study of all hon. members, and with the consent of the house I ask that they be printed as an appendix to today's debates.

NATIONAL PRODUCTION AND NATIONAL INCOME

Almost every significant economic indicator in Canada established new records in 1950. Gross national production in 1950 was close to $18 billion, net national income was about $14 billion, and personal expenditures on consumer goods and services were not far short of $12 billion. Gross capital investment was about $4 billion, and wages and other labour income nearly $8½ billion. Most of these figures are seven or eight per cent above 1949. A little less than half these increases represents increase in physical terms, and the rest is a reflection of higher prices.

The statistics of net farm cash income indicate an apparent decline of $90 million, but this is due to lower initial and participating payments on western grains during the past calendar year. In 1949 western farmers received payments from the wheat board amounting to $100 million more than the value of the grain delivered, and in 1950, $60 million less than the value of their deliveries. Agricultural production in Canada in 1950 was higher in both volume and value than in 1949, and farmers' cash income, excluding the variations in wheat board disbursements, was five per cent greater in 1950 than in the year before.

Investment and miscellaneous income in 1950 reached a new peak of $2·9 billion, a reflection of the very heavy new capital investment of recent years as well as the rising prices and high business activity of 1950. In the years 1946 to 1950 more than $9 billion of new plant and equipment has been installed by Canadian industry. Accurate figures of total capital investment in our industries have never been compiled, but I think it is a safe statement that during the past five years it has increased by not less than 40 per cent. Our industrial labour force during the same five years has increased by 12 per cent, and our agricultural labour force has declined 10 per cent.

Forecasting the future is always difficult, and in Canada is perhaps particularly difficult, partly due to our heavy dependence on the harvests of the land and sea, neither of which can be confidently predicted, and partly due to our dependence on foreign markets. This year it is made still more difficult by reason of uncertainties respecting steel and other materials and the shortages of special classes of skilled manpower. Every minister of finance, however, must adopt a view of the future, and I am basing my budgetary proposals on an assumption that the gross national product in 1951 will reach about $20 billion. That is an increase of about 12 per cent over 1950.

EMPLOYMENT, WAGES AND MANPOWER

The latest available statistics covering non-agricultural employment in Canada indicate

that there are about 130,000 more persons employed than at the same time a year ago, and that there are about 115,000 fewer persons seeking work.

Monthly labour income at the end of 1950 was 11 per cent higher than a year earlier. For the eight leading industries regularly reported upon by the dominion bureau of statistics employment increased by five per cent during the year, weekly wages by seven per cent and total payrolls by twelve per cent. Average number of hours worked declined by a small fraction to a point just under 43 hours a week. Compared with the beginning of 1946 average weekly earnings adjusted by the cost of living index showed an increase in "real" earnings of nine per cent. Compared with a year ago the increase was about two per cent.

A manpower problem is likely to develop during the coming year. It is not likely to take the form of a serious over-all labour shortage, but there is already a scarcity developing in certain types of skilled labour, and it seems probable that these shortages of particular kinds of skill will become more widespread as defence production gathers momentum. As hon. members know, the government has recently appointed a national advisory committee on manpower to study and advise upon these matters.

CONSUMPTION AND PERSONAL SAVINGS

Personal spending on consumer goods and services in 1950 was about seven per cent higher than in 1949. A large part of this increase was concentrated in the second half of the year, and the increase was most conspicuous in consumer durables. The number of new passenger cars sold in 1950 was double the 1948 figure and 60 per cent greater than in 1949. Sales of electric refrigerators were three times as great as in 1948 and more than double the 1949 figure. And these rates of increase have probably accelerated during the first three months of this year.

Personal spending increased more than personal incomes, resulting in a decline in net personal savings out of current income. This decline in new savings amounted to about $270 million, or a drop of about 30 per cent.

EXTERNAL TRADE, THE BALANCE OF PAYMENTS AND EXCHANGE RATES

During 1950 there were a number of important changes in the pattern of our foreign trade. Exports from Canada increased by about four per cent to a peacetime record of $3,157 million. Since the price of our exports averaged about five per cent higher than in 1949 there was probably no increase in the volume of goods sold abroad. Imports, on the other hand, increased sharply in both volume and value. The total value of all merchandise imports in 1950 was $3,174 million, or an increase of 15 per cent over 1949. It will be seen from these figures that we imported $17 million more than we exported. This, however, does not take account of our exports of $162 million of gold which are not included in our regular merchandise trade statistics.

Changes in the direction of our trade were also significant. Our imports from the United Kingdom increased 32 per cent; from all other overseas countries by 27 per cent; and from the United States by 9 per cent. On the other hand, our exports to the United States increased 34 per cent, while our exports to the United Kingdom declined by 33 per cent, and to all other countries by 20 per cent. As a result of these shifts in trade our regional trade became much better balanced. In 1949 our exports to the United States paid for only 78 per cent of our imports; in 1950 they paid for 96 per cent. In 1949 United Kingdom exports to Canada covered only 43 per cent of her imports from us; in 1950 this figure rose to 85 per cent. For all other countries our imports in 1949 covered 64 per cent of our exports to them, and in 1950 this trade was almost exactly balanced.

Estimates of our balance of payments for 1950 indicate that we had a deficit on current account of about $300 million and a surplus on capital account of about $900 million, yielding a net increase of about $600 million in our gold and U.S. dollar reserves.

I think all hon. members are familiar with the facts of our extraordinary, I might even say embarrassing, increase in U.S. dollar reserves last summer when they increased by more than $500 million in ten weeks. After reaching a peak of $1,827 million at the end of October, 1950, our reserves have declined moderately and at March 31, 1951, stood at $1,653 million. At March 31, 1950, our reserves stood at $1,192 million.

One welcome consequence of the improvement in our exchange position was that we were able to withdraw all the emergency exchange conservation restrictions which we had to impose in November, 1947. After a steady series of relaxations during 1949 and 1950 the last of these restrictions disappeared on December 31, and the act itself was revoked by proclamation on January 15, 1951. The application of such restrictions is an irritating and a thankless task, and I should like to take this occasion to pay tribute to all Canadians, both consumers and businessmen, for the co-operative and understanding

way in which they bore the complexities and the annoyances of this period. The demise of this act was unwept and unsung, but I trust not without honour.

Another consequence of our improved trade and general economic position was our action with respect to exchange rates last September. During the month of June an inflow of speculative capital from the United States became noticeable and it gathered momentum through July and August, reaching almost flood proportions in September. This inflow of funds, this tribute by New York to the essential soundness of the Canadian economy and its prospects, was rather sudden and not a little embarrassing. Much of it was looking for a quick ten per cent profit in the expectation that the Canadian dollar would be moved back to parity with the United States dollar. The inflow created difficulties for us not only from a banking point of view, but also in the sharp inflationary stimulus it applied to our money supply. The Bank of Canada took energetic measures to sterilize this inflow by heavy selling from its portfolio of government securities, and the government was in the fortunate position of having a cash surplus enabling it to finance part of the inflow which would otherwise have required further borrowing.

After careful review of all the relevant factors, and after consultation with the international monetary fund, we came to the conclusion that the wise policy to follow was to withdraw the official rates on the United States dollar and allow the exchange rate to find its appropriate level in response to the normal supply and demand forces operating in the market from time to time. As hon. members know, this operation was carried out smoothly, and during recent months the American dollar has been fluctuating narrowly and quite normally at premiums varying between 4½ and 5½ per cent.

THE CONTROL OF INFLATION

Two great issues, Mr. Speaker, face the world today. They are the pursuit of peace and the control of inflation. Neither of these is peculiarly Canadian. Both are matters of great concern to every decent country in the world. In respect of neither of them are we fully masters of our own destiny, for we live in a highly interdependent world. But both of them have had a large part in framing the policies of expenditure and revenue which are joined in my budget tonight.

Of our policy of seeking an enduring and expanding peace I need not speak at any length. It is clear and it is unambiguous. Its financial aspects are found in our defence estimates, in our provision for aid through various United Nations agencies both for relief and for other constructive purposes, and in the estimates which will be tabled later in this session for our co-operation in the Colombo plan.

I must, however, speak rather more fully about ways and means of restraining inflation. As I said a moment ago, this is not just a Canadian problem; it is a world-wide trend. Indeed, price increases in Canada during the past year have been more moderate than in other comparable countries. During 1950 wholesale market prices in Canada advanced 15 per cent; in the United States they advanced 19 per cent; in Australia 22 per cent; in the United Kingdom 23 per cent, and in most of the western European countries between 20 and 25 per cent. There is some satisfaction, though perhaps not much, in being not quite so badly off as one's friends and neighbours.

We must face the fact, however, that a considerable measure of inflation is abroad in the world. The continued increase in the various price indexes during the past three months is evidence of that. As the London *Economist* put it a few weeks ago, "the virus of inflation has got into the economic blood stream." Even if strong and effective measures are taken in all major countries it cannot be cured overnight. But it is the duty of each country, having regard to its own circumstances, to take all the practical and sensible measures available to it to bring this virus under control.

We in Canada have already done a great deal. As I have said on previous occasions, this is not a matter in which government policies alone can provide a complete solution. It is a matter which requires the fullest co-operation of all sections and groups, in which every person has a part to play. But governments can and should do a great deal. The government can exercise careful control over its own expenditures; we can follow a fully pay-as-we-go policy; we can restrain the expansion of credit; and we can apply direct controls either to particular conditions or, if necessary, more generally. In Canada we have done all of these and we shall continue to develop and apply these policies.

The essential principle in preventing inflation is to restrict the total of all expenditure, public and private, to an amount which can be met from our production and imports. The necessities of defence now require that our expenditure for all other purposes should be reduced—making due allowance for the increase in prices that has already occurred.

This requires us all to reappraise the priorities of our expenditures for various purposes and projects. Immediately following the Korean crisis last summer the government reviewed its own expenditure programs, and many projects that had been planned and for which parliament had voted funds were deferred. Since that time the numbers in many units in the public service have been reduced or held below the figures for which parliament had appropriated salaries. Hon. members and others have already seen tangible effects of this policy. The detail pages of the estimates show many instances where expenditure in the past year has been considerably below what was authorized and planned, despite the increase in wages, salaries, and prices.

For this new fiscal year we have applied a similar but more severe test of need. For non-defence purposes we have reversed the upward trend in expenditures. The estimates placed before parliament for this year show a reduction of $35 million below last year, despite an increase of more than ten per cent in salary and wage levels, despite higher materials and construction costs, and despite an increase of nearly $40 million in old age pensions, family allowances, tax rental agreements with provinces, and similar payments that rise automatically with increases in population and the value of production. The numbers of employees engaged in normal government administration are being reduced, and parliament is being asked to appropriate salaries or wages for about five per cent fewer employees than last year, apart from defence and related services. This reduction is made possible in part by an increase in normal office working hours, and by the elimination of certain services and activities.

We have paid particular regard to our expenditures on construction, because it is in this field where we anticipate the greatest competition between the defence program and other public and private expenditures. Examination of the estimates for the departments of public works, transport, agriculture, and resources and development—our major non-defence spending departments in this field—reveals very large reductions in their construction programs, notwithstanding urgent needs for expenditure of this kind, following twenty years during which works have been postponed, first for lack of funds, then for war, and finally, in recent years because of shortages of materials and labour.

It is hard to set a figure upon the reduction in expenditures that we have made because of the necessity of diverting resources to defence. I think, however, it would be fair to say that if we had not gone beyond the careful and prudent planning applicable to a growing Canada in a peaceful world, our non-defence expenditures might well have increased by more than $100 million instead of being $35 million less. I should like to thank all my colleagues and their senior officers for their co-operation in the difficult task of contracting their programs and expenditures.

It is in one sense misleading to talk of a special "economy drive" in regard to government expenditures. The duties of a minister of finance consist largely of a continuous search for economies. A more accurate way of expressing it is that priorities of expenditures shift and change from time to time, but given a program agreed upon for a particular year, the effort to achieve economy and efficiency is never relaxed.

Our second anti-inflationary policy is to balance the budget fully. If I may anticipate a later section of my speech I can say now that I estimate our budgetary surplus for the year just ended to be $203 million. As will also be seen from the resolutions I shall refer to later, we propose to follow a strict pay-as-we-go policy for the coming year.

Hon. members are also aware of the measures that have been taken to restrain the expansion of credit. In the field of direct action by government, regulations affecting consumer credit were put into effect last November, and revised on a more restrictive basis in March of this year. We have also begun to curtail the use of government funds by way of mortgage credit for housing and the extension of government guarantees of bank loans for farm improvements.

In the field of monetary policy, the Bank of Canada has for some time been exercising its influence to restrict the cash reserves of the banking system so as to discourage monetary expansion and, last October, raised its rediscount rate as a signal of warning. In February the bank expressed the view to the chartered banks that further increase in the total volume of bank credit would be undesirable. The banks agreed that restraint in bank lending under present conditions was in the general public interest, and adopted certain measures suggested by the Bank of Canada and described in a public statement issued by the bank. In addition to specific policies in respect to certain types of loans, it was announced that lending practices would be tightened wherever possible in all fields of bank lending in order to achieve the desired objective of avoiding further increase in the aggregate volume of the banks' loans and holdings of non-government securities. Hon. members will understand

that these monetary and bank credit measures depend upon voluntary co-operation rather than government regulation, but the objective towards which they are directed is, I believe, very much in the public interest.

There is, I think, a growing realization throughout the country that at a time of full employment the level of investment cannot exceed the current level of new saving by the community without having an inflationary influence. In such circumstances extension of credit requires particularly careful scrutiny. One symptom of the very large demand for credit in recent months has been the establishment of higher interest rates in Canada, as in the United States and other countries. One would like to see more restraint in the demand for loans, and larger annual savings out of income. It is now widely recognized also that, within the limits imposed by aggregate new saving, lending institutions and individuals alike can make a constructive contribution by directing their investment policy so as to give preference to projects assisting the defence program and essential productive enterprise.

These tighter credit policies strike at the root causes of inflation by cutting down what business and consumers can spend in excess of their incomes. They take some months to show their effects on excessive purchasing and the rise of prices, but already one begins to see evidence of their influence. Along with similar action in the United States they will have a growing importance in holding prices down.

We have now had five successive years of unprecedented capital investment. A year ago I did not think that the 1950 rate of expansion would exceed the record of 1949, but in fact it was 14 per cent higher in value and about 7 per cent greater in physical volume. Preliminary reports for 1951 indicated that the business and industrial world was planning for another 15 per cent increase in capital investment above 1950. I am led to believe, however, that quite a few businessmen and other operators are revising their plans to more moderate dimensions in the light of steel shortages and tighter bank credit. But the indications are that the plans for capital expansion still being pushed forward are greater than the capacity to fulfil them. Unless there is a much sharper increase in per capita output than we have ever had in the past it will be literally impossible for all groups in the country to accomplish what they want or what they are planning to do: the government to double its defence expenditures, consumers to raise their levels of consumption, and business to increase its rate of capital expansion.

We cannot allow the defence program to suffer, nor would we wish to see a reduction in the levels of ordinary personal consumption. It is, therefore, largely in the field of capital investment and consumer durables that room will have to be made for the defence program. This is the more necessary since it is in this sector of the economy—the construction, metal using and machinery trades—that most of the defence production will be inserted.

Finally there is the question of direct controls. The government, through my colleague the Minister of Defence Production, is already applying direct controls in the allocation and use of steel and certain other essential materials, and he has powers which he is prepared to use to extend these controls when that appears to be necessary and desirable. The government's views on this general problem of direct controls have already been fully stated by the Prime Minister and by others earlier this session. The government's attitude toward direct controls is not based on theoretical or academic or ideological grounds; it is based on a completely practical appreciation of prevailing conditions and upon the estimated effectiveness of any proposed form of control in the given circumstances. I shall not repeat our views which are well known and well understood. If we reach a point where we believe a much wider range of direct controls would be in the national interest we shall use them, but we are not prepared to embark upon a premature program which under present conditions would in our judgment create more confusion than stability.

At the risk of some repetition, however, I would like to re-emphasize the extent to which higher prices are transmitted to Canada from abroad. More than one-fifth of everything we produce is exported, and about the same proportion of everything we consume is imported. In other words a large part of our price structure, certainly more than half its components, is directly determined by what others outside Canada charge us or will pay us. As my colleague the Minister of Defence Production (Mr. Howe) said last night, it would be possible to reduce substantially the price of meat in Canada, but only by placing an embargo on all cattle and meat exports. But if we want to retain the American market for our cattle—and in the long run it is essential—we in Canada must be prepared to pay as good a price for them as the Americans. We could reduce the price of clothing in Canada, but only by paying extremely heavy subsidies on imports of raw cotton and wool, on textile yarns and textile fabrics. As my colleague

said last night, raw cotton has gone up fifty per cent in price during the past nine months, and raw wool prices have doubled.

Under conditions of total mobilization our people and producers would, I am sure, accept if necessary the loss of markets, the detailed regimentation of their businesses and the denial of their normal freedom to bargain and to make free contracts. We are not in that position now. We hope, and we still have reason to believe, that the policies of peace and security that we are following in association with other free nations will prevent the development of such conditions.

I have said something about what the federal government can and should do in these matters. It is equally important that provincial and municipal governments should follow comparable policies in their own spheres. Provincial and municipal expenditures, and the important public services which they sustain, are assuming increasing importance in the Canadian economy. In 1945 their net expenditures—that is, the expenditures of the provinces and the municipalities—totalled about $700 million, and in 1950 they exceeded $1,500 million. Total non-defence governmental expenditures in Canada at all three levels of government, excluding all intergovernmental transfer payments, have increased by about $1,000 million since 1945. In round figures $180 million of this increase has been at the federal level, $530 million at the provincial level, and $290 million has been in the municipalities. Both the provinces and the municipalities have highly essential functions to perform which require them to undertake a great deal of both small and large scale construction work. Having regard to the impact of defence on construction materials and skills I must again urge the provinces and municipalities to review particularly their capital and construction programs in the light of the general public interest.

Of the public at large, consumers and producers, farmers and merchants, businessmen and labour, I ask for restraint and good sense in all economic matters. I come back again to the fundamental importance of increasing efficiency and output. Statistics and charts in the white paper I have tabled indicate that there has been no measurable increase in per capita productivity during the past five years. This can be explained by the larger proportion of children and old people in our population. But if we are to carry greatly increased defence costs without having a definite fall in our standards of consumption we shall have to do better than this—we shall all have to work harder and longer.

Greater output, however, is not just a matter of each of us working harder or longer. Productivity is also a reflection of efficient business management, and it calls for mutual confidence and the best possible working relationships between management and labour.

There is also urgent need for a higher volume of new saving, to cover the increase in capital investment which is in prospect, and to restrain the rising trend in consumer spending. This is certainly one of the best ways of reducing the intensity of competition for the use of labour and materials, and so reducing the upward pressure on prices. It is to the interest of every Canadian to make the maximum effort to save, or to increase the level of his saving, as a direct contribution to the avoidance of inflation and the successful prosecution of the defence program. The money saved can be used to buy Canada savings bonds, or to pay off the mortgage on his house or farm more rapidly, or to speed up the repayment of other debts, or to increase his savings in any other form that suits his individual circumstances. The important thing is to achieve an increase in aggregate saving up to a level at least equal to the new capital investment which we shall have to make this year.

GOVERNMENT ACCOUNTS, 1950-51

Turning now to a brief review of the government's accounts, may I again call the attention of hon. members to the detailed statements relating to these accounts in the white paper to which I have already referred. Of course it will be some time before the final figures for the year just ended will be available, and the figures I shall be using must, therefore, be regarded as preliminary and subject to revision.

In my statement to the house last September, I estimated our expenditure at $2,654 million and our revenue at $2,669 million. It now appears that our actual revenues for 1950-51 were about $3,105 million, our expenditures about $2,902 million, and as a consequence our budgetary surplus about $203 million.

The most notable feature of our financial operations has been the extraordinary buoyancy of our revenues, which reached an all-time peak and exceeded our estimates by $436 million. Our revenue, as hon. members are aware, is highly sensitive to variations in our production, trade, incomes and prices, and the unprecedented collections for the fiscal year are essentially a reflection of the high rate of economic activity generally during 1950, which began to accelerate in

April and May, and moved upward, much more rapidly after the outbreak of hostilities in Korea.

Direct taxes, which include personal and corporate income taxes and succession duties, yielded $257 million more than a year ago and account for half our total revenues. Indirect taxes, which include all customs and excise, have also shown a marked increase, yielding $201 million more than in 1949-50, and 40 per cent of the total.

The greater yield from direct taxes is primarily the result, on the one hand, of increased employment and higher incomes, and, on the other, of higher corporate profits earned during 1950. The record yield of $800 million from corporation income tax reflects in part the increase in corporate profits I have already discussed, in part the higher rates of tax imposed last September, and in part the provision introduced last year whereby private companies were allowed to capitalize their undistributed income on hand at the end of the 1949 taxation year upon payment of a tax of 15 per cent. As I said in my budget speech of March 28, 1950, it was impossible to predict what revenue would accrue from this 15 per cent tax, as no one could tell how many companies would take advantage of the new provision in the fiscal year. In fact, more than $90 million of tax has been paid by private companies under this provision.

The increased yield from indirect taxes is due, for the most part, to a larger volume of sales of consumer goods and services at higher prices, and, in lesser degree, to the impact of the additional commodity taxes introduced last September.

Our higher revenues are also the result of constantly improving efficiency in the Department of National Revenue. During the past two or three years a particularly good job has been done in streamlining procedures, speeding up assessments, and cleaning up arrears, as well as taking prompt and salutary action against fraudulent tax evaders. For this good work I should like to tender my particular thanks to my colleague the Minister of National Revenue (Mr. McCann) and his staff of senior officials.

I will not go into details of non-tax revenues or special receipts except to report on one item. Post office revenues have risen, but operating costs have also increased, with the result that on the usual basis, without adjusting for certain services rendered free or below cost to other departments and certain services or accommodation received without charge to it, the post office showed an operating deficit for the year. Details of all other items of non-tax revenues and special receipts which amount to $234 million will be found in the white paper.

Apart from the following three items, our estimates of expenditure have proved to be fairly close to the actual results for the fiscal year.

The house will recall that in my budget statement of September 7 I set a figure of $100 million for our estimated expenditures under the $300 million vote for the supply of military equipment and related services for our own use and for the use of our north Atlantic allies. I indicated at that time that this sum might be exceeded, and that indeed our aim would be to expedite this program by all possible means. We now expect that when the accounts for the year are closed they will show that we have made defence equipment, valued at $195 million, available to our north Atlantic friends, and consequently $95 million of the excess of our expenditures over our forecast may be attributed to this factor. Almost the whole of the remaining difference is accounted for by the two special items included in the further supplementary estimates for 1950-51 which were not foreseen last September, namely, the $65 million payment authorized to be made to the Canadian wheat board, and the special contribution of $75 million to offset in part the reported deficit in the superannuation account.

The most significant single feature of our expenditure has been the increase in national defence. Expenditures for the services and for defence research increased by about $190 million, and in addition, as I have already noted, supplies valued at $195 million were made available to our partners under the north Atlantic treaty. In all, our defence expenditures increased by $388 million to a total of $773 million. This amount is more than double the total defence outlay for the preceding year, and represents more than a quarter of all our expenditures for 1950-51.

In addition to the increases already mentioned, there was an increase of $22 million in payments for family allowances, old age pensions and pensions to the blind, and an increase of $20 million in the various payments to the provinces; but these were more than offset by reductions and savings in other items.

For example, there were significant reductions in expenditures for interest on the public debt, veterans benefits and government-owned enterprises. The saving of over $14 million in interest on public debt was due to the successive reductions in the debt which we have been able to achieve during the last five years. That of almost $19 million in veterans benefits is attributable to

decreases in payments of rehabilitation benefits, war service gratuities and re-establishment credits. The reduction of $44 million in the charges for government-owned enterprises is due primarily to the sharp decrease in the deficits of the Canadian National Railways. Further decreases were due to the absence of any item comparable to the charges in the 1949-50 accounts for the assumption by Canada of part of the Newfoundland debt or for the write-down of certain of our active assets to non-active account. There were also other savings, and for particulars of some of these I would refer hon. members to the comparative tables of expenditures given in the white paper.

Following the practice of recent years, I have again provided for an addition of $75 million to the reserve for possible losses on our active assets. At March 31 loans, investments and other assets amounting in the aggregate to over $5,890 million were carried on the books as active assets. The reserve held against these amounted to $396 million, representing approximately 7 per cent of the total. This I believe is a not unreasonable provision.

In summary, our revenues for the year just ended were $525 million more than for the preceding year, and while our expenditures also increased by $453 million we were nevertheless able to achieve a surplus of $203 million or $72 million larger than that of the year 1949-50. This surplus has involved a corresponding reduction in the net debt of Canada, and brings to $1,980 million the amount by which the government has been able to reduce the net debt during the past five fiscal years. I am sure it must be gratifying to hon. members, as it is to me, that we have been able to reduce our net debt by this substantial amount—an amount which is approximately equal to the increase in our debt during the first three and a half years following the outbreak of war in 1939.

I should also like to direct the attention of the house to that part of our financial operations which lies outside the budget proper. Cash receipts from and cash payments to the public are more significant factors than budgetary revenues and expenditures in appraising the full effects of governmental financial transactions upon the Canadian economy. With this in mind I would like to refer briefly to those items in our budgetary revenue and expenditure accounts that do not involve the receipt or payment of cash, and also to those other cash receipts and disbursements which are outside the budgetary accounts but which must be taken into account in order to appraise our over-all cash position.

In addition to the provision for our general reserve and the usual interest credits and government contributions to annuity, pension and similar accounts, we have had the transfer to revenue of the excess provision for the refundable portion of the excess profits tax, the special government contribution to the civil service superannuation account, and the revaluation of our sterling and United States dollar assets and liabilities. Moreover, the transfer of existing stocks of equipment to our north Atlantic allies under the Defence Appropriation Act has not involved immediate cash disbursements. While during 1950-51 equipment valued at $195 million was transferred, disbursements for replacements amounted to only $20 million. When we take account of the above items and other cash receipts which do not constitute revenue in the budgetary sense, we find that a total of $792 million in cash was available during the fiscal year. Against this we must take into account the substantial disbursements we have to make during the year which are not budgetary expenditures. The largest and most significant of these were the advances to the foreign exchange control board to acquire gold or United States dollars. These amounted to $475 million. We have also made substantial loans to the Central Mortgage and Housing Corporation and to veterans under the Veterans Land Act for housing and settlement purposes. In the aggregate cash payments amounting to $612 million for loans and investments and other non-budgetary purposes which would otherwise have required additional borrowing were made out of available cash resources. This left an over-all cash surplus of $181 million. By using this amount and by letting our cash balances run down by $25 million, securities amounting to $90 million were acquired for the unemployment insurance fund and certain investment portfolios of the government, and in addition we were able to retire outstanding funded debt to a total amount of $116 million.

I shall not take the time of the house to discuss the balance sheet of Canada or explain the principal changes in our asset and liability accounts. Perhaps I should say, however, that the net debt of Canada at March 31, 1951, as presently estimated, was $11,441 million, that our total unmatured funded debt at the same date was $15,027 million of which less than 3 per cent is payable in London or New York, that the average coupon rate on this funded debt was unchanged at 2·60 per cent, and that our total public debt charges for the year 1950-51 amounted to $439 million, a decrease of about $12 million from the previous year.

FINANCING OPERATIONS

Financial operations during the fiscal year included the redemption or refinancing of a heavy volume of matured or called bond issues in addition to the normal refunding of various issues of short-term securities.

In regard to our funded debt payable in Canada, the amount of our obligations, including refundable taxes, which matured or were called during the year, was no less than $3,771 million. We met $3,245 million of this amount by refunding or conversion into new issues, and $467 million by new borrowing in the form of Canada savings bonds and deposit certificates. The remaining cash required, $59 million, came from our cash surplus. After taking into account $22 million arising out of certain non-cash transactions, funded debt payable in Canadian dollars was reduced by $81 million during the fiscal year.

Our funded debt payable in United States dollars decreased by $74 million during the year. Of this amount $55 million resulted from the redemption on October 1, 1950, of an issue of 4 per cent bonds outstanding in the amount of $100 million (U.S.), which was refinanced in part by the issue of 2¾ per cent twenty-five year bonds in the amount of $50 million. This issue which was sold at par established a new low record for the cost of borrowing in the United States market by any foreign government. In addition, there was a reduction of $19 million in our United States dollar debt reflecting the change in the exchange rate resulting from the freeing of the Canadian dollar in September, 1950.

Our funded debt payable in sterling decreased by $5·7 million. This was in part due to the redemption of $2·9 million registered stock on May 1, 1950, and in part reflected the change in the exchange rate.

Thus, the over-all reduction in our funded debt during the year was $161 million, of which cash payments accounted for $116 million and exchange revaluations and adjustments for the balance.

FORECAST OF REVENUE AND EXPENDITURE, 1951-52

I now come to a consideration of our revenue and expenditure prospects for the new fiscal year, 1951-52. The main estimates which I laid before the house on March 12 provided for expenditures of $3,587 million. Of this amount $1,664 million is for defence, or approximately $893 million more than the estimated outlay for defence during the year just ended. The total estimate for our non-defence programs for the new fiscal year is $1,923 million. However, there will as usual be supplementary estimates. On the other hand there will be offsets to these supplementary estimates. We shall spare no effort to achieve the maximum possible economies. Inevitably in any program of this magnitude there will be shortfalls in expenditures as compared with the estimates. The total amount of these savings is most difficult to forecast, particularly in a time of rising costs and prices, but I am confident that it will be fairly substantial. Taking all relevant factors into consideration, my best estimate is that our total expenditure during the present fiscal year will be of the order of $3,700 million, and I propose to budget on that basis.

On the revenue side, I base my forecast on the expectation I have noted earlier—that our gross national product will reach $20 billion. Should production and incomes continue to rise beyond that level—as well they might—I should expect my forecast to be more than realized. Should they go not quite that high, our revenues could fall short of the estimates I am now submitting.

However, on the basis of these assumptions I would expect that if we were to make no changes in our present tax laws, our total revenue would rise to about $3,325 million during the fiscal year. I have had the usual table prepared showing a comparison of the revenue forecast for 1951-52 with the preliminary figures for the year just closed, and for the convenience of hon. members and others, I ask the consent of the house to have this table printed in *Hansard*.

Forecast of Revenue
(Before tax changes)

	Fiscal year 1951-52 (Forecast)	Fiscal year 1950-51 (Actual preliminary)
	(In millions of dollars)	
Customs import duties	$ 315·0	$ 298·0
Excise duties	245·0	245·0
Sales taxes (net)	495·0	459·1
Other excise taxes	238·0	215·9
Other taxes		
Individuals	785·0	652·0
Corporations	850·0	800·0
Interest, dividends, etc. ..	60·0	62·0
Excess profits taxes	....	10·0
Succession duties	40·0	34·0
Miscellaneous taxes	5·0	4·9
Total tax revenues	$3,033·0	$2,780·0
Non-tax revenue	$ 242·0	$ 231·8
Total ordinary revenue ..	$3,275·0	$3,012·7
Special receipts and credits	50·0	92·6
Grand total revenue	$3,325·0	$3,105·3

With estimated expenditures of $3,700 million and prospective revenues of $3,325

million it would appear that in the absence of any tax changes we would have a budgetary deficit of $375 million in 1951-52. However, before dealing with the tax changes which I shall recommend, I would like to refer to our prospective cash position and those extra budgetary cash receipts and disbursements which are so important from the economic standpoint in their impact upon our economy and in appraising the real significance of our financial operations for the year.

To this prospective budgetary deficit of $375 million we must add our probable cash disbursements for other than budgetary expenditures. In the replacement fund set up under the Defence Appropriation Act there is a balance of $175 million which is now available to the Department of National Defence for cash expenditures for the purpose of replacing existing stocks of defence equipment transferred to our north Atlantic allies during the fiscal year just ended. During the new year additional transfers to our allies are expected, but substantial cash disbursements for replacements will also be made, and these disbursements are likely to exceed the transfers to the replacement fund, although the actual amount of the excess is difficult to forecast. In addition, we shall in all probability require about $60 million for housing loans, possibly $15 or $20 million for Veterans Land Act advances, and there will undoubtedly be other loans and investments. Offsetting these will be the cash receipts in the annuity and pension funds and in the various trust and other accounts, including repayments of loans and advances made in previous years. All in all, I expect that our total non-budgetary cash disbursements will somewhat exceed our total non-budgetary cash receipts. This is apart from any transactions in our own securities, and possible advances to or repayments by the foreign exchange control board resulting from changes in the size of our exchange reserves. It is, of course, not possible to forecast with any degree of assurance the extent of any change in these exchange reserves and I shall not attempt that hazardous exercise. From what has been said, however, it seems apparent that unless the repayment of advances by the foreign exchange control board equals the net excess of non-budgetary cash disbursements over non-budgetary receipts, our over-all cash deficit, assuming no changes in our present tax structure, would exceed the estimate of our budgetary deficit I have already given.

TAX POLICY

I said a moment ago that we face a prospective deficit of $375 million. The first question is, what shall we do about it? In my mind, and I think in the mind of every hon. member, the answer is clear and must be unequivocal. No person with any sense of financial responsibility and having a clear view of our circumstances and our prospects could do other than conclude that we must increase our revenues by at least the amount of the deficit, that we must balance the budget, that we must follow a strict pay-as-we-go policy.

There is, of course, a certain arbitrary element about budget statistics. We do our budget arithmetic in terms of separate periods of time—the fiscal year. In reality the stream of income and the stream of expenditure are continuous though always changing. In some months the inflow exceeds the outflow, in others the process is reversed. Since the summer of 1950 the volume of flow in both streams has been steadily rising, though at varying rates. A year ago our total expenditures were $2·4 billion, in the year just closed they were $2·9 billion, this year they will be $3·7 billion. It will be clear that during the last few months of the past year the flow of expenditure was at a rate considerably above $2·9 billion a year, and during the last half of this fiscal year it will probably be running at a rate of about $3·9 billion a year.

It is my duty, therefore, to seek new revenues which will produce actual additional receipts of about $400 million in this fiscal year, but which will be yielding at a rate of about $600 million a year during the last six months of the year.

The next question is one of ways and means. It is generally agreed, I think, that we have an excellent basic tax structure. We arrived at this basic structure through a series of changes completed in 1948 and 1949. It consists of a well balanced blend of personal income taxes, corporation income taxes, succession duties and commodity taxes. The commodity taxes in turn comprise customs duties, the so-called general sales tax and the special excise taxes. This structure was designed to be simple and flexible, one that could be readily adapted by moderate changes in rates or in coverage to meet any reasonable scale of peacetime requirements.

I am reluctant to believe that we must inevitably face budgets of $4 billion or more for any considerable succession of years. There is still a possibility that reasonable solutions of the present international tensions may be developed. In another year's time we should have a clear view of the prospects. I have, therefore, decided not to recommend

any major reconstruction of our tax system this year but instead to meet our current requirements by a series of simple but adequate surcharges on several existing taxes and also to widen the coverage of our special excise taxes. I think that over the shorter run this method of defence surcharges will produce the necessary revenue with the least difficulty and inconvenience. If our optimistic hopes are realized it will be easy to reduce these surcharges or to drop them entirely, but I want to add that if it becomes clear that we are in for a long pull at these high levels of expenditure some major changes in the existing tax structure may have to be devised. My tax proposals, therefore, must be regarded as an interim policy for the period of the current year.

In proposing tax changes in times like these we must give consideration to the effects of the inflationary forces at work. Our principal economic objectives at this time must be greater efficiency, greater output, less non-essential capital investment, moderation in consumer spending, and an increase in personal savings. At the same time we would all wish to retain as free and as flexible an economic system as possible. Taxes operate on the economic system by diverting part of the income stream and by altering price relationships, and they have the effect of varying the intensity of incentives to produce and to spend or save. Any tax change will have some effect on incentives, or on spending, or on saving. Our problem is to get a good balance between taxes on earnings and taxes on spending. Taxes on spending, that is, taxes on commodities, do not adversely affect incentives to produce. In the case of taxes on commodities, government revenue is obtained not by reducing private income, but by placing a surcharge on private expenditure of certain kinds. This type of taxation has the advantage that it does not adversely affect the incentive to earn income, that is, to produce, and it does offer the consumer some choice as to whether he will spend, and pay the tax, or whether he will save and to that extent avoid the tax.

As I said earlier, the three principal inflationary forces presently at work in Canada are the rising prices outside Canada, the domestic capital investment boom which shows no signs of abating, and the fact that consumer spending power is outrunning the flow and production of consumer goods and services. There is little we can do about rising external prices, but we can do a good deal about the two domestic pressures and we have already done a good deal.

[Mr. Abbott.]

Consumer expenditures are being restrained by consumer credit regulations, as well as by the higher taxes introduced last September, and will be further affected by the higher taxes I shall be proposing a little later this evening. Taken together we think that these measures are adequate to the circumstances.

Heavy capital expenditures, on the other hand, are providing the most severe internal pressure and all signs point to increasing pressure from this source. In 1950 they were much more than double 1946 and 50 per cent above 1947. The reported capital expenditure plans for 1951 indicate intentions to increase them by a further 15 per cent over 1950, but it may be doubted whether such an increase is physically possible.

Capital expenditures are much more difficult to hold within bounds. Monetary and credit policies are having a restraining effect, but a large proportion of business corporations still have a highly liquid position and to that extent are less affected by these financial controls. The increases in corporation income taxes which I shall be proposing will drain off substantial amounts of corporate profits but the total volume of profits remaining in corporate hands will still be sufficient to maintain and, in some cases, to increase the capacity of corporations to plan additional capital investment without recourse to borrowed funds. Ordinarily this is a good thing both for the corporations and for the country, but under present conditions all expenditures of this sort that are not essential should be postponed.

Steel and related controls will place considerable restraints on less essential capital expansion, but they will not directly affect certain kinds of investment. In fact they could have the result of intensifying competition for such other materials and labour as are available. To embark upon all-out direct construction control would be an almost impossible task, as the experience of 1944-45 indicated.

What we need is a stiff financial deterrent that will affect particularly the businessman who is considering the kind of investment which is attractive, not because of its long-term soundness, but because it can be written off out of the expected high profits of the next few years at a time when he expects the rate of corporate income tax to be abnormally high.

To provide this deterrent it is proposed to defer for a period of four years the right to charge depreciation on all capital assets

acquired after April 10, 1951, excepting certain classes of assets defined in the regulations and certain additional kinds of assets when certified as eligible by the Minister of Trade and Commerce.

The principal classes of assets which will still be eligible for current depreciation without a certificate will be those acquired

(a) for the production and distribution of electricity, gas and water; the provision of telegraph and telephone services; pipe lines, gas and oil well equipment; lumbering equipment; patents and franchises.

(b) for use by individuals in farming, fishing, or a professional service.

The principal kinds of assets in respect of which the Minister of Trade and Commerce will be authorized, in his discretion, to issue certificates of eligibility for current depreciation will be those necessarily acquired for

(a) defence purposes;

(b) the production and distribution of primary products in the farming, fishing, mining, petroleum, lumber and pulp and paper industries;

(c) direct use in a transportation or communication business.

Under the proposal, the right to charge depreciation as an expense is deferred, not cancelled or even diminished. For example, $10,000 of ineligible assets acquired after April 10, 1951, will earn no depreciation for tax purposes during the next four years; but in 1955 it can be transferred to the depreciable asset account at its full original cost. If it is a type of asset that can be written off in, say, 10 years, it will be written off in 1955-64 instead of in 1951-60.

The deterrent will particularly affect the businessman whose decision to make a capital expenditure is strongly influenced by the expectation that he can write off a large fraction of his cost at a time when both profits and tax rates are abnormally high, particularly if it is a kind of investment with uncertain profit-making possibilities six or eight years hence. In other words it will compel the businessman to give primary attention to the long-term prospects of proposed capital expenditures and if outside financial participation is required lenders will also take this view.

There will, therefore, be a stiff deterrent on projects of uncertain long-run value and also on capital expenditures on frills, gadgets and generally "dressing up" offices, stores and buildings. This deterrent should reduce the competitive scramble for scarce materials and equipment and thus place less strain on direct controls. Such materials and equipment will tend to go to those who can make the best long-term use of them. Bidders who are anticipating short-run quick profits will tend to withdraw from the market. One further advantage is that the government will not be telling anyone that he cannot do this or that. What will happen is that a financial penalty will be put, in the short run, on those who go ahead with less essential expenditures.

These revised depreciation regulations will go into effect immediately and will apply to all capital assets acquired after April 10, 1951. A copy of the regulations which have been approved by the governor in council will be tabled at the close of my address and my colleague, the Minister of Trade and Commerce, will be issuing an explanatory statement within a day or two.

I turn now to my proposals for tax changes for this year.

The field of the corporation income tax is a difficult one, and one which I have to approach with a particularly keen sense of responsibility for the real national interest, because the general public does not, I am afraid, fully understand the implication of these taxes. It would be only too easy to take a superficially popular line and increase these taxes to a point which while yielding large immediate revenues would do grave damage in the longer run to the economy as a whole.

I shall not repeat what I said about the excess profits tax last September. I still believe that it is not a sound tax except under very special circumstances, and I do not believe we have reached that point. A part of what I said about the excess profits tax, namely, that it blunts the goad to efficiency and that it invites waste, applies also to high rates of corporation income tax. It is, of course, a question of degree. I say quite frankly, however, that I am not happy about corporation tax rates when they go over 50 per cent. I think it is bad psychology to permit people to say that more than half of any income earned, or any savings made, will go to the government.

There is also the point that corporation taxes involve double taxation; we tax the corporation on its profits, and then we tax the shareholder again on his dividends. Moreover, we have always relied on undistributed corporation profits to provide a large fraction of the capital required for expansion of our industries. At this juncture in our

affairs, with heavy capital investment contributing to inflationary pressure, I shall not be too much concerned if higher tax rates leave less for reinvestment, but in the long run it is a good thing for the country that business should grow out of reinvested profits.

Having weighed all these factors I have come to the conclusion that the right policy at this time is to impose a defence surcharge of 20 per cent on all corporation income tax payments in respect of income earned after January 1, 1951, in addition to the 5 per cent higher tax rate imposed last September. This 20 per cent surcharge will apply only to profits now taxed at the 38 per cent rate. It will not apply to the rate of 15 per cent which applies to the first $10,000 of profits.

I am conscious of the fact, however, that this 20 per cent surcharge will weigh very heavily on those kinds of companies which for a variety of reasons, public control of rates or otherwise, are never able to earn more than a very modest rate on their capital. To such companies the next few years can offer little expectation of increased profits, yet many of them are engaged in activities which will require them to raise very large sums of additional capital for essential expansion. If we are not to cripple their borrowing capacity we must not cripple their capacity to earn their normal profits after tax. For these reasons I propose that the 20 per cent defence surcharge shall not operate so as to reduce the net income after federal tax, but before any provincial income taxes, of any company to a point below a 5 per cent return on capital employed.

Apart from this abatement the effect of the 20 per cent defence surcharge is to raise the rate of tax on all profits over $10,000 from 38 per cent to 45·6 per cent. It must be remembered that there are also provincial corporate income taxes. In the eight provinces with tax rental agreements it is 5 per cent, and in Ontario and Quebec it is 7 per cent. This means that the marginal rate of combined tax will be just over 50 per cent in eight provinces, 52·6 per cent in Ontario and Quebec.

If this 20 per cent defence surcharge were applied to all profits its yield would be about $115 million in this fiscal year, and about $170 million in a full year. The abatement I have mentioned will cause some reduction in this yield. On the other hand, we shall pick up some additional current revenue incidental to the policy I have announced regarding deferred depreciation. What this amount will be cannot be more than an informed guess. I am inclined to the view that this increased revenue will be rather more than the loss from the abatement of the surcharge and I have, therefore, put down $116 million this year and $175 million in a full year as my increased revenue from the corporation income tax.

There will in addition be a number of technical changes in the law covering corporation taxes, but none of these will have any significant economic or budgetary implications.

I turn now to the personal income tax. In line with my earlier statement that I wish to upset the present tax structure as little as possible this year, I am proposing to leave the exemptions and the percentage rate structure unchanged and rely upon a straight defence surcharge for the revenues we require. This surcharge will be 20 per cent on the amount of tax payable under the present rate structure and will take effect as from July 1, 1951. This means that the tax payable for the whole calendar year of 1951 will be increased by ten per cent, but commencing July 1 all payroll deductions will be one-fifth greater than in the present deduction tables and all other pay-as-you-earn instalments will be increased by one-fifth. With the permission of the house I shall insert in *Hansard* at this point the usual tables illustrating the effects of this surcharge.

Present and Proposed Income Tax
Single Taxpayer

Income	1950 Tax	1951 Tax	Increase in Tax In 1951	Increase in Tax In a Full Year
$	$	$	$	$
1,000	.....	.....	....	....
1,200	30	33	3	6
1,500	75	83	8	15
1,800	120	132	12	24
2,000	150	165	15	30
2,250	193	212	19	39
2,500	235	259	24	47
2,750	278	306	28	56
3,000	320	352	32	64
3,500	415	457	42	83
4,000	510	561	51	102
5,000	700	770	70	140
7,500	1,270	1,397	127	254
10,000	1,960	2,156	196	392
20,000	5,960	6,556	596	1,192
30,000	10,660	11,726	1,066	2,132
50,000	21,814	23,995	2,181	4,363
75,000	37,264	40,990	3,726	7,453
100,000	53,714	59,085	5,371	10,743
200,000	126,414	139,055	12,641	25,283
400,000	283,114	311,425	28,311	56,623

Note: In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit for dividends from Canadian corporations.

Present and Proposed Income Tax

Married Taxpayer—No Children

Income	1950 Tax	1951 Tax	Increase in Tax In 1951	In a Full Year
$	$	$	$	$
2,000	.....	.....	....	....
2,250	38	42	4	8
2,500	75	83	8	15
2,750	113	124	11	23
3,000	150	165	15	30
3,500	235	259	24	47
4,000	320	352	32	64
5,000	510	561	51	102
7,500	1,030	1,133	103	206
10,000	1,660	1,826	166	332
20,000	5,510	6,061	551	1,102
30,000	10,160	11,176	1,016	2,032
50,000	21,264	23,390	2,126	4,253
75,000	36,664	40,330	3,666	7,333
100,000	53,064	58,370	5,306	10,613
200,000	125,714	138,285	12,571	25,143
400,000	282,364	310,600	28,236	56,473

Note: In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit for dividends from Canadian corporations.

Present and Proposed Income Tax

Married Taxpayer with Two Children Eligible for Family Allowances

Income	1950 Tax	1951 Tax	Increase in Tax In 1951	In a Full Year
$	$	$	$	$
2,300	.....	.....	....	....
2,400	15	17	2	3
2,500	30	33	3	6
2,750	68	75	7	14
3,000	105	116	11	21
3,500	184	202	18	37
4,000	269	296	27	54
5,000	453	498	45	91
7,500	964	1,060	96	193
10,000	1,582	1,740	158	316
20,000	5,375	5,913	538	1,075
30,000	10,010	11,011	1,001	2,002
50,000	21,099	23,209	2,110	4,220
75,000	36,484	40,132	3,648	7,297
100,000	52,869	58,156	5,287	10,574
200,000	125,504	138,054	12,550	25,101
400,000	282,139	310,353	28,214	56,428

Note: (1) The above figures show the actual income tax liability of a taxpayer with family allowance children but in order to arrive at his true net position the amount of family allowances received for his children must be offset against his tax liability.

(2) In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit for dividends from Canadian corporations.

When hon. members have an opportunity to study these tables they will find, for example, that the married man with no children earning $2,500 will have his tax increased by something less than 30 cents a week. The $5,000 a year man will pay an additional $8.50 a month; the $10,000 a year man will pay an additional $28 a month, and so on. Starting July 1 every taxpayer will pay a rate one-fifth higher than he has been paying. This 20 per cent defence surcharge on personal incomes should yield $85 million this year, and $158 million in a full year.

There will be a number of other amendments to the Income Tax Act.

Authority will be requested for a simplified income tax system for members of the armed forces under which their full income tax liability in respect of service pay may be met by appropriate deductions from their monthly pay.

Expenditure on certain drugs will be allowed in computing deductible medical expenses.

Provision will be made for the deduction, in computing income from wages and salaries, of professional membership dues and certain other cost items where the professional status is required to be maintained by the terms of the employment or where such costs are required by the contract of employment to be assumed by the employees. Similarly, provision will be made for the deduction of union dues.

The 15 per cent tax on undistributed income of private companies will be made available to all companies, but the right of controlled companies to pay in respect of surpluses accumulated from 1950 onward will be withdrawn.

The right of corporations to file consolidated returns will be withdrawn in respect of taxation years ending after December 31, 1950.

The special provisions regarding exploration expenses incurred by mining and oil companies will be extended for a further year.

Minor adjustments will be made in respect of lump sum accumulations of income received in a year, investment counsel fees, charitable foundations, farm losses and "related companies".

A few other technical amendments will be contained in the bill but I need not refer to them at this time. As hon. members will note, some of the above amendments will increase revenue and others will decrease it. On balance I estimate a net increase in revenue from all these items of about $10 million.

I turn now to our third broad field of taxation, that of commodity taxes.

We propose to make no changes in the present scale of taxes on alcoholic beverages. Last September we increased these taxes by $22 million a year. The rates are now high, and I am aware that whenever we change these taxes we impose a good deal of inconvenience and some confusion upon the provincial authorities.

We propose, however, to increase the taxes on cigarettes and on manufactured tobacco. The cigarette tax is now $10 per thousand, and I am recommending an increase of $1.50 or a total of $11.50 per thousand, effective midnight tonight. This change will yield us $21 million this year and $26 million in a full year.

For some years now we have had a tax on cigarette papers and cigarette tubes which are used by those who "roll their own". This tax has become difficult to administer. I propose to repeal this tax and substitute for it a higher tax on manufactured tobacco. To keep a reasonable proportion between the traditional relationship between the taxes on cigarettes and tobacco I am recommending an increase of 48 cents a pound on manufactured tobacco. A proportionate increase is also proposed with respect to the tax on raw leaf tobacco. I estimate that these changes will give us an additional $8 million this year and $9 million in a full year over and above the loss of revenue on cigarette papers and tubes.

Next I come to what we call the special excise tax, that is the tax now imposed at a rate of 15 per cent on such things as motorcars, radios, household electric appliances, cameras, jewelry, cosmetics and so on. We propose that this tax be increased to a rate of 25 per rent.

The house will also recall that last September we deliberately decided not to place this special tax on refrigerators, stoves and washing machines. I regret that we can no longer afford to leave these entirely free of extra tax, and I am recommending that a tax at 15 per cent be levied on all mechanically operated domestic refrigerators and washing machines and on all domestic cooking stoves except those designed to use coal or wood only.

In September a tax of 30 per cent was imposed on all candy, confectionery and chewing gum. Experience has shown that this rate has been too severe, and its effects upon the industry have been out of proportion in comparison with other taxed industries. We propose, therefore, to reduce this rate to 15 per cent.

These, like all other commodity tax changes, will be effective at midnight tonight.

As usual I must give public notice that no claims for refund arising out of tax reductions in respect of goods on which tax has been paid will be entertained by my colleague, the Minister of National Revenue.

I estimate the increase from 15 per cent to 25 per cent in existing taxes after taking account of the reduction in the tax on candy will yield an extra $44 million this year and $54 million in a full year. The new items to be taxed at 15 per cent should produce about $16 million this year and $21 million in a full year.

Finally I have given very careful thought to the so-called general sales tax. I say "so-called general sales tax" because it is really very far from being such. Our present sales tax has a very long list of exemptions. About ninety-five per cent of all foods are free of sales tax. All fuels and all building materials are exempt. I think it is safe to say that two-thirds of the average Canadian family's total spending is not touched by the sales tax. Contrary to the frequent assertion, the sales tax does not strike a higher proportion of the expenditures of the low income group. Calculations based on recent family budget studies made by the dominion bureau of statistics indicate that in the lowest income groups only about one-quarter of total income is spent on goods subject to sales tax; at the $3,000 a year level about one-third of the family income is spent on goods subject to this tax. This 33 per cent of income spent on taxed commodities extends to beyond the $6,000 a year level. Only when incomes exceed $7,000 or $8,000 a year does the proportion of income spent on goods subject to sales tax start to decline, and this is just about the point where our income tax starts to become sharply progressive. To say that our sales tax is a harsh regressive tax simply is not true.

If hon. members have succeeded in following my estimates of additional tax yields they will realize that my proposals so far leave me about $100 million short of my necessary objective of $400 million to balance this year's budget. My range of choice to secure this remaining $100 million is really limited to more than doubling the increase I have already proposed in the personal income tax, which could only be achieved by a sharp lowering of exemption levels, or an increase in the sales tax. I do not say that we have reached the practicable limits of the income tax. Of course we have not. The new rates we are proposing are much below the peak rates of 1943 and 1944. But experience has shown that you cannot increase income taxes by too much in any one year without creating serious embarrassment to large numbers of people in all income groups, and without seriously affecting economic incentives.

I have therefore come to the conclusion that the sound thing to do from the economic point of view, and the fair thing at this time, is to increase the sales tax. I believe also that this is the choice that will be preferred by the great majority of our people. We are not recommending any change whatever in the coverage of the sales tax, but we are proposing that its rate be increased from 8 per cent to 10 per cent, effective immediately. I estimate that this will yield additional revenue of $105 million this year and $125 million in a full year.

Finally, I have certain tariff changes to propose. The tariff negotiations which have been taking place at Torquay during the past six months have just been concluded. The purpose of these negotiations was to extend the Geneva and Annecy agreements for another three-year period, to increase the scope of these agreements by including more countries and a wider range of commodities, and further, to arrange for additional reciprocal concessions on products previously negotiated. The Canadian delegation has concluded negotiations, providing for further reciprocal concessions, with sixteen countries including the United States. It has been arranged between the countries represented at Torquay that the details of the agreements resulting from the negotiations will be announced by the participating governments on May 9. Consequently I am not in a position to review the results at this time.

The budget resolutions relating to the customs tariff which I am tabling contain proposals to carry out certain recommendations of the tariff board and to provide for reductions in a number of duties which would lower costs of production in our great primary industries of agriculture, mining and fishing. Other changes proposed would achieve improvements in the wording and classification of several items so as to remove anomalies and to facilitate administration.

Two years ago I referred the plastics and synthetic resin items in the tariff to the tariff board for inquiry and report. These items were last examined by the board in 1937. In view of the rapid technical changes which have been taking place in this new and expanding industry, it is not surprising that the existing items in the tariff have become obsolete. Because of the highly technical factors involved and the complexity of the problem I felt it particularly desirable to have a thoroughgoing inquiry by the tariff board before recommending any action. The exhaustive examination which the board has undertaken is not yet completed, but the board is of the opinion that there are certain special and pressing difficulties which should be dealt with at this time. Consequently the board has submitted an interim report in which it recommends the insertion of certain items into the tariff prior to submission of its full conclusions covering the whole of the synthetic resins and plastics field. I have included these recommendations in the changes which I am proposing in the budget resolutions. The board's recommendations are designed to achieve up-to-date provisions respecting both classification and rates. The rates recommended involve some increases and some decreases in existing rates of duty. The reasons which led the board to recommend these readjustments are fully set out in its interim report which I am tabling with the budget resolutions.

The other tariff proposals include changes which would widen the application of certain items pertaining to farm equipment. They would provide for the free entry of such things as grain or hay driers, individual sprinkler irrigation systems and several items of dairy equipment when for use on the farm. Most of these were recommended to the government in the brief submitted by the federation of agriculture. The free entry of these items would be of considerable assistance to our farmers and is in accord with the government's policy, stated by my predecessor, Right Hon. J. L. Ilsley in his budget speech of 1944, regarding the free entry of farm implements and machinery.

In respect of the fishing industry two changes are proposed. One would permit the free entry of diesel engines for installation in boats used exclusively for commercial fishing operations and the other would widen the provision for free entry of nets and lines to include nets and lines made of any material. Both my colleague, the Minister of Fisheries, and I have received many representations that these changes would be of significant assistance to the fishing industry. In view of the heavy dependence of the industry upon export markets it is in the general interest to reduce, wherever practical, tariff barriers which add to costs.

The changes proposed in the customs tariff affecting equipment used in the mining industry would widen the existing provisions to permit the entry of unfinished parts of the equipment specified, at the same reduced rates as are now granted to the fully finished parts. In a number of cases the provisions would be extended to cover additional items of equipment used in mining operations.

An amendment is proposed to the tariff item dealing with settlers' effects. A number of countries from which we seek to obtain immigrants find it necessary, owing to the

shortage of exchange, to apply restrictions on the transfer of emigrants' capital. These restrictions have operated as a deterrent to the movement of desirable immigrants into Canada. The new subsection which I am proposing to add would, in these cases, permit the free entry of settlers' effects during a period of three years from the time of the settler's first arrival. This would enable the settler to use his frozen capital to purchase and bring in from his country of origin such things as household effects, wearing apparel, tools of trade and agricultural equipment, after the settler has been here and has had an opportunity to decide what he and his family need most urgently. This new provision should make it possible for many desirable immigrants to establish themselves more rapidly in productive activity in this country.

Finally, I am proposing an amendment to tariff item 708. This would remove obsolete language and would enable the government to carry out reciprocal customs arrangements regarding certain matters with other signatories of the North Atlantic treaty. These would apply to supplies for defence establishments located in one another's territory in accordance with jointly agreed plans for our common defence.

The net effect of all these tariff changes on the total of all customs revenues will not be significant.

I think it will be convenient to hon. members if I insert at this point a table summarizing the revenue effect of all these tax changes.

Effect on Revenue of Proposed Tax Changes

	In Fiscal Year 1951-52	In a Full Year
	$ (millions)	$
Personal income tax		
20 per cent surtax	85·0	158·0
Corporation income tax		
20 per cent surtax and deferred depreciation	116·0	175·0
Other income tax changes	10·0	10·0
Sales tax		
Increase in rate to 10 per cent	105·0	125·0
Excise taxes		
Increase in 15 per cent rate to 25 per cent	52·0	63·0
Reducing confectionery tax to 15 per cent	–8·0	–9·0
Net increase	44·0	54·0
New 15 per cent tax on refrigerators, stoves and washing machines	16·0	21·0
Increase in cigarette tax	21·0	26·0
Increase in tobacco tax	14·0	17·0
Repeal of tax on cigarette papers	–6·0	–8·0
Net increase	8·0	9·0
Total	405·0	578·0

It will be noted that in a full year I expect to get an additional $185 million from corporation taxes, $158 million from personal income taxes and $235 million from commodity taxes. In this fiscal year, largely because of the three-month lag in income taxes, I expect to get $126 million from corporations, $85 million from personal income tax and $194 million from commodity taxes.

As usual at this point I should like to insert another table showing a revised estimate of total revenues for 1951-52 after giving effect to the proposed tax changes.

Revised Forecast of Revenue for Fiscal Year 1951-52 Taking Account of Tax Changes

	Forecast of revenue from existing taxes	Increase in revenue in fiscal year 1951-52 from budget proposals	Revised forecast of revenue for 1951-52
	$	$ (millions)	$
Customs duties	315·0	....	315·0
Excise duties	245·0	....	245·0
Sales tax (net)	495·0	105·0	600·0
Other excise taxes	238·0	89·0	327·0
Personal income tax	785·0	85·0	870·0
Corporation income Tax	850·0	126·0	976·0
Interest and dividends	60·0	....	60·0
Succession duties	40·0	....	40·0
Miscellaneous taxes	5·0	....	5·0
Total tax revenue	3,033·0	405·0	3,438·0
Non-tax revenue	242·0	....	242·0
Total ordinary revenue	3,275·0	405·0	3,680·0
Special receipts	50·0	....	50·0
Total receipts	3,325·0	405·0	3,730·0

This table shows estimated revenues at $3,730 million. Earlier in my speech I forecast our total expenditures at $3,700 million. I am therefore budgeting for a surplus of $30 million.

[Mr. Abbott.]

I should repeat, Mr. Speaker, that all these estimates assume a high level of employment throughout the country, at least average agricultural crops, and a basic price level not very much higher than that which now prevails.

These then are the proposals which we recommend to the house in order to meet our financial requirements. None of us can tell what the future has in store. The taxes we have proposed should yield total revenues of about $3,900 million in a full year. It would be too bold to hope that conditions a year hence will permit any reductions in these rates of tax. There can be some hope, but certainly no assurance, that tax rates next year may not have to go higher.

It is an inexorable rule of life that we can never really get something for nothing. Nothing is really free. Everything worth while has its costs. Tonight is the annual occasion when we count up the cost of our policies in terms of money. That cost is high, but failure to achieve our objectives of peace, security and financial integrity would involve infinitely greater and more painful cost.

Mr. Speaker, I wish to table the various resolutions which I shall move when the house is in committee.

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That, in respect of income earned after the commencement of the 1951 calendar year, a corporation shall pay a defence surtax for the year equal to 20 per cent of that portion of its ordinary income tax for the year that is computed at the 38 per cent rate, or the 33 per cent rate if applicable, (before allowance is made for tax credits) subject to a right to a refund of such tax to the extent that it would reduce the corporation's taxable income after payment of ordinary income tax to an amount less than 5 per cent of its capital employed.

2. That an individual shall pay a defence surtax equal to

(a) for the 1951 taxation year, 10 per cent and

(b) for each subsequent taxation year, 20 per cent of his ordinary income tax (including investment surtax) for the year before allowance is made for tax credits.

3. That, for the purpose of computing income from an office or employment for the 1951 or a subsequent taxation year, there may be deducted certain amounts paid in respect of

(a) travelling expenses that the officer or employee was required by the contract of employment to incur,

(b) professional membership dues where the officer or employee was required by the contract of employment to maintain his professional status,

(c) office rent or salary to an assistant or substitute required by the contract of employment to be paid by the officer or employee,

(d) supplies consumed directly in the course of the employment for which the officer or employee was required by the contract of employment to pay, or

(e) Union dues.

4. That the governor in council be authorized to make regulations under which the income tax of members of the armed forces on their service income will be paid in full in respect of the pay and allowances of each pay period by a deduction therefrom in accordance with a special table subject to the right of any member to file a return on an annual basis.

5. That the right to elect to pay the 15 per cent tax on its undistributed income now enjoyed by a private company

(a) be extended to all other corporations, and

(b) be withdrawn, effective April 10, 1951, from a corporation that is controlled by another corporation except in respect of its undistributed income on hand at the end of the 1949 taxation year.

6. That for the 1951 and subsequent taxation years the provision under which the 15 per cent tax rate on the first $10,000 of income of a corporation applies to only one of several related corporations be amended so as not to include in the class of related corporations those controlled by persons not dealing at arms length unless such persons own shares in the capital stock of both corporations.

7. That for the 1951 and subsequent taxation years, payments made for insulin, cortisone, adrenocorticotrophin (ACTH), liver extract injectible for pernicious anaemia and vitamin B12 for pernicious anaemia purchased under a physician's prescription may be included in the medical expenses for which a deduction from income may be made for the purpose of computing taxable income.

8. That special deductions from income to taxpayers whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring or drilling for oil or natural gas or mining or exploring for minerals, be allowed for expenses incurred in the 1954 operations on the same basis as for expenses incurred in the operations in the years 1951 to 1953.

9. That special deductions from income and taxes to taxpayers whose principal business is production, refining or marketing of petroleum or drilling for petroleum be allowed for expenses incurred in respect of deep-test oil wells in 1952 operations on the same basis as for similar expenses in 1950 and 1951 operations.

10. That the exemption of the income from a metalliferous or industrial mineral mine for the first three years of production now applicable to mines that came into production during the years 1946 to 1952 be extended to mines coming into production in the years 1953 and 1954.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the rate of the general sales tax be increased from eight to ten per cent and that the rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

2. That the excise tax on goods mentioned in schedule I of the act, and on furs, that are at present subject to the rate of fifteen per cent be increased to twenty-five per cent.

3. That the excise tax on candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy, be reduced from thirty to fifteen per cent.

4. That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels;

(b) washing machines operated by electric or other power;

(c) electric, gas or kerosene refrigerators and freezing equipment and complete parts therefor including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

5. That the excise tax on cigarette papers and cigarette paper tubes be repealed.

6. That the excise tax on the following goods be increased by the amounts shown:

(a) for each five cigarettes or fraction of five cigarettes contained in any package..... three-quarters of one cent;

(b) for each ounce or fraction of an ounce of manufactured tobacco, including snuff but not including cigars and cigarettes, contained in any package.....three cents;

(c) for each ounce or fraction of an ounce of Canadian raw leaf tobacco when sold for consumption in Canada.....three-quarters of one cent.

7. That the sales tax on the following goods be repealed:—

(a) cortisone;

(b) adrenocorticotrophin (ACTH).

8. That any enactment founded upon this resolution be deemed to have come into force on the eleventh day of April nineteen hundred and fifty-one.

CUSTOMS TARIFF

1. Resolved, That schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout tariff items 216f, 296e, 386(p), 403(e), 409f, 410g, 410h, 410i, 410j, 410l, 410o(i), 410p, 410q, 410r, 410s, 410t, 410u, 410v, 410w, 410x, 410z, 435, 440k, 475, 523g, 682, 705, and 708, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
216f	Materials of a kind not produced in Canada when imported for use only in the manufacture of the goods specified in tariff items 237*(a)*, *(b)*, *(c)* and *(d)*, 238, 238*a*, 238*b*, 238*c*, 238*d*, 238*e*, 238*f* and 238*g*	Free	Free	Free	Free (various)	Free (various)	Free (various)
238	Synthetic resin sheets, film or sheeting, not less than 6 inches in width, n.o.p., synthetic resin lay-flat tubing, not less than 6 inches in circumference, n.o.p:—						
	(a) Phenol-aldehyde type, not further manufactured than cast	Free	Free	Free			
	(b) Acrylic type, not further manufactured than moulded or cast	Free	Free	Free			
	(c) Polyethylene type						
	(i) Plain, uncoated, undecorated	10 p.c.	10 p.c.	10 p.c.			
	(ii) Other	15 p.c.	15 p.c.	15 p.c.	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
	(d) Vinyl type, except vinylidene						
	(i) Plain, uncoated, undecorated	15 p.c.	15 p.c.	15 p.c.			
	(ii) Other	15 p.c.	20 p.c.	25 p.c.			
	(e) Vinyl type, vinylidene						
	(i) Plain, uncoated, undecorated	Free	Free	Free			
	(ii) Other	Free	Free	Free			
	(f) Other type						
	(i) Plain, uncoated, undecorated	Free	Free	Free			
	(ii) Other	10 p.c.	10 p.c.	10 p.c.			
277	Oils, hydrogenated, blown, dehydrated or sulphonated, not including blown or hydrogenated fish seal or whale oils	15 p.c.	20 p.c.	25 p.c.	15 p.c.	To August 27th, 1950: 20 p.c. / From August 28th, 1950: Various	25 p.c. / Various
296e	Magnesium oxide and magnesium carbonate, not further manufactured than ground, when imported by manufacturers of insulating materials for use exclusively in the manufacture of such insulating materials, in their own factories	Free	Free	Free	Free Free	Free 15 p.c.	Free 25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
386	*(p)* Sheets or strip, of iron or steel, hot or cold rolled, with silicon content of ·075 per centum or more, when imported by manufacturers of electrical apparatus or of parts therefor, for use in the manufacture of electrical apparatus or of parts therefor, in their own factories	Free	12½ p.c.	12½ p.c.	Free 7½ p.c.	12½ p.c. 20 p.c.	12½ p.c. 20 p.c.
403	*(e)* Steel wire, coated or not, when imported by manufacturers of machine card clothing for use exclusively in the manufacture of machine card clothing, in their own factories	Free	Free	Free	Free 15 p.c.	Free 30 p.c.	Free 30 p.c.
409f	Grain crushers; grain or hay grinders; grain or hay dryers; milk coolers; steel stanchions for confining livestock either in pens or individually, including complete equipment for milking parlors; automatic stock watering bowls; barn litter carriers and track; sprinkler irrigation systems; barn hay forks, carriage, pulleys and track; all the foregoing for use on the farm for farm purposes only; hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, post hole diggers, snaths, stumping machines, grain loaders or elevators with a capacity not exceeding 40 bushels per minute and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing	Free	Free	Free	Free 20 p.c. Free 15 p.c. 20 p.c. 10 p.c. Free Free 15 p.c. Free 15 p.c.	Free 20 p.c. 22½ p.c. 22½ p.c. 22½ p.c. 25 p.c. 10 p.c. 15 p.c. 20 p.c. 20 p.c. 22½ p.c.	Free 30 p.c. 30 p.c. 30 p.c. 30 p.c. 35 p.c. 35 p.c. 35 p.c. 30 p.c. 30 p.c. 37½ p.c.

410a	(iv) Mine car loaders, self-propelled, single-bucket type, the bucket of which loads at the front and moves over the loader to discharge at the rear, n.o.p., and parts thereof, for use exclusively in mining operations	Free	12½ p.c.	35 p.c.	10 p.c.	25 p.c.	35 p.c.
410g	Articles for use exclusively in the metallurgy or smelting of iron, viz.: machinery and apparatus for sintering or nodulizing iron ore, concentrated or not, or flue dust; machinery and apparatus for use exclusively in the construction, equipment and repairs of blast furnaces for smelting iron ore, such machinery and apparatus to include hot blast stoves and burners, blast piping and valves connecting the blowing engines with the furnace, scale cars, charging and hoisting apparatus, blast furnace gas piping, cleaners and washers; and parts of all the foregoing, but not to include wrought iron pipe or valves 10½ inches and under in diameter, nor structural iron work	Free	5 p.c.	5 p.c.	Free (various)	5 p.c. (various)	5 p.c. (various)
410h	Equipment and parts thereof for distributing stone dust in mines	Free	Free	10 p.c.	Free (various)	Free (various)	10 p.c. (various)
410i	(1) Miners' rescue appliances, designed for emergency use in mines, where artificial breathing is necessary in the presence of poisonous gases, including high pressure oxygen pumps for use exclusively in connection with such appliances, and automatic resuscitation apparatus for artificial breathing to aid in the saving of human life, and parts of all the foregoing	Free	Free	Free	Free (various)	Free various)	Free (various)
	(2) Combustible gas indicators, for detecting explosive gases or vapors; methane detectors; carbon monoxide detectors and continuous indicators and recorders; carbon monoxide alarms; pyrotannic detectors for determining the presence and quantity of carbon monoxide in the blood; inhalators for use in reviving victims of carbon monoxide poisoning; pocket gas respirators, dust respirators, paint and lacquer spray respirators, fume and smoke masks, and hose mask outfits complete with face piece, harness, air line and air pump or blower, designated for the protection of firemen and industrial workers; special safety goggles, designed for eye protection of miners, welders, foundrymen and other industrial workers employed in hazardous work; parts of all the foregoing	Free	Free	Free	Free (various)	Free (various)	Free (various)

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
410j	Miners' acetylene lamps and parts thereof; miners' safety lamps and parts thereof; accessories for cleaning, filling, charging, opening and testing miners' lamps; battery renewal preparations for miners' electric safety lamps; all for use exclusively in mines.....	Free	Free	Free	Free (various)	Free (various)	Free (various)
410l	Coal crushers, ore crushers, rock crushers, stamp mills, grinding mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, n.o.p., and parts of all the foregoing, for use exclusively in mining, metallurgical or quarrying operations.....	5 p.c.	15 p.c.	25 p.c.	5 p.c. 10 p.c. (various)	15 p.c. 25 p.c. (various)	25 p.c. 35 p.c. (various)
410o	*(i)* Coal heading machines; electric or magnetic machines for concentrating or separating iron ores; automatic scales for use with conveyors; and parts of all the foregoing, for use exclusively in mining or metallurgical operations.....	Free	Free	Free	Free (various)	Free (various)	Free (various)
410p	Sundry articles of metal as follows, for use exclusively in mining and metallurgical operations, viz.: furnaces for the smelting of ores; converting apparatus for metallurgical processes in metals; machinery for the extraction of precious metals by the chlorination or cyanide processes, not to include pumps, vacuum pumps or compressors; blast furnace blowing engines for the production of pig iron; and parts of all the foregoing.....	Free	Free	Free	Free (various)	Free (various)	Free (variou
410q	Pumps and vacuum pumps, and parts thereof, for use exclusively in the extraction of precious metals by the chlorination or cyanide processes.....	15 p.c.	15 p.c.	20 p.c.	15 p.c. (various)	15 p.c. (various)	20 p.c. (various)
410r	Power driven reciprocating pumps and parts thereof, designed for normal working heads of 400 feet and over, for use exclusively underground in mines.....	15 p.c.	25 p.c.	27½ p.c.	15 p.c. (various)	25 p.c. (various)	27½ p.c. (various)

410s	Amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury pumps; non-metallic heating elements; pyrometers; bullion furnaces; amalgam cleaners; and parts of all the foregoing, for use exclusively in mining or metallurgical operations...	Free	Free	Free	Free (various)	Free (various)	Free (various)
410t	Blowers of iron or steel, of a class or kind not made in Canada, for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals; 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; furnace slag trucks and slag pots, of a class or kind not made in Canada; and parts of all the foregoing.....	Free	Free	Free	Free (various)	Free (various)	Free (various)
410u	Blowers of iron or steel, n.o.p., for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals; rotary kilns, revolving roasters and furnaces of metal, n.o.p., for use in the roasting of ore, mineral, rock or clay; furnace slag trucks and slag pots, n.o.p.; and parts of all the foregoing.....	12½ p.c.	17½ p.c.	20 p.c.	12½ p.c. (various)	17½ p.c. (various)	20 p.c. (various)
410v	Buddles, vanners, slime or concentrating tables and parts thereof, for use in mining and metallurgical operations.....	Free	Free	Free	Free (various)	Free (various)	Free (various)
410w	Machinery, n.o.p., for the concentration or separation of ores, metals or minerals, viz.: flotation machines, flotation cells, oil feeders and reagent feeders for flotation machines and flotation cells, pumps, vibrating and impact screens, jigs, magnetic separators, magnetic pulleys and filters, for use in the concentration or separation of ores, metals or minerals, and parts of all the foregoing.....	5 p.c.	7½ p.c.	20 p.c.	5 p.c. (various)	7½ p.c. (various)	20 p.c. (various)
410x	Machinery, furnaces and appliances, of a class or kind not made in Canada, and parts thereof, for use in the refining of metals, and for the production of anodes, cathodes, blocks, slabs, pigs or ingots, in such refining processes.....	Free	Free	Free	Free (various)	Free (various)	Free (various)
410z	Machinery and apparatus, n.o.p., and parts thereof, for the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants, not to include motive power, tanks for gas, or pipes and valves 10½ inches or less in diameter..	5 p.c.	10 p.c.	12½ p.c.	5 p.c. (various)	10 p.c. (various)	12½ p.c. (various)

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
435	*(a)* Locomotives and motor cars for railways, of a class or kind not made in Canada, and parts thereof (including motive power and parts thereof, of a class or kind not made in Canada), for use exclusively in mining, metallurgical or sawmill operations	Free	Free	20 p.c.	Free 15 p.c. Free 15 p.c	Free 20 p.c. 20 p.c. 22½ p.c.	20 p.c. 30 p.c. 30 p.c. 37½ p.c.
	(b) Diesel switching locomotives, including motive power, and parts of the foregoing, of a class or kind not made in Canada	Free	10 p.c.	20 p.c.	Free Free 15 p.c.	10 p.c. 20 p.c. 22½ p.c.	20 p.c. 30 p.c. 37½ p.c.
440k	(1) Engines and complete parts thereof, n.o.p., to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats *bona fide* owned by individual fishermen for their own use in the fisheries, under such regulations as the Minister may prescribe	Free	12½ p.c.	15 p.c.	Free	12½ p.c.	15 p.c.
	(2) Diesel engines and complete parts thereof, to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats for use exclusively in *bona fide* commercial fishing operations, under such regulations as the Minister may prescribe	Free	Free	15 p.c.	Free Free Free	12½ p.c. Free 20 p.c.	15 p.c. Free 30 p.c.
475	Stereotypes, electrotypes, rubber plates and celluloids for books, and bases and matrices and copper shells for such printing plates; positive and negative films of periodical publications regularly issued at stated intervals as frequently as, at least, four times a year, not including catalogues	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 27½ p.c.
523g	Woven fabrics, whether coated or not coated with rubber, when imported by manufacturers of card clothing for textile machinery, for use in the manufacture of such card clothing in their own factories, and, per pound	Free	Free	Free	Free 25 p.c.	Free 25 p.c.	Free 35 p.c. 4 cts.

682	(1) Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2·0; fishing nets and nettings of all kinds; threads, twines, marlines, fishing lines, rope and cordage, not exceeding one and one-half inches in circumference, to be used for fishing purposes or for the construction or repair of fishing nets; the foregoing not to include such articles used for sportsmen's purposes, and to be subject to such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
	but not less than, per pound				20 p.c.	25 p.c.	35 p.c.
					.....	24 cts.	28 cts.
					17½ p.c.	22½ p.c.	35 p.c.
					(various	(various)	(various)
	(2) Materials for use in the manufacture of the goods specified in tariff item 682(1).....	Free	Free	Free	12½ p.c.	17½ p.c.	25 p.c.
	but not less than, per pound				20 p.c.	25 p.c.	35 p.c.
					.....	24 cts.	28 cts.
					(various)	(various)	(various)
705	Settlers' effects, viz.:—Wearing apparel, books, usual and reasonable household furniture and other household effects; instruments and tools of trade, occupation or employment, guns, musical instruments, domestic sewing machines, typewriters, bicycles, carts, wagons and other highway vehicles, agricultural implements and livestock for the farm, not to include live stock or articles for sale, or for use as a contractor's outfit, nor vehicles nor implements moved by mechanical power, nor machinery for use in any mnaufacturing establishment; all the foregoing if actually owned abroad by the settler for at least six months before his removal to Canada, and subject to regulations prescribed by the Minister.....	Free	Free	Free	Free	Free	Free
	Provided: (1) That, subject to the exceptions stated hereunder, any dutiable article entered as settlers' effects may not be so entered unless brought by the settler on his first arrival, and shall not be sold or otherwise disposed of without payment of duty until after twelve months' actual use in Canada; (2) That the six months' ownership requirement as specified in this Item shall not apply in the case of *bona fide* brides' trousseaux and wedding presents; and				(The third proviso to this Item is new.)		

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff Tariff
	(3) That with respect to *bona fide* settlers' effects imported from countries named by the Minister that are applying restrictions on the transfer of emigrants' capital to Canada, the six months' ownership requirement specified in this Item shall not apply and notwithstanding the first arrival requirements specified in this Item a reasonable amount of the effects of a settler may be entered from such countries during a period of three years from the date of the settler's first arrival, subject to such regulations as the Minister may prescribe.						
708	Arms, military stores, munitions of war and other goods the property of and to remain the property of a British Commonwealth country designated by the Governor in Council or of a foreign country that is a party to the North Atlantic Treaty and is designated by the Governor in Council; goods consigned to military service agencies and institutions designated by the Governor in Council where the goods are for the personal use of or consumption by nationals of countries designated under this Item who are employed in defence establishments of those countries in Canada.....	Free	Free	Free	Free (various)	Free (various)	Free (various)
	Provided that the Governor in Council may prescribe regulations for all the foregoing and may order that any of the privileges granted under this Item be withdrawn in any case where a country does not grant corresponding privileges to Canada.						

2. Resolved, That schedule B to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout tariff item 1052, the enumeration of goods and the rate of drawback of customs duties set opposite to the said item, and by inserting the following items, enumerations and rates of drawback of customs duties in said schedule B:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1052	Machinery, new or used, and all parts thereof, not including consumable tools, of a class or kind not made in Canada.	When for use in the plants of manufacturers of automobiles and motor vehicles or of automobile or motor vehicle parts for the manufacture of automobiles and motor vehicles or of automobile and motor vehicle parts.....	99 p.c.
1053	Machinery, new or used, and all parts thereof, not including consumable tools, of a class or kind not made in Canada.	When for use in the plants of manufacturers of aircraft, aircraft engines, aircraft equipment, or of parts of the foregoing for the manufacture of aircraft, aircraft engines, aircraft equipment, or of parts of the foregoing....	99 p.c.

3. Resolved, That any enactment founded upon the foregoing resolutions to amend schedules A and B to the Customs Tariff shall be deemed to have come into force on the eleventh day of April, one thousand nine hundred and fifty-one, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

(*See also Budget Papers, pages 1837 to 1910.*)

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, the minister must be pleased and perhaps a trifle surprised to find how popular his new taxes are; and perhaps it is just as well that he did not get the applause before he made his speech or he might have made them even higher. Whatever our differences with the minister are, I am sure I can say that we all recognize the heavy burden which he carries and that we appreciate the manner in which he discharges his heavy duties.

I do not propose tonight to enter into the details of the taxes which the minister has propounded. These can be gone into as we continue this debate. There are not many surprises, after all. The known taxes are there, and there are not many places for him to go when he wants substantial amounts of money.

As a matter of fact, Mr. Speaker, when the minister was speaking of millions and tens of millions of dollars, I was thinking most of the time of the people to whom millions and tens of millions are rather meaningless and whose financial calculations are limited to figuring whether or not they are going to be able to get by this week with prices as they stand now. We know how many of these people there are among us; and not all the glowing figures we have, showing the wonderful progress that we have made, alter the fact that we have among us tens of thousands of people to whom these figures mean nothing. Indeed, it is a bitter irony that we are not able to manage our affairs well enough so that these people can be relieved of the necessitous situation in which they find themselves.

Having said this, I would say to the minister that it is a great disappointment to find that there is no indication tonight—none so far as I can see—that the minister is prepared to consider further measures to deal with this situation. Notwithstanding the fact that apparently we are the only civilized country, if we can call it that, which is not trying to deal with this matter, he goes on persisting in a blank negation. I confess that after what the minister told us the other day I had hoped—although he did not, I must admit, put it in so many words—that we should have something different from this blank negation.

But I must admit the minister was surprisingly optimistic. He found a satisfaction which I am not able to share in various aspects of what he had to bring forward. He compared us with other countries and admonished us that we should be extremely thankful to be as well off as we are. My answer to that is this. What other country has the natural advantages that we have? What

other country has it in its power to manage its affairs so that these hardships—which undoubtedly exist here—need not exist and should be done away with.

Then the minister went on to tell us as to what the government had done. First of all, they balanced the budget. I appreciate the balancing of the budget; but of course when the minister takes nearly $4 billion of our money, it is quite easy to balance the budget. I suppose if he had taken $500 million more, we would have had a $500 million larger surplus. When the minister takes satisfaction out of the great buoyancy of revenue, I must say that to me there is a certain amount of irony in that. I do not think he gave us the figures to show how much of that buoyancy was caused wholly by high prices. I think he mentioned high prices—

Mr. Abbott: About half.

Mr. Macdonnell (Greenwood): It would be a very substantial amount indeed, and there is precious little happiness to be got out of that realization. The minister told us about the economies, and all I wish to do on that score is to read a short extract from the Winnipeg *Free Press* which, I understand, is not usually regarded as particularly hostile to the government.

Mr. Ross (Souris): Just certain sections of it.

Mr. Macdonnell (Greenwood): What the Winnipeg *Free Press* of March 16 last said is this:

> The federal government's estimate of expenditure in the next fiscal year shows clearly that economy as a weapon against inflation has failed. The government has sharply reduced its expenditures in various departments, but these savings are almost entirely counterbalanced by increases elsewhere.

Then they mention the $35 million and say that in a non-defence budget of $1,922 million that is not big enough to be any good.

Then the minister mentioned consumer credit, and I will deal with that subject briefly. We passed legislation here last September. Having tried our best to create the impression in the minds of the government that there was a real emergency, we passed legislation with regard to consumer credit. The minister tells us, and correctly, that certain restrictive measures were put into effect in November and that more restrictive measures were put into effect in March of this year. But those put into effect last November were just a token. You might as well have waved a wand, for all the effect they had. I will say that those in March were better. But up to the present—and I wish to make this point, Mr. Speaker—none of these measures has had really any substantial effect at all.

[Mr. Macdonnell (Greenwood).]

Then we come to what the minister calls exercising influence on credit. Actually, I would remind the minister that the Bank of Canada was established for the purpose of regulating credit and currency, and I do not think anyone who knows the relationship between the Bank of Canada and the chartered banks doubts for one moment that when the Bank of Canada speaks the chartered banks listen.

Now, what is the situation with regard to our monetary policy? In a word, Mr. Speaker, I would remind you that for years, and in spite of all that could be said from this side of the house, we have had what is called an easy money policy. It was devised in 1945 when depression was expected, and it was used all through the successive years in spite of the fact that we were in a boom. The Winnipeg *Free Press,* if I may quote that friendly organ again, calls it the big blunder. Last September we urged—and the minister seemed to indicate he was going to take it seriously—that there should be a real attempt to curb credit. What was the result? What happened after that? During the autumn months, from September to November, there were $400 million of new bank loans. Approximately we created $400 million in addition to what there had been before. In other words, Mr. Speaker, this new money comes into competition with the wages, salaries and other earnings of the people of Canada and helps to sky-high the prices.

Mr. Speaker: Order.

Mr. Graydon: Get those high cost of living people out of the back.

Mr. Macdonnell (Greenwood): I want to ask this question, Mr. Speaker. What hope have we had held out tonight? My answer is that so far as dealing with these high prices is concerned we have had nothing but a blank negation. I repeat what I said a moment ago. Apparently we are alone in this. All other nations are prepared to act, and we are not prepared to act. We have to wait and see. We have to hope that something will turn up.

Let me make clear, Mr. Speaker, that I am not asking for rabbits out of a hat, I am not asking for a rigid system of over-all controls. What I am asking for is something flexible, something sensible. I want to say that the most responsible and reputable authorities do agree that in these emergent days emergent measures may be taken. I refer to such well known organs as the London *Economist* and to a well known American economist called Slichter, and to a very responsible and conservative organ

produced each month by the National City Bank. All of these speak of measures which may be taken temporarily and in an emergency, such as most of us in this house, most of us at any rate in this party, believe in, and I think if they could vote freely most of the people in this house have the same feeling.

In conclusion I wish, so far as my voice can carry, to let the people of Canada know that this emergency has been created in substantial measure by government neglects and defaults. I repudiate entirely the idea that this has just happened, that it is just a phenomenon, to use the word that the Minister of Finance (Mr. Abbott) used the other day, a sort of act of God; that we have nothing to do with it. I repudiate that entirely. But I go on to say that in spite of these mistakes and neglects the government have the temerity to return a virtual negative to everything that we can ask.

The government is always telling us of their great majority, but I would venture to ask them: In the light of what is happening now, how long do they think they can turn their backs on the people and still say that they have the people at their backs?

On motion of Mr. Macdonnell (Greenwood) the debate was adjourned.

SUPPLY

COST OF LIVING—AMENDMENT, MR. DREW

The house resumed consideration of the motion of Mr. Fournier (Hull) that Mr. Speaker do now leave the chair for the house to resolve itself into committee of supply, and the amendment thereto of Mr. Drew.

Mr. J. H. Dickey (Halifax): I have no desire to detain the house very long this evening after the very masterly budget that we have heard presented by the Minister of Finance. However, I do want to deal very briefly with two or three points which have arisen, or which have presented themselves to my mind during this debate on the amendment of the leader of the opposition.

The question that is raised by this amendment, Mr. Speaker, is a very difficult one to deal with briefly, and I will not presume even to attempt to deal with it, but I have one or two observations that I feel should be made.

I think this debate exemplifies something that the Minister of Finance said in delivering his budget, namely, that there are no great divisions of fundamental policy in Canada on questions of this kind. I think it is clear that we are all agreed on the seriousness of the threat of inflation, and the necessity of having taken effective action to meet it.

The differences between us, Mr. Speaker, are purely on the details of how this problem should be met and what action should be taken to meet the rising cost of living, which is one of the symptoms of inflation. It has been said by a number of speakers that the people of Canada are disturbed by the effect upon their living of the rising cost of almost everything that Canadians have to buy. I think it is true. I know it is true that the Canadian people are disturbed about this and other effects of inflation.

While I was home during the Easter recess I discussed this problem with a number of people. In one particular instance, representatives of the railway brotherhood waited upon me to express to me the views of their membership. They expressed to me their belief that the government should institute price and rental control, and they asked me to place their views on this question before parliament, which I am doing this evening. I found myself unable to agree with the opinion expressed by that delegation, and I tried as best I could to explain to them the reason for which I held somewhat different views, and the reasons why I had a different idea of the proper approach to this problem.

Many of these reasons have been dealt with in the speeches of members who have preceded me in this debate. I do not propose to go over the ground that has already been thoroughly covered. I should like to state briefly some of the reasons why I believe that the decisions taken so far by the government on these questions have been a correct policy for this country to follow.

First, in my view price or rental controls are only one part of the attack on inflation, and they are a part of that attack which cannot stand alone. Our friends in the C.C.F. used to tell us a great deal about the controls and the wonderful experiences they were having in England with the maintenance of controls. We do not hear so much about the English experience these days. This afternoon the hon. member for Vancouver East (Mr. MacInnis) questioned a statement made by the Minister of Trade and Commerce (Mr. Howe) that at the present time the inflationary trends in Great Britain were stronger than they were in Canada. Perhaps a year or so ago the hon. member would have questioned that statement most violently, but today he contented himself with questioning its absolute accuracy and tried to leave the impression that the Minister of Trade and

Commerce had somewhat exaggerated the inflation being experienced in England.

However that may be, I think the English experience not only proves that price control alone will not contain inflation but it proves that a rigid over-all system of controls on prices, on rents, on wages, on manpower and the whole panoply of direct controls cannot indefinitely answer this problem. While under this system the English people for the past few years have been protected to some extent from paying the price of inflation through a rising cost of living, all that time they have been paying that price through the creeping paralysis of austerity and now a situation has developed where even these controls will not keep the cost of living down and in addition they are going to have to pay the price in a rising cost of living.

Mr. Browne (St. John's West): May I ask the hon. member the same question he asked the hon. member for Vancouver East? The Minister of Trade and Commerce said that the cost of retail prices had gone up 15 per cent in Canada and about 21 or 23 per cent in the United Kingdom, but that the cost of living index had not gone up very much in the United Kingdom.

Mr. Gibson: It costs more to live over there than it does here.

Mr. Browne (St. John's West): You do not know what you are talking about.

Mr. Gibson: Certainly I do.

Mr. Dickey: The hon. member for St. John's West (Mr. Browne) has a strange idea of what is a question, but that is exactly the point I raised with the hon. member for Vancouver East. The point is that if the over-all index of retail prices as opposed to the cost of living has gone up 23 per cent in Great Britain it is simply because the rises so far have been in items that are not heavily weighted in the cost of living index. When these rises in prices become effective in items that are heavily weighted in the cost of living index then the inflationary pressures which are at work will become apparent in the index. The only thing that differentiates the British situation from ours is the fact that these effects have not become apparent in the cost of living index, but they will.

The headline in the Ottawa *Journal* today reads:

> Britons get "Black Budget"
> Hardly a person escapes tougher austerity orders.

That indicates the situation which the British public unfortunately faces at the present time. They have been paying the price of inflation in austerity and are now beginning to pay it as well in a rising cost of living.

The second point I should like to outline briefly is the obvious inability of Canada or any other country to deal with extraordinary advances in the cost of basic imports coming from other countries. This is an element in the cost of living which we cannot possibly control with price or any other control within the country.

Third, I do not believe that the Canadian people should be called upon to accept or are ready to accept over-all controls that would be required if we are to embark immediately upon a system of price and other controls. With price control we would have to foresee the inevitability, either immediately or within a short time, of wage and salary controls. With wage and salary controls being applied we would have to foresee almost immediately some form of selective service. When we get to that stage, or perhaps even before, we would have to foresee some form of widespread allocation of materials and the imposition of severe export controls as well. In the background of the whole picture is the question of substantial subsidies, either at the manufacturing or at the consumer level.

I think that anyone in this house who advocates the imposition of price or any other control of a general nature must be prepared to take the responsibility of stating that he believes that we should consider an economic procedure of taking gradually, or perhaps in a short space of time, all these controls into the Canadian economy. I was struck by one paragraph in the speech of the leader of the opposition (Mr. Drew), who moved this amendment the other day. At page 1736 of *Hansard* of April 9 he is reported as saying:

> The government has contended that no nation in the world did a better job of price and other controls than Canada did during the last war.

I do not think the hon. gentleman will find anyone who will dispute the truth of that statement. He then went on to say:

> In that effort they were assisted by very able economists. The experience of those men and women is available today. The government can take advantage of that experience and with the knowledge they possess, knowledge we do not possess as to what controls they are going to impose on production and supply, they can design price and other controls appropriate to meet the situation which will result from their action at the production and supply level.

I presume that those are the same gentlemen who were characterized a year or eighteen months ago as being Marxists and dangerous to the Canadian nation. The fact is, as was pointed out last evening by the

Minister of Trade and Commerce, the government is doing exactly what the leader of the opposition urged them to do in the paragraph I have quoted. The experience is that all these gentlemen who are referred to as having assisted and advised the government in the operation of the control procedures of the last war are advising the government unanimously that in the present circumstances such controls simply will not work. On that basis I submit, Mr. Speaker, that the government is taking very good advice from these gentlemen, and is doing exactly what the leader of the opposition (Mr. Drew) has suggested that they should do.

I should simply like to say that I regard the amendment as an invitation to the house to register a false decision that we do not have confidence in the present government, and the basis for that false decision would be that our lack of confidence arises out of the government's refusal to embark on the kind of direct controls being advocated by the hon. gentleman opposite. My opinion is that the government is being well advised, is being wise, and, because of the anti-inflationary policies which it is following and will continue to follow, far from deserving a vote from us expressing lack of confidence it deserves our faith, wholehearted confidence and support.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, in the last paragraph of his speech the last speaker actually said all that I intended to say tonight. I really wanted to explain why I could not possibly vote for the amendment. In the first place it is a motion of lack of confidence. Is there anyone else in this house in whom anybody could hope to have confidence to replace the government now in authority? Naturally I have to vote against the amendment. Personally I think that controls are inevitable sooner or later but I do not want controls that, when put into effect, will start at the level of the farmers as they did last time. I think the finest education for anyone who is going to institute controls, or who is going to have anything to do with their operation, would be to spend a month on a dairy farm as an active worker, not merely as an onlooker like so many of those in high places who tell us that they were brought up on a dairy farm and took good care to get out when they were young.

A neighbour of mine with a very important position has a nineteen year old son who worked in the lumber business for six months and then was promoted. He gets $15 a day. Of course I am speaking of the province of British Columbia where we pay proper wages, not some of the more backward provinces. This boy receives $15 a day for an eight hour day. His father, who holds a very responsible position corresponding almost to that of a deputy minister at Ottawa, gets $250 a month, and no travelling expenses. His uncle across the road, with a $25,000 investment, milks cows 365 days a year and makes $12 a day. That is one reason why I do not think we are ready for controls yet. I am too much afraid that they will be put on at the farmers level.

There can be no question that the cost of living has gone up. We had an example of it tonight. I was more fortunate than some, as you can see. I borrowed $10 from the hon. member for Fort William (Mr. McIvor) and bought every cigarette I could possibly lay my hands on, after the new tax was announced. I had no compunction in doing that. I am not a hoarder but I did that tonight. I want to express the opinion that I think it is utter—I cannot use the language I should like to, and I am not ashamed to say that I have used a little of it in my time—nonsense not to tax alcohol and to tax cigarettes. I do not think that meets with the approval of even ten per cent of the people of Canada. I will have more to say about that at the right time and will make many forty-minute speeches when the resolutions are before the house. That is one thing that I should like to impress on the government to the best of my ability.

As I said, I will certainly vote against the amendment because it is a straight vote of confidence in the government, and I have every confidence that the government will work out a solution. I think they are a bit backward so far as the people I particularly want to deal with tonight are concerned, the burnt-out veterans and those on soldiers pensions. I do not know just how it is possible to expedite the matter but I would suggest a bonus. It has been pointed out to me that we are providing a 20 per cent pay increase for judges. I listened the other night to a discussion about a subsidy to take useless gold out of the ground. I have not heard anything about a subsidy for the man who is milking cows 365 days of the year. I have a local paper here that concerns the people of my community, and there is a headline reading, "Low Bond Quote Jeopardizes District School Building Plans." The school bonds had to be sold at 92·75, and it is one of the wealthiest municipalities in the province of British Columbia. The municipality of Burnaby—I venture this statement—is one of the largest in population and assessment in the Dominion of Canada, and they could not get an offer on their school bonds at all. That is a pretty serious state of affairs.

Cost of Living

I want to emphasize that if controls are instituted—and personally I think that eventually they will be in some form or other—they must not be put into effect at the producers level. We hear all sorts of talk about milk when it goes up a cent. I did not hear anybody in the house, and very few outside, complain when beer went up four cents, or whatever it did go up, but as soon as milk goes up we hear about it. I have heard members of the house with incomes of over $25,000 a year complaining about the price of butter, but they would not know which end or which side of a cow to start milking, let alone do it for 365 days in a year.

An hon. Member: Which side is it?

Mr. Cruickshank: I can tell you because I am a practical farmer and not a graduate of a university of agriculture. That will hold you.

An hon. Member: Not for long.

Mr. Cruickshank: We have set up a veterans affairs committee, and I understand that I am a member of it. I hope that the first thing they will take up will be the question of finding some means or other of urging upon the government the plight of these veterans. I know that every member of the government and of the house, including the leader of the opposition (Mr. Drew), is just as sympathetic to the veterans as I am. I think every member wants to see that no one suffers but anyone who has travelled around Canada at all—I was going to use the words "lower level" but that is not correct—and visited the ordinary rank and file in the dominion knows that there is suffering at the present time. He must know and appreciate that there is tremendous suffering amongst those on fixed incomes, particularly those on old age pensions, veterans pensions or any other kind of pension.

Naturally I am particularly interested in veterans pensions because I am closely associated with the veterans. There are veterans widows suffering from arthritis who are receiving the magnificent sum of $40 a month on which they are expected to live. As I see it, that is not good enough. I do not care what steps the government takes to bring justice to these people. That is a matter for some of the experts and economic authorities who abound in Ottawa. The only things we have more of in Ottawa than economic authorities are the lobbyists at the Chateau Laurier. I hope the government will take steps very soon so far as those on pensions and other fixed incomes are concerned. I should like to urge upon the government strongly that, if and when controls are instituted, they should not be based on the producer level entirely as they were the last time, remembering at all times that the farmer is not only a producer but a consumer as well.

Mr. W. J. Browne (St. John's West): Mr. Speaker, coming from a part of the country which feels the effects of rising prices more than any other, where we rely on imports for such a large proportion of our food and clothing, I feel that I must take part in this debate and support the amendment which has been proposed by the leader of the opposition (Mr. Drew). I believe that amendment is supported also by the great majority of the people of this country today.

What we have heard from the members and supporters of the government are technical objections rather than arguments in principle against the imposition of controls to prevent prices rising. I do not believe any question is agitating the minds of the people of this country at the present time so much as the rise in the cost of living. Other hon. members have referred to various groups who are affected. Let us begin with the civil servants, the people working for the government, the very people upon whom they depend to carry out this magnificent program we have heard about. What do they think about the cost of living? Here is an article which appeared in the Ottawa *Journal* of April 5 under the heading, "Civil service asks further raise or living cost bonus. Swiftly rising tide of prices alarms government staff". It says:

> Mr. Whitehouse stressed that the main reason for the soaring of the index was due to marked increases in the price of food. The public service had recently received a salary revision but the increases are still 10 per cent behind living costs. The increases covered costs as of last September, he said. There are indications they are not going to stop unless controls are clamped on immediately.

That is the view of the people working for the government, a large class of people in this country. I do not know whom the hon. member for Halifax (Mr. Dickey) was referring to when he said the government was depending upon the experts who carried out the price control policy during the last war. That must be a very select few at the top, not the great majority of civil servants.

Then take the next class of people who have been referred to, the civil service pensioners. How do they feel about the effect of rising costs of living? Only the other day the Minister of Finance (Mr. Abbott) told the hon. member for Winnipeg North Centre (Mr. Knowles) that he was tired answering this point. He did not bother going into details at the time, but he told me afterwards that the civil servant buys his pension, and if he

does not buy enough pension that is his own lookout and nothing can be done for him. When the cost of living goes up 15 or 16 points in a year the civil service pensioner who gets $50 or $100 a month finds that the value of his pension has decreased appreciably, and he and his wife are under stress and anxiety while the government appears to be cynical about it.

Take another group of persons, the old age pensioners, who prior to the election of 1949 were promised $40 a month. How much has the cost of living gone up since 1949, and how much is that $40 worth today? The cost of food, which is a major item, was estimated at 203 in 1949. It is now estimated at 220, an increase of 17 points. The cost of living in 1949 was 160. Now it is almost 180, an increase of 20 points. In other words money has depreciated by 14 per cent in that time. A great many persons who have become entitled to pensions within the last five or ten years are terribly affected by the rise in the cost of living since 1945, when we began to remove the controls. There are also the veterans and people living on fixed incomes, such as widows and orphans, and people who get their income from government bonds. All these people are affected; so are the workers and the farmers. Only today we had a delegation here interviewing the government asking that price controls be put on. I think I can speak for the fishermen who had to take at least 50 per cent less for their catch last fall. How can anyone expect them to make a living with rising costs? It would also be interesting to point out that the value of the indemnity paid members of parliament has declined by about 12 per cent. We would need $4,750 to equal what the member of parliament received two years ago. But the judges are being given special consideration.

Mr. Fournier (Hull): Are you in favour of an increase in the indemnity?

Mr. Browne (St. John's West): I am sure the minister has much more influence than I have and he should see that justice is done. I see it is going to be done to the judges. There is a resolution on the order paper in the name of the Minister of Justice to increase the salaries of judges, to increase the number of judges and to provide certain adjustments as to the pensions of judges and widows of judges. I wonder if that is to make allowance for the increase in the cost of living. If it is, we shall hear more about it when that matter is debated, because they are not the only people affected, and they are better able to bear it than the classes I have referred to.

This attitude on the part of the government reminds me of the attitude of the commission government in Newfoundland during the war. As president of the civil service association I had occasion to head many a delegation to interview that government asking for either price controls or a cost of living bonus for the civil service. On each occasion we were told, "Oh, it is impossible for us to put on controls. We have to import so much of our goods; we depend on outside sources, and we cannot do anything about it." But what happened? After the cost of living had gone up about 60 points they put on controls, and then they started talking about a cost of living bonus. It seems to me that is what this government is doing now. It is ashamed to admit that it is last in the field, that the opposition has brought up this matter which is so vital to the great majority of the people of this country. The government do not want to admit they have been wrong.

I can appreciate that there are certain difficulties about introducing controls, and that the government is reluctant to set up elaborate machinery such as we had during the last war. Despite the success of the control policy and the reputation the Canadian government gained through its operation from 1941 to 1945, last evening the Minister of Trade and Commerce (Mr. Howe) said he had not met anyone who had administrative experience in controls during the last war who was in favour of putting on the same type of controls again. Everyone who speaks of this talks about the same type of controls, and no one explains what he means by it. We have to control prices; the people who have had experience with rising prices are very anxious to see them stop soaring, and we have all met people like that. The government is well aware of the inflation that exists at the present time. During the past day or so the Prime Minister (Mr. St. Laurent) wrote a letter to the Ottawa branch of the Canadian consumers' association, which appeared in the *Citizen* of this morning. In it he said:

> As you are aware, the government has attempted to mitigate inflationary pressures by attacking the problem at its roots.

Today we heard a very interesting lecture by one Hans Selye, a Czech doctor, who told us there were two kinds of treatment practised by doctors. One was the causative treatment, getting at the roots and eradicating the disease, like cutting out a cancer. The other one was the symptomatic treatment to relieve the symptoms. The symptom we want relieved at the present time is the increase in prices. The government does not have to solve all the economic problems, but can stop the rise in the price of necessities which the people of this country are

facing today. The public is clamouring for these controls. What if the public is right and the government is wrong? What if the opposition is right and the government is wrong?

There are certain people, sir, who are protected by the fact that in making agreements they have taken the precaution of having an escalator clause inserted, which is attached to the cost of living index. From the Ottawa *Journal* I have an item which states that the people working for the municipality of Ottawa will get a monthly cost of living bonus of about $10,000, because in the agreement they made with the city of Ottawa there was a provision that when the cost of living went up they were to be recompensed. The 1,400 employees will be paid, but the Ottawa firemen who recently signed a similar cost of living bonus agreement will not benefit from the most recent jump in the index. The firemen's bonus does not become effective until the April cost of living figure. The Ottawa municipal service association members will be paid 35 cents per head per week for every point increase in the index since June, 1950. That amounts to about 13 points, and multiplied by 35 cents it equals $4.50 per week for each one of those 1,400 employees. The article reads:

> Finance commissioner Gordon told city council at the last meeting the city would have to pay bonuses amounting to $260,000 on point increases to the end of January, 1951.

It can be seen from that there are certain people who will not be affected to the same extent as those who have no protection. The government seems to be indifferent to those who have no protection.

Tonight, sir, we heard the Minister of Finance (Mr. Abbott) deliver his budget. Anyone who heard him must be filled with admiration for this remarkable country that has such enormous wealth, and has such a capacity to meet tremendous expenditures of the kind indicated here this evening; a budget of nearly $4 billion expenditure can be met by the imposition of an extra billion dollars in taxes during the coming year. I think it is a marvellous feat for the Minister of Finance to attempt, but for him to say at the same time that this will not result in an increase in the cost of living is palpably absurd. Those people who are going to have increased corporation taxes are going to raise their profits. It has been stated here that the profits of companies during the past year have risen. Mr. Speaker, in my opinion they have risen out of all bounds.

Anyone who looks at the *Financial Times* report on companies operating in this country, a special edition of which was issued a short time ago, will see that the value of stocks went up and profits went up. Some of the companies made very many millions in profits, and had hundreds of millions of dollars increase in the valuation of their shares during the past year. Is the government indifferent to the remarkable amount of money that these companies have made during the past year? From the statement of the Minister of Finance it seems that they are indifferent. Certainly, they are more friendly disposed towards corporations than they are towards that class of person who is dependent upon government action to help him achieve a decent standard of living. I cannot see anything in the budget that is going to reduce the cost of living. I cannot see anything in it except what will increase the cost of living. The minister mentioned a few things he was doing, but most of them are already in effect and they are not doing what he expected they would do. Last September he introduced measures that he thought were going to put down inflation. A month ago he introduced a measure to control credit. These measures have produced no results up to now, and I doubt very much whether they are going to show any results. I do not see anything that he has mentioned here tonight that is going to reduce the cost of living. The things in which the majority of the people in this country are interested are food, clothing and rent. I see nothing in the budget that is going to bring down the cost of those items.

The Minister of Trade and Commerce (Mr. Howe) recommended that we avoid panic buying. I cannot imagine that the old age pensioners or the veterans or the civil servants —I do not know what they are like in this part of the continent but I know that in Newfoundland most of them were in debt nearly all their lives because salaries could never catch up with the cost of living—are going to engage in panic buying. There may be certain classes of people who will do so. Anyone who analyses the income tax reports will see that it is a comparatively small proportion of the population who have incomes of over $5,000 a year, and that is the class to whom the minister was referring.

We know that one of the causes of the increased cost of living is the decline in farm production. People are leaving the farms and going to the factories. I do not know what the government can do to encourage people to work on farms, but there is no doubt that we need to have more food produced if we want to have a sounder economy. It seems to me that the government is altogether too complacent about this situation. They are talking in a technical language which is over the heads of the people. The people cannot

understand what they are talking about. The Minister of Public Works (Mr. Fournier), generally so genial, seems to be unperturbed about this situation.

There are two kinds of inflation. There is the open inflation that we are watching, and there is inflation that might take place if you have controls such as they now have in the United States. Mr. Donald Gordon, who was the head of the price control system during the war, says it is better to have control than inflation. I submit, Mr. Speaker, it is better. I cannot understand the hesitancy of the government, in the face of the critical conditions under which a large proportion of the people are living. Why are they so indifferent? I appeal to them not to be worried about losing face because they have to accept an amendment moved by the leader of the opposition (Mr. Drew). Let the government remember that the amendment is supported by the majority of the people of this country. If we had a secret ballot in this chamber tonight, I believe that the majority of the hon. members supporting the government would vote in favour of that amendment because they know that every class of person, farmer, fisherman and workers of all kinds, is in favour of controls to curb the rising cost of living.

Mr. O. L. Jones (Yale): Mr. Speaker, like most of the hon. members of this house I have been overwhelmed by my constituents requesting me to take part in this debate and place before you some of the problems with which they are faced. I agree with the previous speaker that the amendment now before us offers a solution to the spiralling cost of living. Those of my constituents who have taken the trouble to write are pressing for some form of price control or any other formula the government might possess that will effectively curb the rising cost of living.

I am not going to repeat the arguments made during the last three years on this subject. I merely point out to the government that the representations that have been made in this house on this subject during the last three years have produced several excellent suggestions which, if put into operation, would effectively curb rising costs. I believe that applies to this debate as well. The major suggestions are as applicable today as they were when made. I am going to take a little time this evening to place on the record the plight of a large group of Canadian citizens—and I say Canadian citizens—who have contributed as much as anyone to the growth and progress of our dominion over the past thirty years. I refer to those men who served in the imperial forces and who are now receiving imperial pensions. These pensions, while generous in Great Britain for the pensioners residing there, are not so generous when transferred to Canada and exchanged for Canadian dollars, especially with our high cost of living and the loss in exchange. On their behalf I should like to outline briefly what a veteran of the imperial forces living in Canada gets in the form of pension. I will give it to you in shillings or in dollars, but probably best in dollars.

A 100 per cent pensioner—that is, a totally disabled pensioner—gets a basic pension of $27.30 per month or 45 shillings a week, an allowance for his wife of $6.07, or a total for a married couple of $33.37. If he has children, there is an allowance for three children of $13.68 a month, making a total for husband, wife and three children of $47.05. That is the allowance that that family is expected to live on because he is a 100 per cent pensioner and presumably unable to carry on any employment. But on a protest being made to the British government, this condition was taken care of to a certain extent and I now find that the pensioner can have an additional sum of $21.84 if he is totally unemployable, and that includes a supplement for his wife as well. In other words, the total for a 100 per cent pensioner—that is, a private—unemployable, with three children, would be $68.89. One other thing that is now granted is a clothing allowance of $1.17 to $1.87 per month per family. On top of that the British government have certain discretionary powers to grant scholarships to children up to an amount not exceeding £80 per annum.

These men came out in good faith, feeling that the bonds that tied us to the commonwealth were strong enough to influence our economic ties as well, at least in relation to our pound and dollar exchange in payment for any pension or allowance that could be made to them. These veterans in many cases came to Canada when the pound was worth $4.86. These same veterans are now in an extremely sorry plight, with the pound hovering around $2.90. Not only has the pound been devalued in relation to the Canadian dollar, but the value of the Canadian dollar itself, when purchased with the pound, has already been cut almost in half. It is worth approximately sixty cents, and that is owing to the rising cost of living. Many of these veterans are really suffering today. Some of them with a little capital are pulling up stakes and leaving this country for a soft currency country in order to be able to live on their pound pension. I refer to some of these veterans, and I could give you their names,

who have been good citizens of Canada for from ten to thirty years; and only by their having served in the imperial forces during the war do they differ from any other Canadians. They have contributed as much as any other Canadian to build up this country in those ten to thirty years. If, as has been indicated so far, government action is not to take place beyond what has been suggested by the budget to curb the rising cost of living, which curbing would give these men a reasonable hope that the worst is over, that hope has been denied them tonight.

I suggest that, failing direct action of price control, the government should seriously consider making up to these men the difference between the pound and the dollar, by fixing a higher rate of exchange for the pound paid in the form of imperial pensions. I do not mean to have that procedure apply to every small pension that is paid but rather to those who are in receipt of, I would suggest, a pension of 60 per cent to 100 per cent or are totally disabled. Many of these people could qualify for the old age pension, but the government does not have to pay it because they are getting a British pension. They could quite easily qualify for the old age pension in Canada if they did not receive this pension. I therefore do not see that the government would lose a great deal by subsidizing them or making up the difference in exchange in order to give these people a self-supporting pension that would keep them off public relief or from applying for the old age pension.

The same pressing argument could be advanced for all pensioners in the lower bracket of pensions, such as the blind and the old age pensioners and that vast number of men and women who are classified as incurable, whose total income depends on the generosity of friends or relatives. I do not need to enlarge upon the pitiful plight of these people. Hon. members are all aware of it and of the conditions under which the old people live, and how they try to maintain even a semblance of a standard of living, naturally receiving a periodical shock that we all receive when the cost of living spirals up a few more points. Even before the bureau of statistics informs us of this spiralling increase, these old people are fully conscious of it. They have already been to their grocer or to their butcher and have found that prices have gone up and that they have had to pay that much more for their needs. It does not take an index to bring home to any individual, particularly those in the lower brackets, the fact that the cost of living has gone up. If for no other reason than to protect the living standards of these people whom I have mentioned, I think the government should take immediate action to prevent any further rise in the cost of living and that it should lay plans for a roll-back of prices.

The hon. member for Hamilton West (Mrs. Fairclough) has on the order paper a resolution, and I hope it comes before the house, asking for an increase in the allowable income of old age pensioners. In case an opportunity is not given to bring it before the house I would certainly make that plea now on behalf of old age pensioners. If the cost of living is not to be curbed at the present level, at least grant to them an allowable income at an increased rate.

There is one other group to which I would like to refer, one in my own particular riding, namely the workers in the fruit industry. The main industry of our valley is fruit production, packing, shipping and so on. Naturally, by the very nature of the industry, we have a great number of part-time workers whose total income for the year is not high, although their income for one month, two months or three months while they are working may be quite decent. These people have given a great deal of thought to the spiralling cost of living. I should like to read part of a letter which I received from the Okanagan district trades and labour council early this year. It reads in part as follows:

Dear Sir:

The continuing upward spiral in the cost of living, which is the cause of considerable and growing apprehension among all Canadians, was the subject of close study at the last regular monthly meeting of the Okanagan district trades and labor council, held in Kelowna on Sunday, January 7 last.

As a result of the discussion, I was instructed to write to you, in your capacity as member of parliament for the Yale constituency, requesting your support in the next session of parliament for the enactment of price control legislation as outlined in the joint statement issued under recent date by the four major trade union centres, a copy of which I enclose for your information.

In order that there may be no mistake as to the attitude of the trade unions on this matter, and particularly the trade union that took the trouble to write to me, which is a very flourishing union operating largely in the Okanagan, I would like to read what they refer to as the views expressed by the four major unions of Canada. I am quoting from their brief in part:

The four trade union centres at the end of the war urged that price controls be maintained and at no time since have we retired from that position. We have always been unanimous in saying that the immediate result of the removal of controls would be the sky-rocketing of prices making it more difficult for average Canadian families to meet

their household requirements and maintain themselves in decency and dignity. We were repeatedly told by spokesmen for the government, however, that once price controls were removed prices would level off and automatically adjust themselves.

Our warnings went unheeded. The ill-timed removal of price controls led to an alarming increase in the price of all commodities, an increase which is still continuing. The effectiveness of control measures is well illustrated by the government's own figures. During the war under controls the cost of living index rose only 5.0 points between December, 1941, and April, 1946. Since April, 1946, when controls were removed, the cost of living index has shot up 50 points from 120.8 to 170.7 on November 1, 1950.

Statements to the effect that wage increases are the cause of higher prices are misleading. Since the removal of controls, prices have been free to rise at the will of the employer. Wages, on the other hand, can only be adjusted by negotiation, conciliation or even arbitration.

In connection with the wages of this particular group, they have an escalator clause, which works in a different way from the ordinary escalator clause. It is closely tied in with fruit prices. If the fruit prices go up the wages go up. If the fruit prices go down, the wages go down. In that way the worker in this industry has played his part in trying to keep prices down.

Finally, I would appeal particularly on behalf of the imperial veterans, that the government give serious consideration to the fact that these people are doubly penalized, first, by having to accept a drop of from $3.80 to $2.90 in the pound, and second, they have a converted dollar worth only 60 cents. If consideration is given to them it should be given immediately, and should be made effective at once.

Cost of Living

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I have only a minute or two at my disposal. It is hardly worth while my opening my main theme. I have been sitting here this evening listening to some of the remarks, and listening to the budget speech, and they made me think of a little nursery rhyme that I knew in my childhood. I remember that I had a book, I think it was called "Nonsense Rhymes." There was in it an ode addressed by humans to the world rolling in space, and it went something like this, although I will not take any responsibility for the correctness of my quotation. Yet I hardly think that any hon. member will mind very much if I am wrong in it. It went something like this:

> Roll on, thou ball, roll on!
> What tho' I suffer numerous ills
> What tho' I swallow countless pills
> What tho' I cannot pay my bills?
> Never you mind, ball, roll on.

When I think of that little nursery rhyme in relation to the demand for price control I think of this government as that ball which rolls on unheeding of the poor fellow who addressed it.

On motion of Mr. Knight the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue with this debate, and always hoping that we will get into supply and call four departments. Then we will take up Bills No. 191 and No. 192.

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

ECONOMIC INDICATORS

REVIEW OF GOVERNMENT ACCOUNTS, 1950-51

BUDGET PAPERS

presented by Honourable D. C. Abbott, M.P., for the information of Parliament on the occasion of the Budget of 1951-52

FOREWORD

The purpose of these Papers is twofold:

(1) to make available in one place and in convenient form, as a supplement to the Budget, some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics and other Government agencies, together with brief comments;

(2) to present a preliminary review of the Government accounts for the fiscal year ending on March 31, 1951.

PART I

ECONOMIC INDICATORS

1. The National Accounts
   - National Income, Product and Expenditure
   - Personal Income and its Disposition
   - Source and Disposition of Saving
   - Investment
   - Public and Private Capital Expenditure
   - Revenue and Expenditure of All Governments
2. Employment and Wages
3. Balance of International Payments
4. Trend of Prices

The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics and other Government Departments. Some of the figures appear for the first time; others have been published elsewhere. All 1950 estimates are preliminary and subject to revision.

Figures for Canada include Newfoundland for 1949 and 1950.

THE NATIONAL ACCOUNTS

National Income, Product and Expenditure

National Income is the total of the annual earnings of Canadian residents from the production of goods and services. As such it includes salaries, wages and other forms of employee earnings in cash or in kind, as well as military pay and allowances. It includes corporation profits, interest, net rent, and the net income of farmers and others who are in business on their own account.

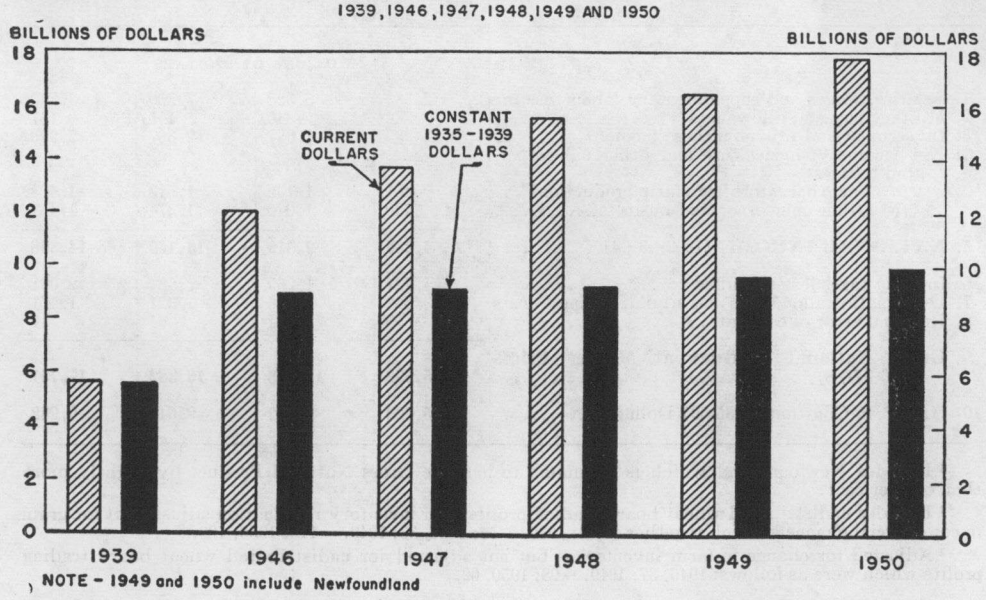
Gross National Product is the value at market prices of all the goods and services produced in a year by the labour, capital, and enterprise of Canadian residents. It is measured by adding together the costs of production. Part of these costs of production are the factor costs or, more simply, the earnings of the factors of production, labour, capital and enterprise; and the total of these factor costs is National Income. Indirect taxes and other costs such as depreciation allowances also enter into the cost of goods and services although they do not form part of the income of Canadians. They are, therefore, added to National Income to obtain Gross National Product. Subsidies on the other hand may be regarded as offsets to costs of production and are therefore deducted.

Gross National Expenditure measures the same aggregate as Gross National Product but in a different way. The goods and services produced in a year are either sold at home or abroad or added to inventories. Thus Gross National Expenditure is obtained by adding together all sales and adjusting them for imports and changes in inventories. While Canadian expenditure on imported goods and services is included in the total sales to consumers, to governments, and to business for capital account, it is not part of the disposition of Canadian production and is therefore deducted. But since foreign expenditures on Canadian goods and services, *i.e.*, exports, form part of the earnings of Canadians in the Gross National Product, they are included in Gross National Expenditure.

GROSS NATIONAL EXPENDITURE

IN CURRENT AND CONSTANT(1935-39) DOLLARS

1939, 1946, 1947, 1948, 1949 AND 1950



National Income and Product

Gross National Product was 8·6 per cent higher in 1950 than in 1949. After eliminating the upward price change it is estimated that the real increase was of the order of three to four per cent. This is much the most substantial increase recorded in the post-war years.

While the present estimates of changes in real product are not precise enough to be used without reservation, they probably give a good indication of trends and general magnitudes. From 1939 to 1946 the Gross National Product increased by more than 60 per cent in constant dollars. This rapid expansion of output was only possible through the fuller utilization of resources which were unemployed or under-employed at the beginning of the period. Starting from a position of relatively full utilization of resources in 1946, gains in real product have naturally been much less spectacular in the post-war period. Recent estimates indicate a real increase of something approaching 11 per cent for the period 1946 to 1950, excluding the effect of Union with Newfoundland. For the first three years of this period the gains in real product appear to have been just about enough to keep step with population increases. For the year 1950, however, real product per capita increased by something more than one per cent. This larger rate of increase is substantiated in some measure by the rise of 7·6 per cent in the index of industrial production from 1949 to 1950. Part of this gain could be explained by the very heavy post-war investment in new plant and equipment.

Income received in the form of wages and salaries was 6·4 per cent higher in 1950 than in 1949 but the rate of increase was much higher in the latter part

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
1. Salaries, wages and supplementary labour income	2,583	5,322	7,800	8,300
2. Military pay and allowances	32	340	115	137
3. Investment and miscellaneous[2] income	783[2]	1,987[2]	2,367[2]	2,996[2]
4. Net income of agriculture and other unincorporated business—				
(a) Farm operators from farm production[3]	461[3]	1,130[3]	1,513[3]	1,424[3]
(b) Other unincorporated business	430	1,040	1,374	1,451
5. **NATIONAL INCOME** (1+2+3+4)	**4,289**	**9,819**	**13,169**	**14,308**
6. Indirect taxes less subsidies	737	1,269	1,831	2,001
7. Depreciation allowances and similar business costs	582	846	1,321	1,471
8. Residual error of estimate	−10	74	61	11
9. **Gross National Product at Market Prices** (5+6+7+8)	**5,598**	**12,008**	**16,382**	**17,791**
10. G.N.P. in Constant (1935-39) Dollars	5,523	8,902	9,648	9,982

[1] Includes Newfoundland which is estimated to increase Gross National Product by slightly more than one per cent.

[2] Includes undistributed wheat board trading profits, and inventory revaluation adjustment for grain in commercial channels which together total: 1939, −56; 1946, 33; 1949, −110; 1950, 109.

[3] Adjusted for change in farm inventories; but not adjusted for undistributed wheat board trading profits which were as follows: 1946, 37; 1949, −98; 1950, 62.

of the year, November, 1950, being nearly 11 per cent above November, 1949. Farm income, which is based for the most part on cash receipts, was lower in 1950 than in 1949 although the volume and value of agricultural production were both higher. This is very largely the result of the lower initial payment price for wheat and the lower equalization and adjustment payments in 1950. In 1949 for example, wheat board disbursements to producers were almost $100 million greater than the value of grain received, whereas in 1950 they were about $60 million less. If adjustment were made for this variation in wheat board disbursements, farm income would show an increase of about 5 per cent from 1949 to 1950.

Investment income, excluding technical adjustment for inventory revaluation and undistributed wheat board trading profits, increased by 16 per cent between 1949 and 1950. More than 90 per cent of this increase was due to the estimated 20 per cent increase in corporate profits before taxes. Corporate profits which actually declined in 1949 have been much more sensitive to business activity than has labour income which showed increases of 7·6 per cent in 1949 and 6·4 per cent in 1950. It is impossible to determine how much of the improvement in corporate earnings is attributable to improved business conditions and how much to the heavy post-war investment in new plant and equipment.

National Expenditure

During 1950 Canadians produced goods and services three to four per cent greater in real terms than in 1949. The full amount of this additional output was absorbed at home as well as a further amount represented by the more than $300 million excess of imports of goods and services over exports.

Personal expenditure on consumer goods and services increased by $724 million or 6·5 per cent. If account is taken of price and population increases the gain in real consumption per capita was less than one per cent.

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
1. Personal expenditure on consumer goods and services	3,861	8,018	11,086	11,810
2. Government expenditure on goods and services	724	1,832	2,106	2,333
3. Gross home investment—				
(a) plant, equipment and housing	554	1,362	2,970	3,163
(b) change in inventories	327	538	108	805
4. Export of goods and services [2]	1,451	3,210	4,011	4,173
5. Import of goods and services [2]	−1,328	−2,878	−3,837	−4,482
6. Residual error of estimate	9	−74	−62	−11
7. Gross National Expenditure at Market Prices (1+2+3+4+5+6).	**5,598**	**12,008**	**16,382**	**17,791**
8. G.N.E. in Constant (1935-39) Dollars	5,523	8,902	9,648	9,982

[1] Includes Newfoundland.

[2] Minor adjustments have been made to the figures of current receipts and payments shown in Table 12 and in "The Canadian Balance of International Payments, 1926 to 1949", Dominion Bureau of Statistics, to achieve consistency with the other component series.

Investment in plant, equipment and housing again constituted about 18 per cent of Gross National Expenditure although some slight decline in volume is indicated. Investment in inventories showed a very sharp increase of $805 million. It is very difficult to separate the volume and price components of inventory change but present estimates suggest that the volume increase may not be much more than half the above amount.

Government expenditure on goods and services increased by approximately 13 per cent, exclusive of changes in government held inventories. Defence needs accounted for more than three-quarters of the federal increase whereas higher operating costs and expanding capital programs were the major factors in increases at the provincial and municipal levels.

Personal Income and Its Disposition

For purposes of relating the saving and spending of Canadians to their incomes, personal income is a much more useful concept than National Income.

Personal Income differs from National Income in a number of ways. It is defined as the sum of current receipts of income regardless of whether these receipts are earnings from production. Thus it includes only that part of corporation profits which is actually received by Canadian persons as dividends. Similarly deductions must also be made from employees' total earnings for unemployment insurance contributions or pension contributions which, although forming part of the compensation for services performed, are not actually received by the employee within the year. On the other hand, transfer payments such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations, are part of personal income although they are not payments for services and therefore do not form part of National Income.

Personal income rose by $616 million or 4·8 per cent in 1950 compared with an increase of $1,139 million or 8·6 per cent in National Income. The much more rapid increase in National Income is largely due to the fact that only part of the increase in corporation profits was reflected in increased dividend payments and hence in personal income. Salaries and wages, net of employer and employee contributions to social insurance and government pension funds,

TABLE 3

SOURCES OF PERSONAL INCOME

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
1. Salaries, wages and supplementary labour income	2,583	5,322	7,800	8,300
Deduct: Employer and employee contributions to social insurance and government pension funds	−34	−149	−238	−268
2. Military pay and allowances	32	340	115	137
3. Net income of agriculture and other unincorporated business	891	2,170	2,887	2,875
4. Interest, dividends and net rental income of persons	564	871	1,177	1,242
5. Transfer payments to persons (excluding interest)				
(a) from government	249	1,106	947	1,016
(b) charitable contributions made by corporations	6	11	23	25
6. **Personal Income** (1+2+3+4+5)	**4,291**	**9,671**	**12,711**	**13,327**

[1] Includes Newfoundland.

accounted for $470 million or 76 per cent of the increase in personal income between 1949 and 1950. Net income of unincorporated business was almost unchanged, the decline in farm income largely as a result of lower wheat board disbursements to producers, being offset by a gain in the incomes of other unincorporated businesses.

Government transfer payments were about 7 per cent higher than in 1949. Substantial increases totalling $69 million for family allowances, old age pensions and unemployment insurance benefits were partially offset by a decline of $17 million in payments to veterans.

While personal income increased by $616 million between 1949 and 1950, disposable income increased by a greater amount because of the decline of $46 million in personal direct taxes paid. Thus, after payment of direct taxes, Canadians had $662 million additional income in 1950, which they could either save or spend. Actually they spent $724 million more on consumer goods and services in 1950 than in 1949 so that personal saving from current income declined.

Consumer spending on durable goods such as automobiles and household appliances increased by the greatest percentage—25·2 per cent by value and 21·4 per cent by volume. Expenditure on perishable goods such as food, tobacco and beverages increased more moderately, 4·6 per cent by value and 1·4 per cent by volume. The estimates indicate an actual decline in both the value and volume of spending on semi-durable goods such as clothing and house furnishings. Consumer spending on services which includes items like rents, household operation and medical care increased by 7·3 per cent in value and 1·2 per cent in volume. The price increase for the services group as a whole was larger than for any of the main categories of goods.

Total real consumption per capita was less than one per cent higher than in 1949. The whole of this per capita increase was concentrated in the durable goods category.

DISPOSITION OF PERSONAL INCOME

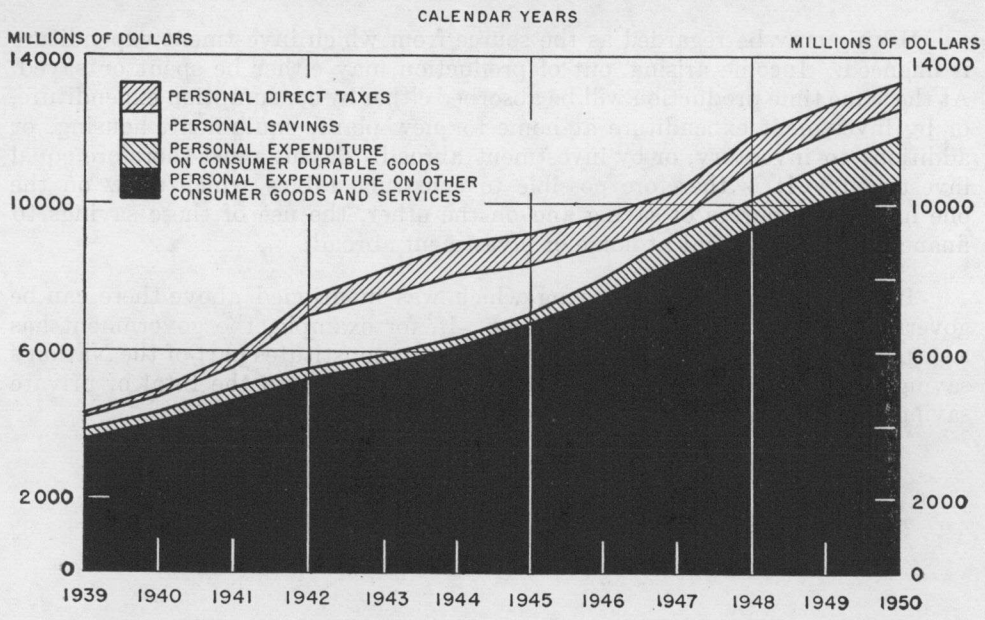


TABLE 4

DISPOSITION OF PERSONAL INCOME

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
1. Personal direct taxes				
(a) income taxes	61	711	675	612
(b) succession duties	28	54	55	64
(c) miscellaneous taxes	21	31	57	65
Total direct taxes	110	796	787	741
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) Perishable	1,644	3,809	5,319	5,562
(b) Semi-durable	553	1,386	1,925	1,913
(c) Durable	245	487	934	1,169
Services	1,475	2,347	2,985	3,202
Net Personal Expenditure Abroad	−56	−11	−77	−36
Total Consumer Expenditure	3,861	8,018	11,086	11,810
3. Personal saving—				
(a) personal saving excluding farm inventories	260	898	911	645
(b) change in farm inventories	60	−41	−73	131
Total personal saving	320	857	838	776
4. **Personal Income** (1+2+3)	**4,291**	**9,671**	**12,711**	**13,327**

[1] Includes Newfoundland.

Source and Disposition of Saving

Saving may be regarded as the source from which investment expenditure is financed. Income arising out of production may either be spent or saved. At the same time production will be absorbed either by consumption expenditure, or by investment expenditure at home for new plant, equipment, housing, or additions to inventory, or by investment abroad. Saving must therefore equal investment. It is therefore possible to construct tables which show on the one hand, the sources of saving and on the other, the use of these savings to finance gross investment at home or investment abroad.

In addition to personal saving which was mentioned above there can be government saving and business saving. If, for example, the government has a surplus of revenue over expenditure this surplus constitutes part of the Nation's saving. If there is a government deficit it is an offset to the total of private saving by individuals and businesses.

TABLE 5

SOURCES OF SAVING

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
Personal saving	320	857	838	776
Undistributed corporation profits	219	469	601	730
Undistributed Wheat Board Trading profits	.....	37	−98	62
Inventory revaluation adjustment[2]	−56	−4	−12	47
Depreciation allowances	582	846	1,321	1,471
Adjusted Government Surplus (+) or deficit (−)[3]	−42	−121	479	551
Residual error of estimate[4]	−10	74	61	11
Total	1,013	2,158	3,190	3,648

[1] Includes Newfoundland.
[2] The adjustment has been made only to grain held in commercial channels.
[3] See Table 10 and page 14.
[4] See Tables 1 and 2.

Personal saving declined from $838 million in 1949 to $776 million in 1950 despite the substantial increase of $616 million in personal income and the even larger increase of $662 million in disposable income. Saving excluding saving in farm inventories, which is to some extent involuntary, declined from $911 million to $645 million or from 7·2 per cent to 4·8 per cent of personal income. Greatly increased buying of consumer durables was an important factor in the decline in the rate of personal saving.

As in 1949 slightly more than 15 per cent of the Nation's saving was made up of the combined surplus of federal, provincial and municipal governments. In both years the calendar year surplus of the federal government was partially offset by the deficits of provincial and municipal governments.

Variation in wheat board disbursements to producers accounted for a substantial change in the composition of private saving. In 1949 disbursements exceeded the value of grain received so that a negative amount appears in the savings table under the heading Undistributed Wheat Board Trading Profits. In 1950, however, disbursements were less than the value of grain received so that a saving or accumulation of income is recorded.

The pace of economic activity during 1950 is reflected in the increase in corporate profits before tax which are presently estimated to be about 20 per cent

TABLE 6

DISPOSITION OF SAVING

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
Gross Home Investment	881	1,900	3,078	3,968
Net increase in foreign assets (including foreign exchange) adjusted[2]	123	332	174	−309
Residual error of estimate[3]	9	−74	−62	−11
Total	1,013	2,158	3,190	3,648

[1] Includes Newfoundland.
[2] Minor adjustments have been made to the figures appearing in Table 12.
[3] See Tables 1 and 2.

higher than in 1949. Corporate profits after tax were $231 million higher than in 1949. Despite the estimated increase of $102 million in dividends paid out, undistributed profits increased by more than 21 per cent to $730 million.

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
Corporation profits before taxes[2]	618	1,450	1,898	2,270
Deduct corporation taxes[3]	−112	−654	−727	−868
Corporation profits after taxes	506	796	1,171	1,402
Deduct dividends paid out[4]	−287	−327	−570	−672
Undistributed corporation profits[5]	219	469	601	730

[1] Includes Newfoundland.
[2] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[3] Taxes paid or payable in respect of the calendar year's income, excluding the refundable portion of the excess profits tax. (See Table 10).
[4] Includes charitable contributions made by corporations. (See Table 3 Item 5(b)).
[5] See Table 5.

INVESTMENT

Investment in plant, equipment and housing continued to make large demands on saving. But the largest single increase in investment appears to have been in net addition to inventories. In total, gross home investment increased by almost $900 million, or about $430 million more than the increase in private and public saving. At the same time, however, there was a very significant decline in Canada's net investment abroad from $174 million in 1949 to −$309 million in 1950. (For more detailed discussion of net foreign investment see section on Balance of International Payments).

TABLE 8

GROSS HOME INVESTMENT

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
Plant, Equipment, and Housing—Total[2]	554	1,362	2,970	3,163
New Residential Construction	145	338	741	782
Other New Construction	126	449	906	1,003
New Machinery and Equipment	283	575	1,323	1,378
Change in Inventories—Total	327	538	108	805
Grain in Commercial Channels[3]	127	−41	−12	55
Farm Grain and Livestock[3]	60	−41	−73	131
All Other Inventories[4]	140	620	193	619
Gross Home Investment[5]	**881**	**1,900**	**3,078**	**3,968**
Percentage of Gross National Expenditure	16%	16%	19%	22%

[1] Includes Newfoundland.
[2] Includes private businesses and institutions, and publicly owned public utilities.
[3] Value of physical change.
[4] Change in value. Includes privately financed industrial and trade inventories.
[5] See Table 2, Item 3.

Public and Private Capital Expenditure

Table 9 brings together business capital expenditures, which are included in Table 8 above, and public capital outlays included under government expenditure in Table 2. The total of public and private capital expenditure increased by $300 million or 8·6 per cent between 1949 and 1950. Capital expenditure in manufacturing showed the only decline in value. Capital expenditure by government departments showed the largest increase, 17·9 per cent and accounted for almost one-quarter of the total value increase from 1949 to 1950. The larger part of the increase in public capital expenditure came from provincial and municipal rather than federal spending.

The forecast for 1951 is for a further large increase in capital expenditure, amounting to 14·2 per cent by value and 6 per cent by volume. Largest elements in this are the forecast increases for manufacturing industries and government departments both of which are associated with expanding defence requirements.

TABLE 9

PUBLIC AND PRIVATE CAPITAL EXPENDITURE

—	1946	1948	1949[1]	Prelim. 1950[1]	Forecast 1951[1] [2]
	(Millions of Dollars)				
Agriculture and Fishing	182	351	419	442	420
Forestry	14	29	26	30	34
Mining, Quarrying and Oil Wells	39	105	122	134	164
Manufacturing	337	579	536	519	716
Electric Power, Gas and Water Works	77	248	337	369	442
Transportation, Storage and Communications	174	318	341	375	450
Construction Industry	33	59	55	62	40
Trade, Finance and Commercial Services	137	281	294	362	369
Institutions	74	145	190	210	270
Housing	412	668	768	813	827
Government Departments	224	394	403	475	596
Total Capital Expenditure[3]	1,703	3,177	3,491	3,791	4,328
Total Capital Expenditure as a percentage of Gross National Expenditure	14·2	20·5	21·3	21·3	
Total Capital Expenditure in Constant (1935–1939) Dollars	1,142	1,630	1,711	1,732	1,836

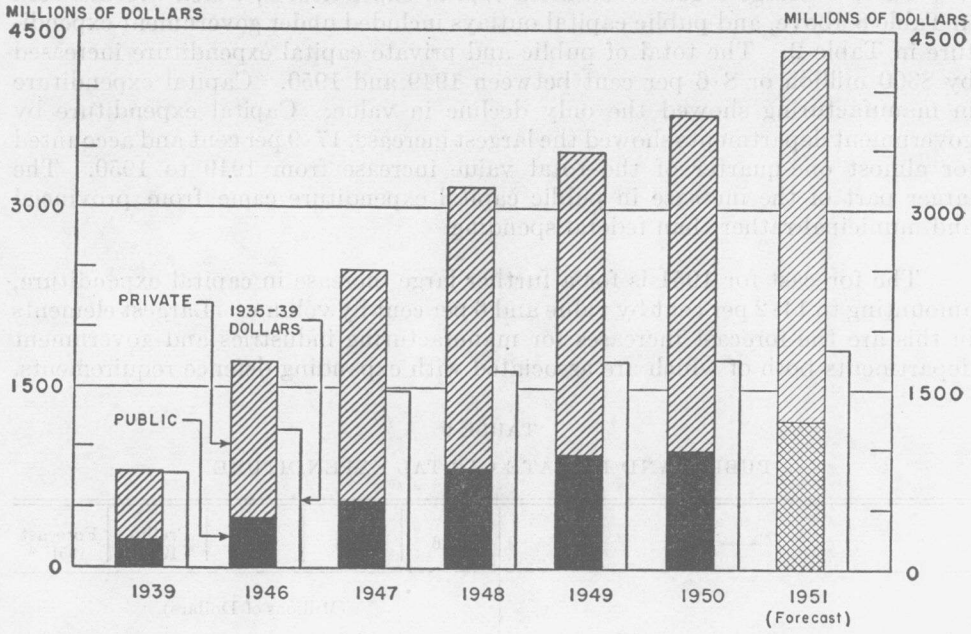
[1] Includes Newfoundland.

[2] Source: "Private and Public Investment in Canada, Outlook, 1951" published jointly by the Economic Research Branch, Department of Trade and Commerce and the Dominion Bureau of Statistics.

[3] For reconciliation with Gross Home Investment in Table 8, see below

	1949	1950
Public and Private Capital Expenditure—Table 9	3,491	3,791
Deduct:		
Provincial hospitals and schools, and Municipal schools	−91	−122
Government housing exc. C.M.H.C. rental housing	−27	−31
Direct government department outlays	−403	−475
Add:		
Changes in Inventories	108	805
Total Gross Home Investment—Table 8	3,078	3,968

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



Revenue and Expenditure of all Governments

In Table 10, "Government Transactions Related to the National Accounts", an attempt is made to bring together in one statement and under uniform headings, the activities of all governments in Canada on a calendar year basis.

The table is designed to include only those transactions which have relevance for the National Accounts, and consequently the surpluses or deficits shown here do not agree with those shown in the various public accounts. It has been necessary to adjust the conventional accounting statements of fiscal year revenue and expenditure to exclude purely bookkeeping transactions as well as the purchase and sale of existing capital assets. Extra-budgetary funds such as unemployment insurance, workmen's compensation and pension funds have been added, and surpluses or deficits of Government enterprises are likewise included. In the federal accounts some of the more substantial adjustments are as follows: elimination of reserve for possible losses on active assets, elimination of reserves for veterans' conditional benefits, elimination of expenditures charged with respect to assumption of Newfoundland debt, elimination of expenditures charged with respect to shipment of World War II military equipment to Europe under the North Atlantic Treaty, elimination of write down of active assets to non-active account, allocation of war refunds to prior years, adjustment of corporate taxes to an accrual basis, and elimination of sales of war assets to business. In addition the federal figures have been adjusted to a calendar year basis by using the monthly figures published by the Comptroller of the Treasury. Government loans to foreign countries or accumulation of gold or foreign exchange are not included with government expenditure.

For purpose of analysis, expenditures by governments may be divided into two main categories: expenditures for the purchase of goods and services, and so-called transfer payments, *i.e.*, family allowances, old age pensions, veterans' benefits, the greater part of the interest on the public debt, etc., which do not

arise from current production of goods and services. The first category represents the demands which governments place on the annual output of the nation. Transfer payments, on the other hand, simply add to the sums available for spending or saving by the recipient.

The federal surplus was larger in the calendar year 1950 than in 1949 although expenditures were rising. This was largely the result of increased revenues from indirect taxes and taxes on corporations. Federal government expenditure on goods and services increased less in 1950 than provincial and municipal expenditure despite the fact that more than three quarters of the federal increase was accounted for by expanding defence needs.

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT

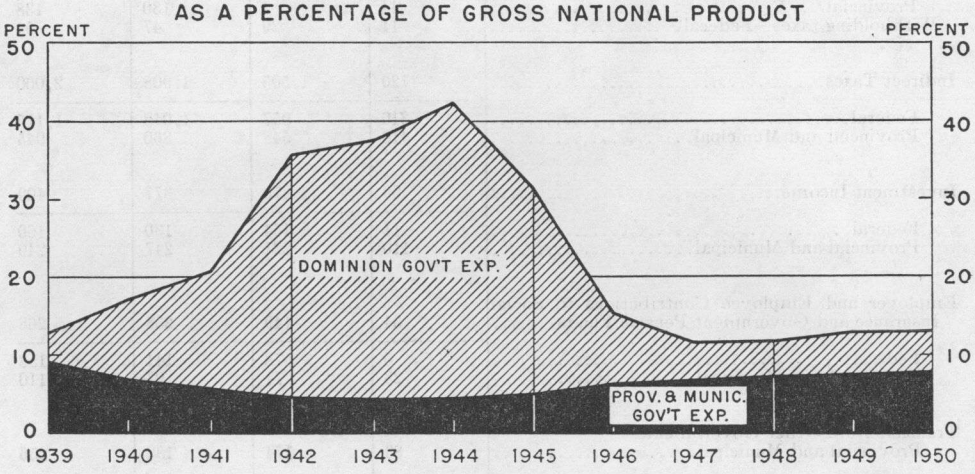


TABLE 10

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
Government Revenue—				
Direct Taxes—Persons	110	796	787	741
Income and Excess Profits—				
Federal	46	711	674	612
Provincial and Municipal	15	.....	1	.....
Succession Duties—				
Federal	.....	20	26	34
Provincial	28	34	29	30
Miscellaneous—				
Federal	3	6	7	7
Provincial and Municipal	18	25	50	58
Direct Taxes—Corporations	123	683	774	922
Income and Excess Profits—				
Federal	98	652	597	730
Provincial	14	2	130	138
Withholding taxes—Federal	11	29	47	54
Indirect Taxes	720	1,505	1,908	2,060
Federal	310	957	1,048	1,115
Provincial and Municipal	410	548	860	945
Investment Income	99	375	377	409
Federal	−11	154	130	160
Provincial and Municipal	110	221	247	249
Employer and Employee Contributions to Social Insurance and Government Pension Funds	34	149	238	268
Federal	6	78	141	158
Provincial and Municipal	28	71	97	110
Transfers from Other Governments—				
Provincial and Municipal	83	174	182	256
Total Revenue	1,169	3,682	4,266	4,656
Federal	463	2,607	2,670	2,870
Provincial and Municipal	706	1,075	1,596	1,786
Deficit (or surplus−)	**42**	**121**	**−479**	**−551**
Federal	−4	232	−524	−586
Provincial and Municipal	46	−111	45	35
Total Revenue plus Deficit (or minus Surplus)	**1,211**	**3,803**	**3,787**	**4,105**
Federal	459	2,839	2,146	2,284
Provincial and Municipal	752	964	1,641	1,821

[1] Includes Newfoundland.

TABLE 10—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1939	1946	1949[1]	Prelim. 1950[1]
	(Millions of Dollars)			
Government Expenditure—				
Goods and Services	724	1,832	2,106	2,333
Federal	214	1,090	869	948
Provincial and Municipal	510	742	1,237	1,385
Transfer Payments	421	1,561	1,422	1,457
Federal	180	1,344	1,022	1,025
Provincial and Municipal	241	217	400	432
Subsidies	−17	236	77	59
Federal	−18	231	73	55
Provincial and Municipal	1	5	4	4
Transfers to Other Governments—				
Federal	83	174	182	256
Total Expenditure	**1,211**	**3,803**	**3,787**	**4,105**
Federal	459	2,839	2,146	2,284
Provincial and Municipal	752	964	1,641	1,821

[1] Includes Newfoundland.

EMPLOYMENT AND WAGES

Canada's civilian labour force was estimated to be approximately the same size at the time of the November 1950 labour force survey as it had been at the same date a year earlier. On November 4, 1950, the labour force was estimated at 5,201,000 compared with 5,200,000 on October 29, 1949. The agricultural labour force, however, showed a substantial decline from 1,058,000 to 974,000. This decrease was almost exactly offset by an increase of 85,000 in the size of the non-agricultural labour force, from 4,142,000 to 4,227,000.

Although the labour force was practically unchanged, the number of persons employed on November 4, 1950 was 5,084,000 or 31,000 above the figure for the previous year. Unemployment, defined as those without jobs and looking for work, after reaching a post-war peak in March, 1950, fell to 117,000 on November 4, little more than 2 per cent of the labour force and well below the 147,000 registered on a similar date in 1949.

The following table presents a picture of the civilian labour force on comparable dates for the years 1946–1950. The data for 1949 and 1950 include Newfoundland.

TABLE 11

THE LABOUR FORCE[1]

(Thousands of Persons)

—	Nov. 9 1946	Nov. 8 1947	Nov. 20 1948	Oct. 29 1949	Nov. 4 1950
Civilian Labour Force	4,848	4,934	4,964	5,200	5,201
Exclusive of Newfoundland	—	—	—	*5,086*	*5,098*
Male	3,797	3,861	3,925	4,096	4,083
Female	1,051	1,073	1,039	1,104	1,118
Agricultural	1,076	1,073	991	1,058	974
Non-Agricultural	3,772	3,861	3,973	4,142	4,227
Unemployed	115	87	106	147	117
Employed	4,733	4,847	4,858	5,053	5,084
Agricultural	1,071	1,068	986	1,048	969
Non-agricultural	3,662	3,779	3,872	4,005	4,115
Paid workers	3,278	3,334	3,441	3,580	3,683
Farm	125	116	110	126	102
Non-farm	3,153	3,218	3,331	3,454	3,581
Self-employed	1,123	1,163	1,139	1,167	1,107
Farm	656	661	648	671	622
Non-farm	467	502	491	496	485
Unpaid Family Workers	332	350	278	306	294
Farm	290	291	228	251	245
Non-farm	42	59	50	55	49

[1] Data for 1949 and 1950 include Newfoundland.

An indication of the more recent trend in unemployment may be gathered from data on persons who have applied for jobs at National Employment Service offices. The average figures for January and February 1951 were 272,899 and 302,021 respectively. The comparable figures for January and February 1950 were 332,068 and 377,331. This is the period of highest seasonal unemployment but the figures indicate a considerable improvement over the same period a year earlier. Caution must be used in interpreting the figures as a measure of unemployment since they include some persons who had a job and exclude some unemployed persons who did not register. The figures for 1951 are probably higher than they should be for strict comparability with 1950 because of the legislation which came into force March, 1950, regarding supplementary unemployment insurance benefits. The figures for January and February 1951 will include some unemployed persons who were in insurable employment and had exhausted their benefits whereas similar persons would not have been eligible in 1950 and therefore might not have registered.

Labour income during 1950 was estimated at $8,300 million, 6·4 per cent higher than last year. The increase in income was particularly marked during the second half of the year, and was due both to higher employment levels in the non-agricultural industries and to higher weekly earnings. Per capita weekly earnings, in nine leading industries averaged $46·59 at December 1, 1950 compared to $43·71 at December 1, 1949. Average per capita weekly earnings for 1950 were estimated at $44·84 and for 1949 at $42·96.

Changes in hours worked per week did not materially affect the size of labour income. In manufacturing, hours worked per week averaged 42·3, the same as the previous year.

BALANCE OF INTERNATIONAL PAYMENTS

When goods are exported, unless thay are given away they give rise to payments or debts in favour of Canada. Similarly, when goods are imported they give rise to payments or debts in favour of the rest of the world. Other transactions such as interest and dividend payments, the tourist trade, freight and shipping charges, also give rise to similar payments or debts in either direction. The difference between the debits and credits arising from these current transactions is referred to as the net balance of international payments on current account. When total credits exceed total debits within a year, the rest of the world has gone into debt to Canada or Canada has paid off some of her debt to the rest of the world. When total debits exceed total credits, the net position is, of course, reversed.

Canada's deficit on current account of $316 million in 1950 represents an increase in net debits from 1949 of about $500 million. Although exports increased by $150 million, imports rose sharply in the last half of the year and total imports were $433 million higher than in 1949. As a result, Canada's merchandise trade in 1950 was in approximate balance, compared with the substantial surplus achieved in 1949. The largest single change in other current transactions was the increase of over 20 per cent in interest and dividend payments. Net tourist receipts also declined and freight and shipping showed a net debit compared with a credit in 1949.

During the year a significant shift occurred in the geographical pattern of Canadian trade. Exports to the United States rose by over $500 million, an increase of 34 per cent. At the same time there was a very sharp decline in

TABLE 12

BALANCE OF INTERNATIONAL PAYMENTS

ESTIMATED CURRENT ACCOUNT BETWEEN CANADA AND ALL COUNTRIES

(Millions of Canadian dollars)

—	1939	1946	1949	1950
CURRENT CREDITS				
Exports (adjusted)	906	2,393	2,989	3,139
Non-monetary gold	184	96	139	163
Tourist expenditures	149	221	286	275
Interest and dividends	57	70	83	93
Freight and shipping	102	311	303	287
Inheritances and immigrants' funds	{ 59	{ 274	66	56
Other current receipts	}	}	211	216
Total Credits	1,457	3,365	4,077	4,229
CURRENT DEBITS				
Imports (adjusted)	713	1,822	2,696	3,129
Tourist expenditures	81	135	192	222
Interest and dividends	306	312	390	474
Freight and shipping	119	219	253	301
Inheritances and emigrants' funds	{ 112	{ 514	53	63
Other current payments	}	}	306	356
Total Debits	1,331	3,002	3,890	4,545
NET BALANCE ON CURRENT ACCOUNT	+126	+363	+187	−316

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT

—	1939	1946	1949	1950
Between Canada and—				
United States	−116	−607	−589	−394
United Kingdom	+137	+500	+439	+33
Rest of the Sterling Area	+39	+164	+135	−26
E.R.P. Countries	{ +66	{ +306	+187	+112
Other Countries	}	}	+15	−41
All Countries	+126	+363	+187	−316

exports to the United Kingdom and other sterling area countries, from approximately $1,000 million in 1949 to less than $700 million in 1950. Canadian imports from the sterling area increased by $150 million during the same period. These marked changes have brought Canada more nearly into balance with the principal trading areas as shown in Table 12.

Compared with 1949 Canadian exports of goods and services in 1950 rose by about 4 per cent in value although the volume is estimated to be approximately the same. Imports on the other hand increased by 17 per cent in value and 9 per cent in volume.

Notwithstanding the current account deficit, the official reserves of gold and United States dollars rose by $625 million in 1950. This increase was due primarily to the very heavy inflow of capital from the United States, a large part of it in the third quarter of the year. The available details of the transactions on capital account in 1950 are compared in the following table with similar transactions in 1949:

	(Millions of Canadian dollars) 1949	1950
Loans to United Kingdom and other governments (gross)	−120	−50
Less Repayments	+18	+73
Government of Canada borrowing in the United States (U.S. dollars)	—	−50
Increase (−) in official reserves of gold and United States dollars (expressed in U.S. dollars)	−119	−625
Other capital, including exchange adjustments, errors and omissions	+34	+968
Total[1]	−187	+316

[1] Equal in size but opposite in sign to net balance on current account.

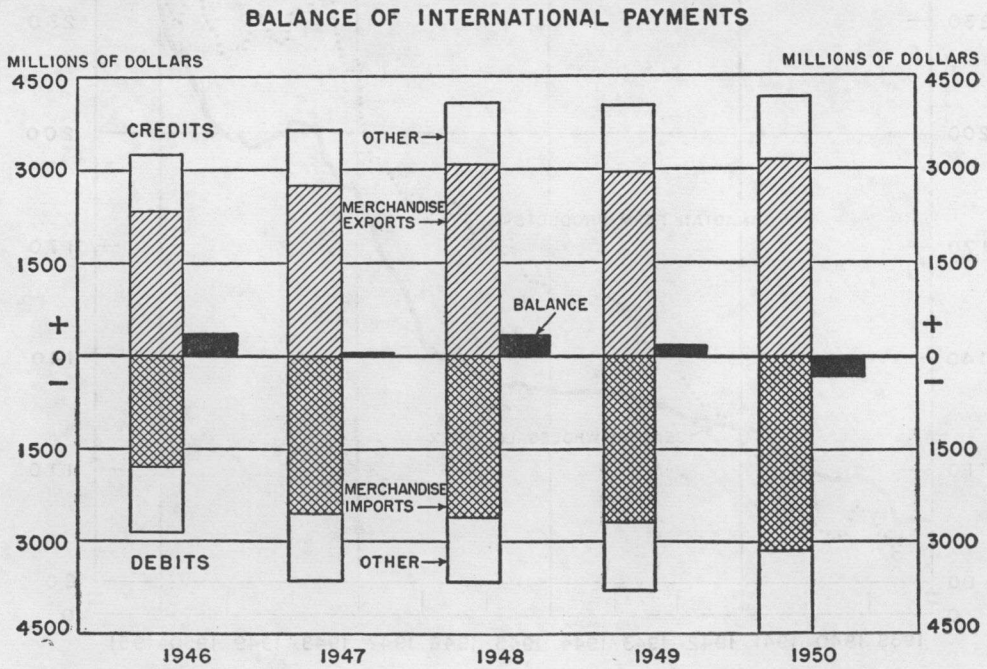


TABLE 13

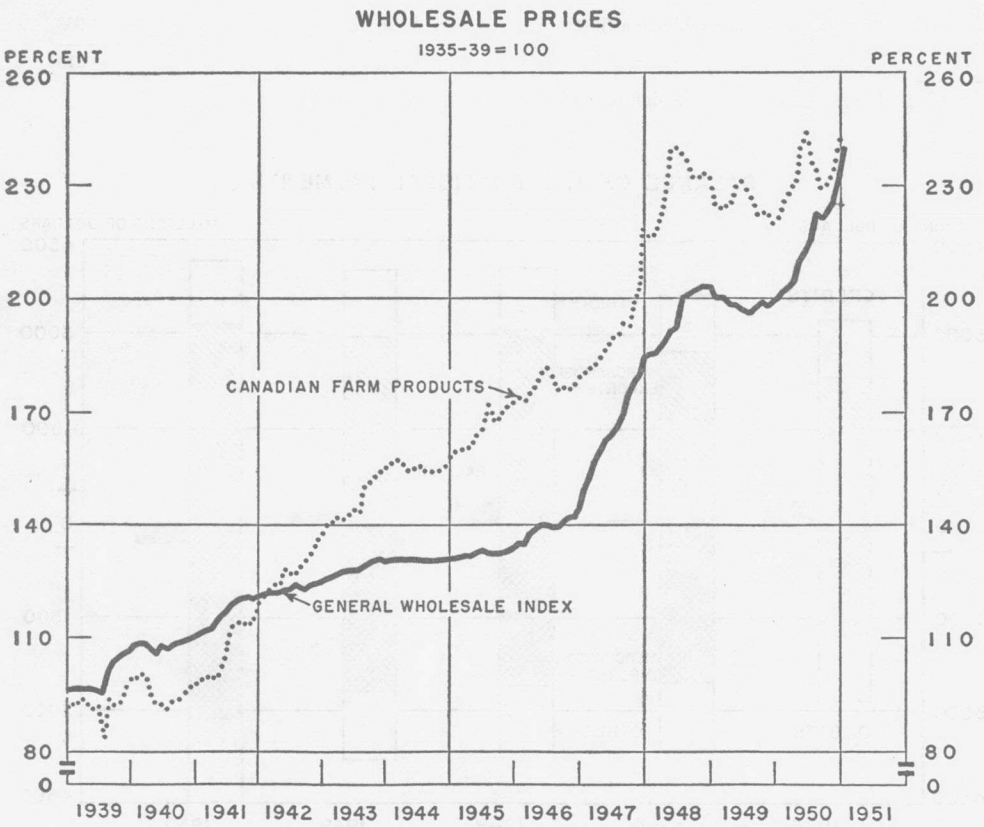
CANADA'S HOLDINGS OF GOLD AND U.S. DOLLARS

(millions of U.S. dollars)

—	Exchange Fund Account and Bank of Canada		Other Government of Canada Accounts	Private[2]	Total
	Gold	U.S. dollars	U.S. dollars	U.S. dollars	Gold and U.S. dollars
Sept. 15, 1939	204·9	33·8	22·4	132	393·1
Dec. 31, 1939	218·0	54·8	33·4	98	404·2
Dec. 31, 1940	136·5	172·8	20·8	2	332·1
Dec. 31, 1941	135·9	28·2	23·5	.....	187·6
Dec. 31, 1942	154·9	88·0	75·6	.....	318·5
Dec. 31, 1943	224·4	348·8	76·4	.....	649·6
Dec. 31, 1944	293·9	506·2	102·1	.....	902·2
Dec. 31, 1945	353·9	922·0	232·1	.....	1,508·0
Dec. 31, 1946	536·0	686·3	22·6	.....	1,244·9
Dec. 31, 1947	286·6	171·8	43·3	.....	501·7
Dec. 31, 1948	401·3	574·5	22·0	.....	997·8
Dec. 31, 1949	486·4	594·1	[1] 36·6	.....	1,117·1
Dec. 31, 1950	580·2	1,144·9	16·6	.....	1,741·7

[1] Not including $18·2 million in United States dollars borrowed by the Government of Canada in August, 1949, and set aside for the retirement on February 1, 1950, of a security issue guaranteed by it and payable at the holder's option in United States dollars.

[2] Exclusive of working balances.



PRICE TRENDS

The general level of prices in Canada showed very little change between the summer of 1948 and the spring of 1950, but since May, 1950, there has been a sharp increase of about 17 per cent in wholesale prices and 9 per cent in the cost of living index. These recent price increases have not been peculiar to the Canadian scene but are very much in evidence elsewhere in the world.

For the year 1950, wholesale prices averaged more than 6½ per cent above 1949 and in December, 1950, were approximately 14 per cent above December, 1949. The more rapid price increase in the latter part of 1950 has been continued in 1951 with the wholesale price index for February, 20 per cent above a year ago and 6 per cent above December, 1950. Prices of fully and chiefly manufactured goods moved in a manner similar to the total index with the greatest increase in the latter part of 1950 and early 1951. The index of Canadian farm products unlike the total wholesale index, showed a more rapid increase in the first part of 1950 and reached a post-war high in July at a point more than 11 per cent above that of the beginning of the year. The index then declined in the last half of 1950 so that during December it was about 5 per cent above the previous year. However, there has again been a strong advance in farm prices and the index for February 1951, is more than 8 per cent above December, 1950.

The slight downward movement indicated in the cost of living index toward the end of 1949 was reversed in the spring of 1950 and the index moved steadily upward during the rest of the year. For the year as a whole the index averaged 3½ per cent above 1949 but at December 1, 1950, it was 5·9 per cent above December, 1949. A large part of the increase in the cost of living index is accounted for by the rise of 8 to 9 per cent in food and rents which together constitute half the weight in the cost of living budget. As with wholesale prices the increase has accelerated in recent months with the March 1, 1951, cost of living index 9·8 per cent above March 1, 1950, and 5·0 per cent above December, 1950.

TABLE 14

WHOLESALE PRICE INDEXES

(1935-39=100)

Monthly Averages	Total	Canadian Farm Products	Fully and Chiefly Manufactured Goods
1939	99·3	92·6	101·9
1940	108·2	96·1	109·9
1941	116·6	106·6	118·8
1942	123·3	127·1	123·7
1943	128·3	145·4	126·9
1944	130·9	155·3	129·1
1945	132·4	165·3	129·8
1946	139·2	177·0	138·0
1947	163·6	189·7	162·4
1948	193·9	229·6	192·4
1949	198·9	226·2	199·2
1950	212·4	231·5	211·0
1950—January	199·9	219·2	200·3
February	200·9	222·0	201·0
March	202·4	226·9	202·4
April	203·6	228·8	203·0
May	205·8	231·6	204·1
June	210·3	240·9	207·1
July	213·2	244·3	209·2
August	216·9	236·3	213·6
September	223·8	234·9	221·5
October	221·3	228·5	220·8
November	223·7	230·4	223·2
December	226·4	234·5	225·5
1951—January	233·8	242·2	233·6
February	240·0	253·7	240·0

Note—1950 and 1951 indexes are preliminary.

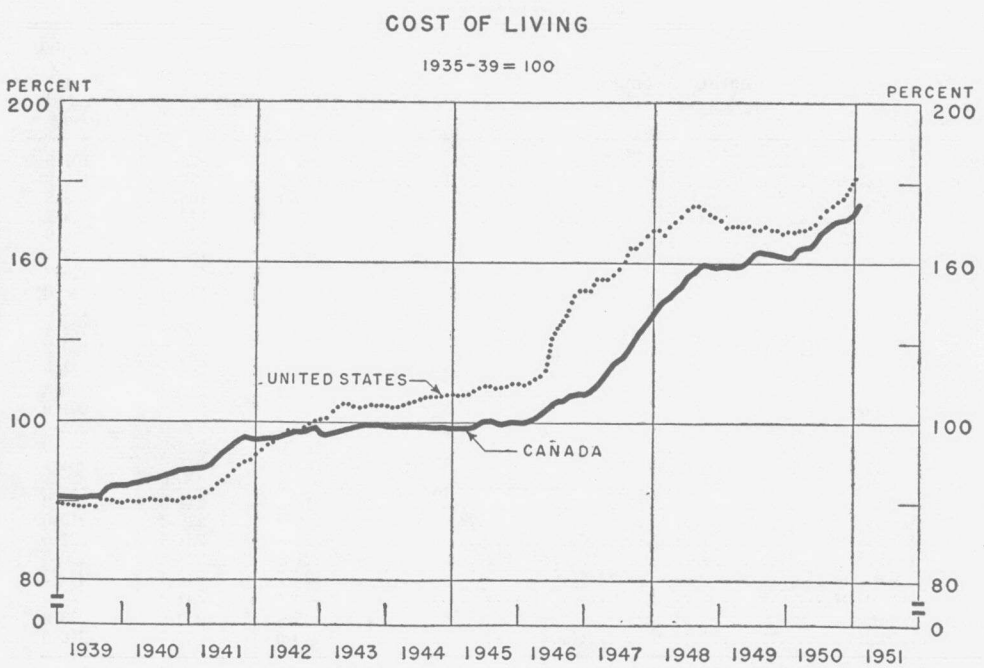
TABLE 15

COST OF LIVING INDEXES

(1935-39=100)

	Canada		United States	
	Total	Food	Total	Food
1939	101·5	100·6	99·4	95·2
1940	105·6	105·6	100·2	96·6
1941	111·7	116·1	105·2	105·5
1942	117·0	127·2	116·5	123·9
1943	118·4	130·7	123·6	138·0
1944	118·9	131·3	125·5	136·1
1945	119·5	133·0	128·4	139·1
1946	123·6	140·4	139·3	159·6
1947	135·5	159·5	159·2	193·8
1948	155·0	195·5	171·2	210·2
1949	160·8	203·0	169·1	201·9
1950	166·5	210·9	171·9[1]	204·5[1]
1950—January	161·0	199·4	168·2	196·0
February	161·6	201·3	167·9	194·9
March	163·7	204·0	168·4	196·6
April	164·0	204·5	168·5	197·3
May	164·0	204·6	169·3	199·8
June	165·4	209·0	170·2	203·1
July	167·5	214·3	172·0	208·2
August	168·5	216·7	173·4	209·9
September	169·8	218·8	174·6	210·0
October	170·7	220·1	175·6	210·6
November	170·7	218·6	176·4	210·8
December	171·1	218·8	178·8	216·3
1951—January	172·5	220·2	181·5	221·9
February	175·2	224·4	183·8	226·0
March	179·7	233·9		

[1] Adjusted series United States Consumers' Price Index from January, 1950, forward. Source: Bureau of Labour Statistics.



PART II

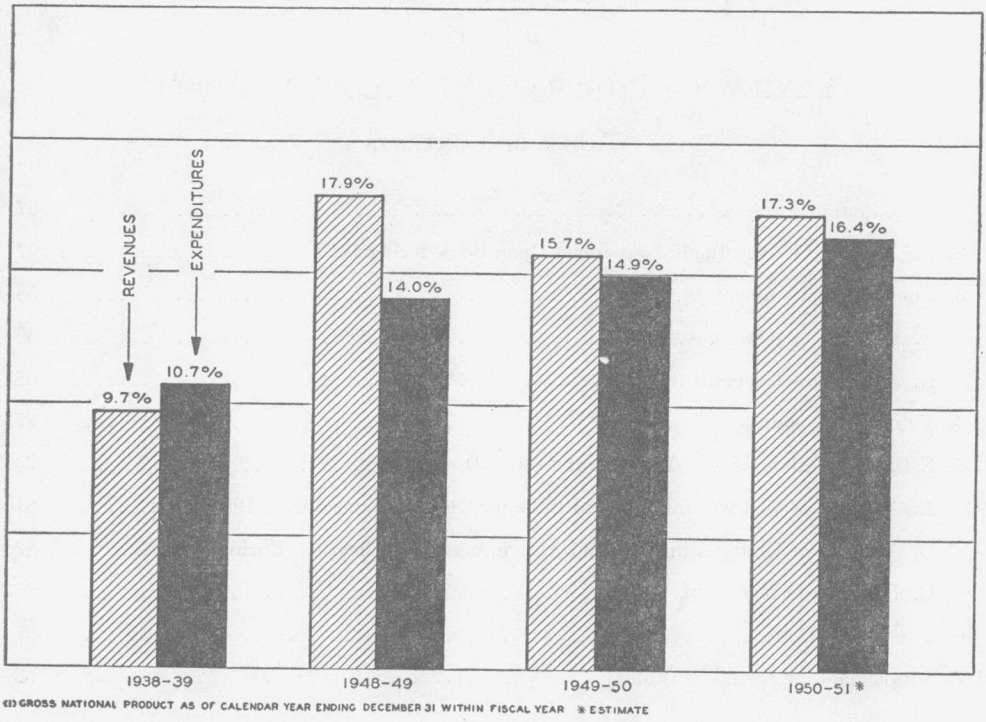
REVIEW OF GOVERNMENT ACCOUNTS 1950–51

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BUDGETARY REVENUES AND EXPENDITURES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT(1)



(1) GROSS NATIONAL PRODUCT AS OF CALENDAR YEAR ENDING DECEMBER 31 WITHIN FISCAL YEAR * ESTIMATE

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1950–51

1. INTRODUCTION

1. Although the Government's fiscal year ended on March 31st, the books must remain open for several weeks after that date in order to record various adjusting entries and to take into account all payments up to and including April 30th made on account of expenditures originating in, and properly chargeable to, the fiscal year 1950–51. Consequently, as final figures for that year will not be available for some considerable time, the figures appearing in this Part must be regarded as preliminary and subject to revision.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1950–51

2. The revenues of the Government for the year ended March 31, 1951 are now estimated at $3,105 million, the largest total yet recorded. As expenditures for the year are estimated at $2,902 million, the fiscal year 1950–51 is the fifth successive year the financial operations of the Government will result in a budgetary surplus. On the basis of these figures it would appear that the Government's budgetary surplus will probably total something in the neighbourhood of $203 million compared with $131 million for the year ended March 31, 1950. As a result the Government's net debt (the excess of total liabilities over total active assets) will be reduced by an equivalent amount. This will bring to a total of $1,980 million the amount by which the Government has reduced its net debt during the past five fiscal years. This reduction is approximately equivalent to the amount by which the Government's net debt increased during the first three and one half years after the outbreak of war in 1939.

3. While the budgetary surplus for 1950–51 is estimated at $203 million, the Government has been able to make loans and advances and other non-budgetary disbursements of more than $600 million and at the same time to purchase or retire outstanding funded debt to the extent of over $200 million. The manner in which this has been achieved may best be understood by taking an over-all view of the Government's cash transactions for the year. As explained in greater detail in the section on "The Cash Accounts", all the Government's cash receipts and disbursements are not reflected in the budgetary accounts, nor do all budgetary transactions result in the inflow or outgo of cash. Substantial amounts are received and paid out for extra-budgetary purposes (such as the loans and advances which the Government is required to make and the transactions in connection with the many superannuation, insurance, pension, annuity and deposit and trust accounts which it has undertaken to hold or administer.) On the other hand a substantial part of the budgetary revenues and expenditures are merely of an accounting or bookkeeping nature and do not result in the receipt or disbursement of cash.

4. While the Government's budgetary surplus for the fiscal year was $203 million this does not reflect the full economic impact of Government operations upon the economy. When the budgetary surplus is adjusted for non-cash transactions, there remains an amount of about $642 million. This sum, together with $150 million from repayments of loans, investments and working capital advances, net insurance, pensions and annuity contributions, and other non-budgetary cash receipts made $792 million cash available for making necessary loans and investments and other extra-budgetary outlay. During the fiscal year cash payments amounting to $612 million for loans and investments

and for other non-budgetary purposes which would otherwise have required additional borrowing, were made out of available cash resources. As a result of all these transactions, the *cash* surplus for the fiscal year was $181 million. By using this amount and by allowing the Government's cash balances to be reduced by $25 million, funded debt amounting to $116 million was retired and securities amounting to $90 million were acquired for the Government's investment portfolios (mainly the Unemployment Insurance Fund).

3. THE BUDGETARY ACCOUNTS

5. The table which follows gives a summarized statement of revenues and expenditures for the fiscal year ended March 31, 1951, with the comparable figures for the four preceding fiscal years. More detailed tables in comparative form may be found at the end of this Part.

SUMMARY OF REVENUES AND EXPENDITURES

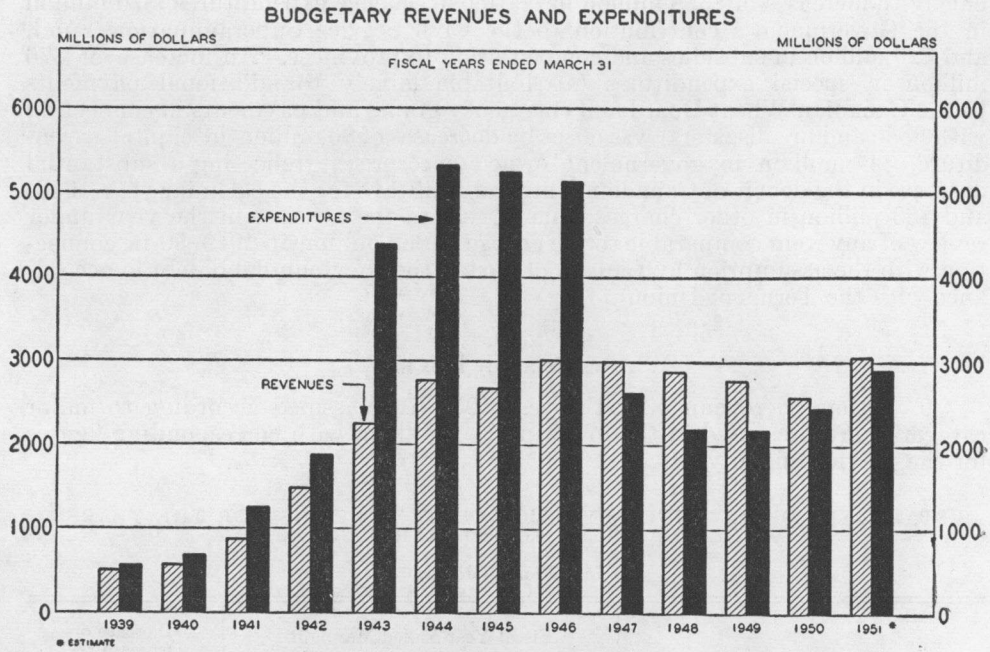
(In millions of dollars)

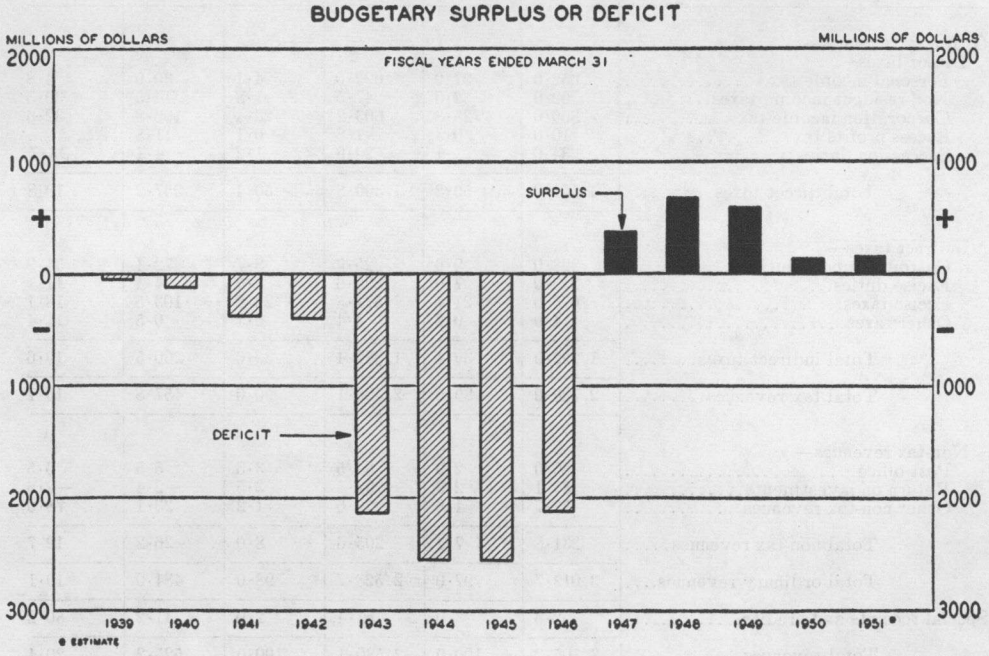
—	Fiscal Year Ended March 31				
	1947	1948	1949	1950	Estimated 1951
	$	$	$	$	$
Revenues					
Ordinary revenues	2,588·5	2,629·8	2,649·1	2,528·7	3,012·7
Capital refunds	0·1	0·1	0·1	0·1	0·1
Special receipts and other credits	419·3	241·8	122·2	51·3	92·5
Total Revenues	3,007·9	2,871·7	2,771·4	2,580·1	3,105·3
Expenditures					
Ordinary expenditures	1,236·2	1,380·0	1,573·4	1,701·3	2,681·0
Capital expenditures	11·2	15·7	18·5	22·9	16·5
War, demobilization and reconversion expenditures	1,314·8	634·4	425·6	468·6	.....
Special expenditures	31·9	63·1	34·8	37·9	113·6
Government-owned enterprises	10·7	18·7	39·7	52·4	8·4
Other charges, including the write down of assets	29·4	83·7	83·9	165·5	82·3
Total Expenditures	2,634·2	2,195·6	2,175·9	2,448·6	2,901·8
Budgetary Surplus	373·7	676·1	595·5	131·5	203·5

6. Total revenues, estimated at $3,105 million for 1950–51 are expected to show an increase of $525 million over the total for the previous year. Total expenditures are estimated at $2,902 million, or $453 million more than the corresponding total for 1949–50.

7. Ordinary revenues are estimated at $3,013 million, an increase of $484 million over the total for the previous year. The total of $92 million for special receipts and credits represents an increase of $41 million over the total of $51 million received in 1949–50.

8. On the expenditure side, the total of ordinary expenditures for 1950–51 shows an increase of $511 million over the combined total of ordinary and demobilization and reconversion expenditures for the previous year (from $2,170


BUDGETARY REVENUES AND EXPENDITURES
MILLIONS OF DOLLARS
MILLIONS OF DOLLARS
FISCAL YEARS ENDED MARCH 31
6000
5000
4000
3000
2000
1000
0
EXPENDITURES
REVENUES
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951 *
* ESTIMATE


BUDGETARY SURPLUS OR DEFICIT
MILLIONS OF DOLLARS
MILLIONS OF DOLLARS
FISCAL YEARS ENDED MARCH 31
2000
1000
+
0
−
1000
2000
3000
SURPLUS
DEFICIT
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951 *
* ESTIMATE

million in 1949–50 to $2,681 million in 1950–51). The increase was attributable chiefly to increases of $388 million in National Defence expenditures, $76 million in the Government's contribution to the Civil Service Superannuation Fund, and $20 million in subsidies and compensation to provinces. An increase of $76 million in special expenditures (attributable largely to additional payments to the Canadian Wheat Board and emergency grants and payments in connection with flood and fire disasters) was offset by decreases of $6 million in capital expenditure, $44 million in government owned enterprises (reflecting a substantial decrease in the deficit of Canadian National Railways for the calendar year 1950) and $83 million in other charges (due largely to the absence in the year under review of any item comparable to the charge of $62 million in 1949–50 in connection with the assumption by Canada of part of the Newfoundland debt in accordance with the Terms of Union).

A. Analysis of Revenues

9. Estimated revenues for the year 1950–51, classified according to major categories are presented in the following table, along with corresponding figures for the previous fiscal year.

STATEMENT OF REVENUES, BY MAJOR CLASSIFICATIONS, FOR THE YEARS ENDED MARCH 31, 1951 AND MARCH 31, 1950

(In millions of dollars)

Source	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1951 (Estimated)		1950		Amount	Percent
	Amount	Percent	Amount	Percent		
Ordinary revenues—						
Direct taxes—						
Personal income tax	652·0	21·0	622·0	24·1	30·0	4·8
Non-resident income taxes	62·0	2·0	47·5	1·8	14·5	30·5
Corporation income tax	800·0	25·8	603·2	23·4	196·8	32·6
Excess profits tax	10·0	0·3	−1·8	−0·1	11·8	.....
Succession duties	34·0	1·1	29·9	1·2	4·1	13·7
Total direct taxes	1,558·0	50·2	1,300·8	50·4	257·2	19·8
Indirect taxes—						
Customs import duties	298·0	9·6	225·9	8·7	72·1	31·9
Excise duties	245·0	7·9	220·6	8·6	24·4	11·1
Excise taxes	675·0	21·7	571·5	22·2	103·5	18·1
Other taxes	4·9	0·2	4·4	0·1	0·5	11·4
Total indirect taxes	1,222·9	39·4	1,022·4	39·6	200·5	19·6
Total tax revenues	2,780·9	89·6	2,323·1	90·0	457·8	19·7
Non-tax revenues—						
Post office	90·0	2·9	84·5	3·3	5·5	6·5
Return on investments	89·1	2·9	91·5	3·5	−2·4	−2·6
Other non-tax revenues	52·7	1·6	29·6	1·2	23·1	78·0
Total non-tax revenues	231·8	7·4	205·6	8·0	26·2	12·7
Total ordinary revenues	3,012·7	97·0	2,528·7	98·0	484·0	19·1
Special receipts and credits	92·6	3·0	51·4	2·0	41·2	80·2
Total revenues	3,105·3	100·0	2,580·1	100·0	525·2	20·4

NOTE: Due to rounding off, columns may not add exactly to totals shown.

10. It will be noted that 50·2 per cent of grand total revenues for the year was derived from direct taxes, 39·4 per cent was obtained from indirect taxes, and the remaining 10·4 per cent was attributable to non-tax revenues and special receipts and credits.

Tax on Personal Incomes

11. The personal income tax yielded an estimated total of $652 million, an increase of $30 million over 1949–50. As the same rates have been in effect for the past two fiscal years the increase in revenue in 1950–51 is a reflection of the higher levels of income and employment which prevailed throughout the year.

Corporation Income Tax

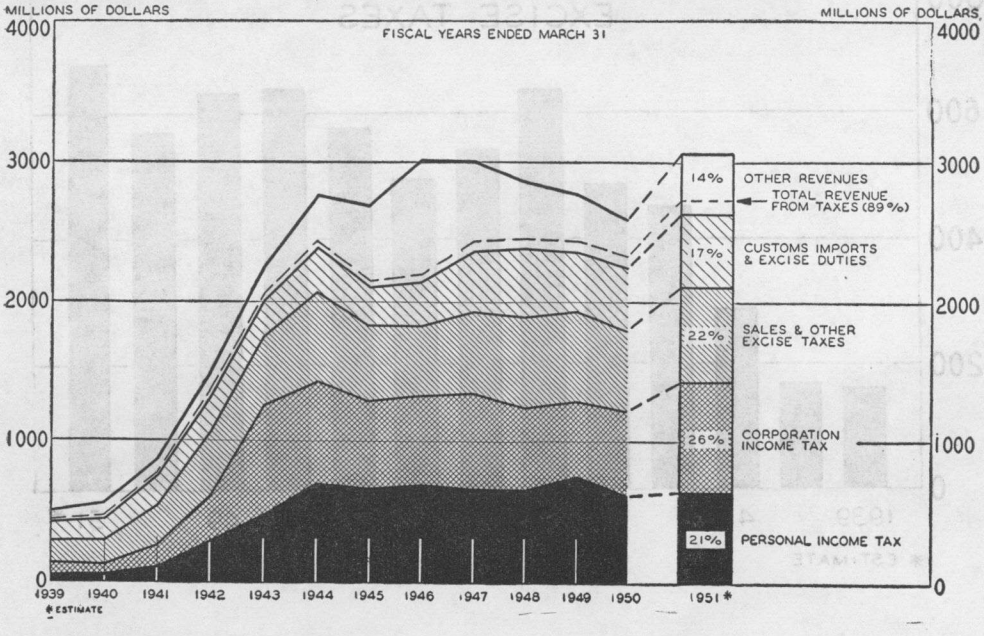
12. Corporation income taxes yielded an estimated total of $800 million making this the largest single source of revenue during the year. Collections from this tax showed an increase of $196·8 million over the previous year's total. This increase is attributable to higher profits in 1950 and also to the provision introduced in the 1950 budget which allowed private companies to capitalize their undistributed income on hand at the end of the 1949 taxation year upon payment of a tax of 15 per cent of the undistributed income. Nearly $91 million of the total taxes collected from corporations in 1950–51 represented the 15 per cent tax paid by private companies which have elected to take advantage of this provision.

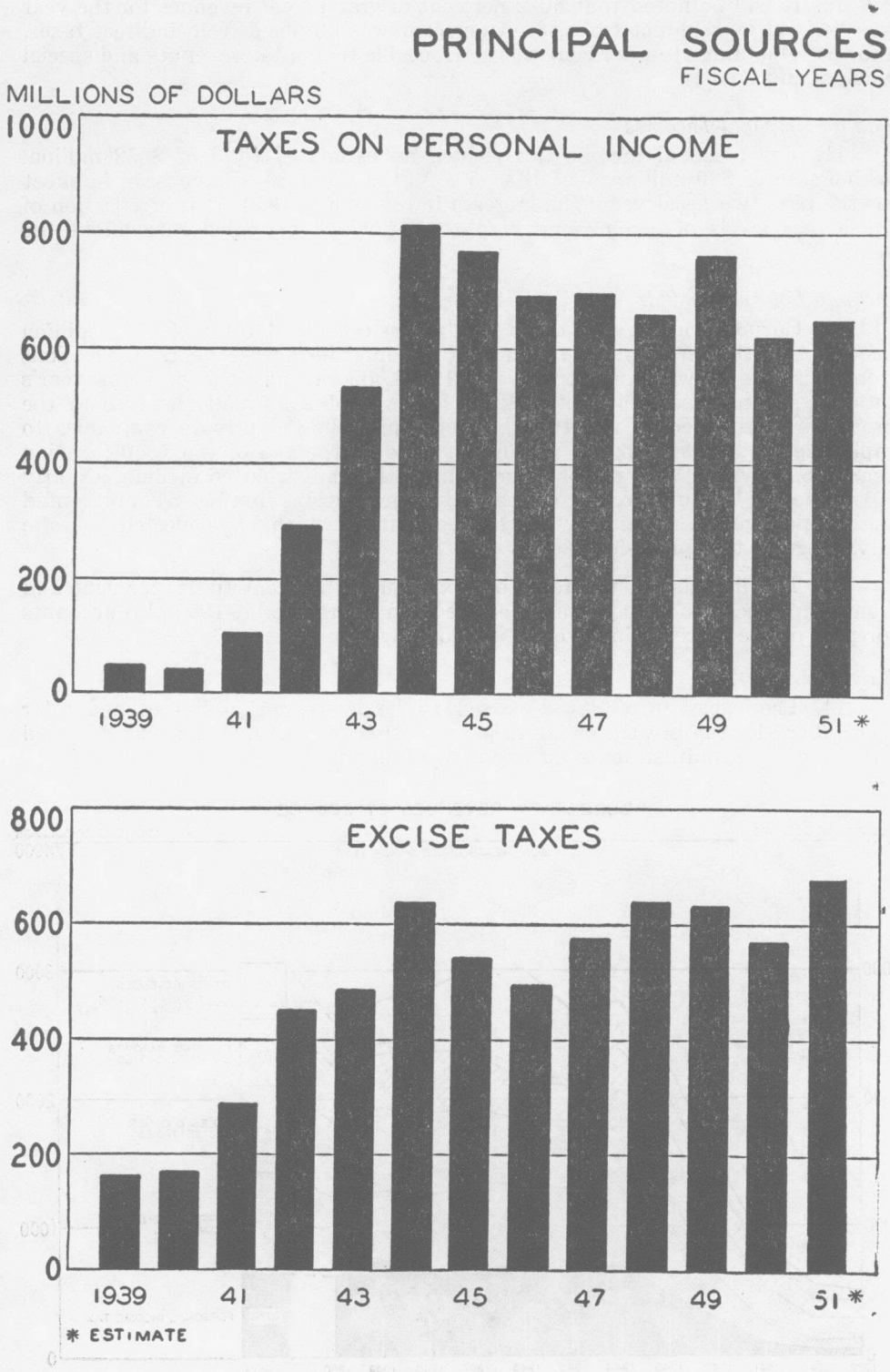
13. The increase in the rates of tax from 10 per cent to 15 per cent and from 33 per cent to 38 per cent effective from September 1, 1950 also accounts for part of the increase in revenue in 1950–51.

Excess Profits Tax

14. The excess profits tax ceased to be levied on profits earned after December 31, 1947 but the clean-up payments received during the year exceeded the refunds and adjustments by about $10 million.

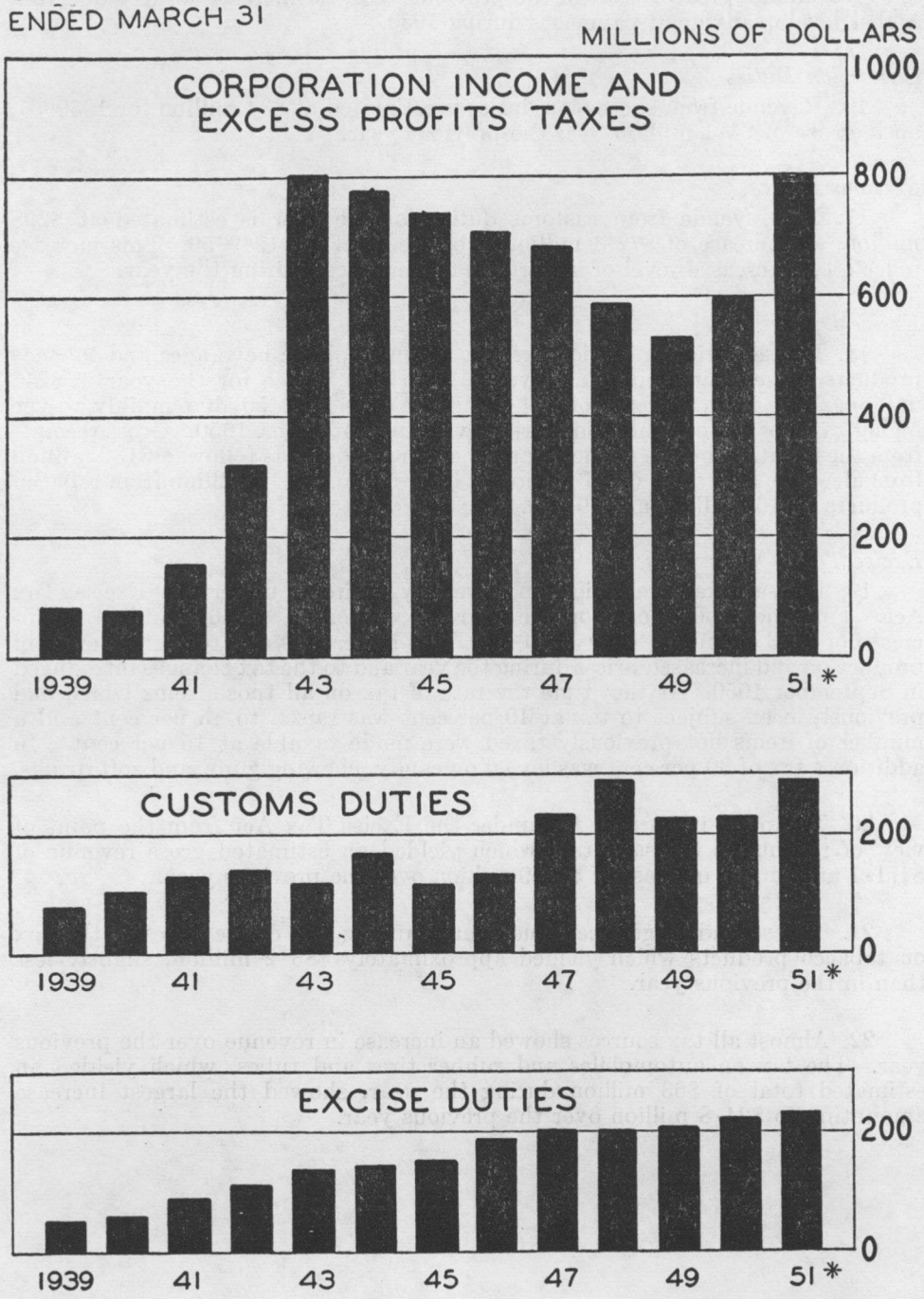
BUDGETARY REVENUES BY SOURCE




PRINCIPAL SOURCES
FISCAL YEARS
MILLIONS OF DOLLARS
TAXES ON PERSONAL INCOME
1000
800
600
400
200
0
1939
41
43
45
47
49
51 *
EXCISE TAXES
800
600
400
200
0
1939
41
43
45
47
49
51 *
* ESTIMATE

OF TAX REVENUES

ENDED MARCH 31



Taxes on Interest, Dividends, Rents and Royalties

15. Revenues under this heading come from withholding taxes on certain payments made to non-residents. The total of $62 million collected in 1950–51 is $14·5 million greater than in the previous year, an increase largely due to a higher level of dividend payments during 1950.

Succession Duties

16. Revenue from succession duties is estimated at $34 million for 1950–51, an increase of $4·1 million over the previous year.

Customs Duties

17. Net revenue from customs duties for the year is estimated at $298 million, an increase of $72·1 million over the total for 1949–50. This increase reflects the increased level of imports at higher prices during the year.

Excise Duties

18. Excise duties are levied exclusively on alcoholic beverages and tobacco products. The estimated total revenue from this source for the year is $245 million. This is an increase of $24·4 million over 1949–50 due mainly to the higher rates of tax on malt and spirits levied in September, 1950. Gross receipts from these duties, before deducting refunds, are divided as follows: $132 million from alcoholic beverages ($107 million in 1949–50) and $116 million from tobacco products ($116 million in 1949–50).

Excise Taxes

19. Excise taxes are levied on a variety of items under the Excise Tax Act. Total net collections for the year are estimated at $675 million, an increase of $103·5 million over 1949–50. This increase is due to higher levels of production and increased prices during the year and to the tax changes introduced in September 1950. At that time the rate of tax on all those items which had previously been subject to tax at 10 per cent was raised to 15 per cent and a number of items not previously taxed were made taxable at 15 per cent. In addition a tax of 30 per cent was levied on candy, chewing gum, and soft drinks.

20. The most important tax under the Excise Tax Act from the point of view of revenue is the sales tax, which yielded an estimated gross revenue of $471·1 million, an increase of $55·9 million over the previous year.

21. The second largest revenue source among the excise taxes is the tax on tobacco products which yielded approximately $83·2 million, slightly less than in the previous year.

22. Almost all tax sources showed an increase in revenue over the previous year. The tax on automobiles and rubber tires and tubes, which yielded an estimated total of $63 million during the year, showed the largest increase amounting to $24·8 million over the previous year.

23. The tax sources showing the largest increases, and the amount of the increase in each case, are given below.

—	Estimated increase over 1949–50
Automobiles, rubber tires and tubes	$24,807,000
Candy and chewing gum	9,370,000
Beverages	5,773,000
Jewellery, ornaments, etc	2,523,000
Electric and gas appliances	2,300,000
Phonographs, radios and tubes	2,099,000
Furs	1,363,000

Other Indirect Taxes

24. Small amounts of tax revenue were derived from the tax on the net premium income of insurance companies; from a tax on the export of electric energy from Canada; and from a tax on the export of furs from the Northwest Territories. Total revenue from all these sources in 1950–51 is estimated at $4·9 million, an increase of $0·5 million over the previous year.

Non-Tax Revenues

25. Non-tax revenues for 1950–51 are estimated at $231·8 million, an increase of $26·2 million over the 1949–50 total. The following table presents a comparative summary of revenues under this heading for the past two years:

—	Fiscal year ended Mar. 31		Increase or Decrease (−)
	1951 (Estimated)	1950	
	(In millions of dollars)		
Post Office	90·0	84·5	5·5
Return on investments	89·1	91·5	−2·4
Premium, discount and exchange	18·0	—	18·0
Bullion and coinage	4·8	4·5	0·3
Privileges, licences and permits	8·7	7·6	1·1
Proceeds from sales	4·2	2·9	1·3
Services and service fees	12·7	11·2	1·5
Refunds of previous years' expenditures	2·0	1·5	0·5
Miscellaneous	2·3	1·9	0·4
Total non-tax revenue	231·8	205·6	26·2

26. Post Office receipts are estimated at $90 million, an increase of $5·5 million over the total for the preceding year. As the total costs of operating the Post Office during the year are estimated at $92·1 million, it is expected that operating costs will exceed receipts by approximately $2·1 million. In making the comparison, however, it should be borne in mind that the total shown for Post Office receipts does not reflect the value of services rendered free of charge to other departments, nor does the total shown for operating expenses reflect any charges for premises owned by the Government and occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

27. Return on investments is expected to show a small decrease of $2·4 million from the total received in 1949–50. The larger items entering into the estimated total of $89·1 million for 1950-51 are: Interest on advances to the Canadian National Railways, $21·8 million; Bank of Canada profits and dividends, $19·9 million; interest on loans to, and operating profits of, the Foreign Exchange Control Board, $14·8 million; interest on loans to foreign governments under Part II of The Export Credits Insurance Act, $15·5 million; interest on Central Mortgage and Housing debentures, $5·5 million; and interest on advances under the Soldier Settlement and Veterans' Land Acts, $3·7 million.

28. The estimated total of $18 million credited as premium discount and exchange revenue during 1950–51 may be compared with the charge of $19·7 million included in expenditures in 1949–50. This revenue arises chiefly from the revaluation of sterling and United States' dollar assets and liabilities reflecting the new exchange rates consequent upon the Government's announcement on September 30, 1950, that it did not propose to establish a fixed parity for the Canadian dollar or to prescribe official fixed rates of exchange. The net revenue of $18 million during 1950–51 is due mainly to bookkeeping adjustments totalling $20·7 million reflecting decreases of $18·8 million in net indebtedness payable in United States dollars (consisting of an exchange credit of $29·1 million on matured and unmatured funded debt less a debit of $10·3 million on cash held in New York) and $1·9 million in net indebtedness payable in sterling (consisting of an exchange credit of $2·9 million on unmatured funded debt less a debit of $1 million on cash and securities held in London). The total revenue of $20·7 million due to currency revaluations was offset by disbursements totalling $2·7 million representing exchange losses due to the purchases and sales of gold, sterling and United States dollars.

Special Receipts and Credits

29. The total of special receipts and credits for the fiscal year 1950–51 is estimated at $92·6 million as compared with total receipts of $51·4 million for the preceding year. The following table presents a comparative summary of the principal sources of special receipts and other credits for the last two years:

—	Fiscal year ended March 31		Increase or Decrease (−)
	1951 (Estimated)	1950	
	(In millions of dollars)		
War and demobilization receipts	45·2	34·8	10·4
Sale of surplus Crown assets	20·4	16·3	4·1
Refundable portion of excess profits tax—transfer to revenue of excess reserve set up in previous years	25·0	—	25·0
Repayment by Canadian Pacific Railway of loan made under Relief Acts (classified as non-active)	1·4	—	1·4
Sundry special receipts and credits	0·6	0·3	0·3
	92·6	51·4	41·2

30. War and demobilization receipts constituted the largest source of special revenues, the estimated total of $45·2 million received during 1950–51 being $10·4 million more than the total for the preceding year. The following summary gives an estimate of the principal receipts under this heading during 1950-51:

	(In millions of dollars)
Refunds in connection with cost audits and re-negotiation of war contracts	$3·7
Amount received from Central Mortgage and Housing Corporation representing surplus funds in excess of $5 million reserve established by the Corporation and proceeds of sale of Wartime Housing properties	7·4
Receipts from foreign governments in respect of military relief claims and currency credits arising from war settlements	9·1
Balance of Canadian Sugar Stabilization Corporation's price stabilization contingency reserve transferred to revenue	18·7
Estimated surplus of Canadian Arsenals Limited	1·7
Miscellaneous receipts	4·6
	$45·2

31. The amount of $20·4 million realized from the disposal of surplus Crown assets represents the estimated receipts during the fiscal year from Crown Assets Disposal Corporation after allowing for transfers to active assets of amounts applicable to "Balances receivable under agreements of sale of Crown assets". It does not include the residual cash balances or the value of accounts receivable carried by the corporation as at March 31, 1951.

32. The amount of $25 million represents a transfer to revenue of the amount by which the reserve set up in previous years in respect of the refundable portion of excess profits tax is now estimated to be in excess of requirements.

Comparison of Actual Revenue with Budget Forecast

33. The total revenues now estimated for the year 1950–51 will be about $436 million more than the forecast of revenues made in the budget speech of September 7, 1950.

34. The revenues from customs import duties, the sales tax, and other excise taxes, proved much more buoyant than expected last September as prices continued to rise here and in the United States and the level of production in many lines reached new records.

35. The steadily rising level of salaries and wages and continued full employment brought the revenue from the personal income tax well above anything which could be foreseen seven months ago.

36. Rising prices, production at almost full capacity, and the coming into operation of new plant and equipment reflecting the large capital investment during recent years brought total corporation profits to a new high in Canada with consequent increases in the revenue from the corporation income tax. In addition the number of private companies which elected to pay the 15 per cent tax and capitalize their undistributed surplus greatly exceeded that expected in September with the result that revenue from this source exceeded that anticipated at the time of the budget in September by a substantial amount.

37. Higher dividend payments as a result of increased profits, a relaxation in November, 1950, of the Foreign Exchange Control Board requirements governing the payment of dividends by controlled subsidiaries in Canada to parent companies abroad, and an apparent desire on the part of parent companies in the United States to get profits home before United States tax rates increased resulted in the tax on "Interest, dividends, rents and royalties" yielding $14 million more than was expected last September.

38. The excess of non-tax revenue receipts over the budget forecast is due largely to the amount of $18 million for "Premium, discount and exchange" arising out of the revaluation of the Government's assets and liabilities payable in sterling and United States dollars consequent upon the freeing of the exchange rate for the Canadian dollar on September 30, 1950.

39. Special receipts and credits, which are always difficult to estimate in advance, were increased by the amount of $25 million transferred to revenue during the year which represented an excess provision in prior years for the reserve for refundable excess profits tax. This transfer was not anticipated when the budget was prepared in September.

DETAILED STATEMENT OF BUDGET FORECAST COMPARED WITH ACTUAL REVENUE FOR 1950-51

(In millions of dollars)

Source of Revenue	Budget Forecast of Revenue (Sept. 7, 1950)	Actual Revenue (Estimated)	Increase or Decrease (−) in Revenue as Compared with Budget Forecast
	$	$	$
Customs import duties	245·0	298·0	53·0
Excise duties	235·1	245·0	9·9
Sales tax (net)	415·0	459·1	44·1
Other excise taxes	205·3	215·9	10·6
Personal income tax	590·0	652·0	62·0
Corporation income tax	633·5	800·0	166·5
Interest, dividends, rents, royalties	48·0	62·0	14·0
Excess profits tax	.....	10·0	10·0
Succession duties	30·0	34·0	4·0
Miscellaneous taxes	4·0	4·9	0·9
Total tax revenue	2,405·9	2,780·9	375·0
Non-tax revenue	203·0	231·8	28·8
Total ordinary revenue	2,608·9	3,012·7	403·8
Special receipts	60·0	92·6	32·6
Total revenue	2,668·9	3,105·3	436·4

B. Analysis of Expenditures

40. It has been customary to present in summary form a comparison of expenditures by major classifications for the current fiscal year with those of the previous fiscal year. However, due to the elimination of the category "demobilization and reconversion expenditures" in 1950–51, many payments, which were included under this heading in 1949–50, have been classed as "ordinary expenditures" in the year under review. Consequently, to compare

satisfactorily the expenditures of the several departments as between the two years, it is necessary to consider the combined total of "ordinary" and "demobilization and reconversion" expenditures for 1949–50 in relation to the estimated "ordinary" total for 1950–51. The table which follows presents a comparative summary of the expenditures for the past two years on this basis:

STATEMENT OF EXPENDITURES BY MAJOR CLASSIFICATIONS FOR THE YEARS ENDED MARCH 31, 1951 AND MARCH 31, 1950

(In millions of dollars)

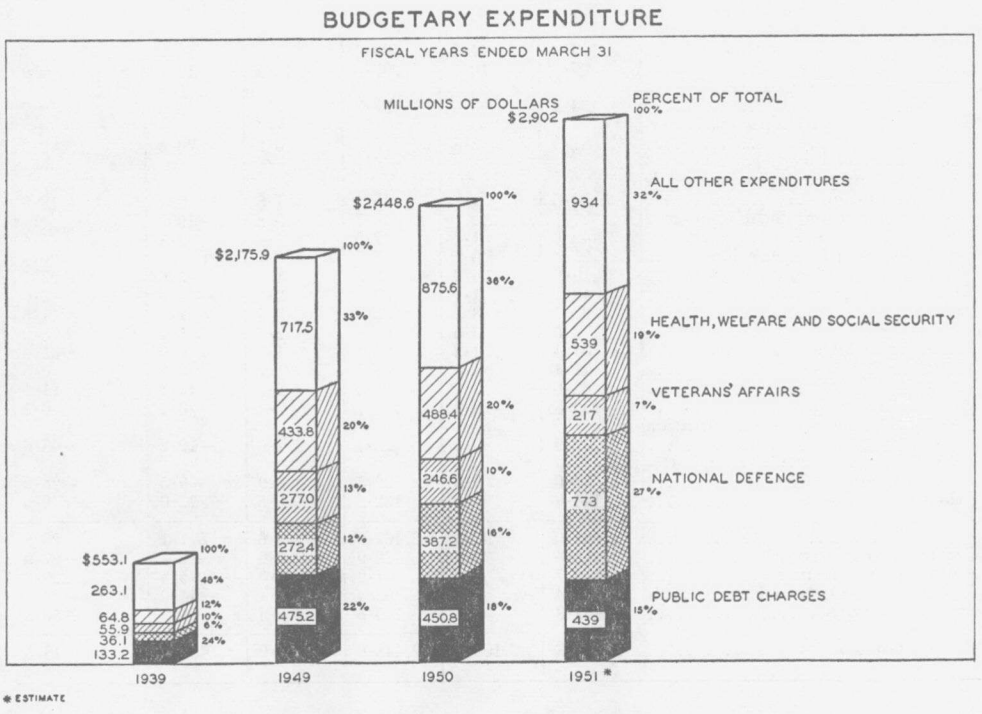
—	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1951 (Estimated)		1950			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
ORDINARY FOR 1950-51 AND ORDINARY AND DEMOBILIZATION AND RECONVERSION FOR 1949-50						
National Defence—						
Army, Navy and Air Services	536·3	18·5	348·0	14·2	188·3	54·1
Defence Research and Development	23·9	0·8	22·4	0·9	1·5	6·7
Pensions—Militia Pensions Act	5·0	0·2	5·0	0·2	.....	.....
Government's contribution to Permanent Forces Pension Fund	12·0	0·4	9·0	0·4	3·0	33·3
Defence Appropriation Act 1950, Sec. 3	195·4	6·7	.....	.....	195·4	.....
Sundry services	0·3	.....	0·5	.....	−0·2	−40·0
	772·9	26·6	384·9	15·7	388·0	100·8
Public Debt Charges—						
Interest on Public Debt	425·2	14·6	439·8	18·0	−14·6	−3·3
Other Debt Charges	13·8	0·5	11·0	0·4	2·8	25·5
	439·0	15·1	450·8	18·4	−11·8	−2·6
Subsidies and Compensation to Provinces (including Transitional Grant to Newfoundland)	123·9	4·3	103·9	4·2	20·0	19·2
Family Allowances	309·5	10·7	297·5	12·2	12·0	4·0
Old Age Pensions and Pensions to Blind Persons	103·2	3·6	93·2	3·8	10·0	10·7
Government's contribution to Superannuation Account	81·9	2·8	5·5	0·2	76·4	1,389·1
Unemployment Insurance Act—						
Administration and Government's Contribution	53·5	1·8	45·1	1·8	8·4	18·6
Premium, Discount and Exchange	.....	.....	19·7	0·8	−19·7	.....
Agriculture	49·6	1·7	47·5	1·9	2·1	4·4
Citizenship and Immigration	21·4	0·7	17·7	0·7	3·7	20·9
Mines and Technical Surveys	18·0	0·6	23·6	1·0	−5·6	−23·7
National Revenue	49·6	1·7	50·6	2·1	−1·0	−2·0
Post Office	92·1	3·2	82·6	3·4	9·5	11·5
Public Works	72·5	2·5	67·1	2·7	5·4	8·0
Resources and Development	34·4	1·2	25·4	1·0	9·0	35·4
Trade and Commerce	41·4	1·4	41·2	1·7	0·2	0·5
Transport	63·6	2·2	52·5	2·2	11·1	21·1
Veterans Affairs	180·8	6·2	180·7	7·4	0·1	0·1
Post Discharge Rehabilitation Benefits	12·9	0·5	25·1	1·0	−12·2	−48·6
War Service Gratuities and Re-establishment Credits	16·0	0·6	22·5	0·9	−6·5	−28·9
Other Departments	144·8	5·0	132·8	5·5	12·0	9·0
TOTAL	2,681·0	92·4	2,169·9	88·6	511·1	23·6
CAPITAL EXPENDITURE	16·5	0·6	22·9	0·9	−6·4	−27·9
SPECIAL EXPENDITURE	113·7	3·9	37·9	1·6	75·8	200·0
GOVERNMENT OWNED ENTERPRISES	8·4	0·3	52·4	2·1	−44·0	−84·0
OTHER CHARGES	82·3	2·8	165·5	6·8	−83·2	−50·3
GRAND TOTAL	2,901·8	100·0	2,448·6	100·0	453·2	18·5

National Defence

41. National defence expenditures, which are estimated at $772·9 million for 1950–51 constitute the largest class of government expenditures, representing 26·6 per cent of the over-all total for the fiscal year. This total, representing an increase of $388·0 million, is more than double the total of $384·9 million spent on national defence in 1949–50. The following table shows a comparative summary of the expenditures on national defence for the last two years:

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1951 (Estimated)	1950	
	(In millions of dollars)		
Army, Navy and Air Services	536·3	348·0	188·3
Defence Research and Development	23·9	22·4	1·5
Defence Appropriation Act, 1950, sec. 3	195·4	.....	195·4
Pensions—Militia Pensions Act	5·0	5·0	.....
Government's contribution to the Permanent Forces Pension Fund	12·0	9·0	3·0
Sundry Services	0·3	0·5	—0·2
	772·9	384·9	388·0

42. Expenditures for Army, Navy and Air Services are expected to show an increase of $188·3 million, the total for 1950–51 being estimated at $536·3 million. Of this total, $47·8 million represents payments to Central Mortgage and Housing Corporation for housing accommodation for married quarters for service personnel, etc., taken over by the department during the year. A like item of $0·6 million is included in the total of $23·9 million for defence research



and development. The amount of $195·4 million shown under "Defence Appropriation Act, 1950, sec. 3," represents the value of defence equipment and supplies transferred to parties to the North Atlantic Treaty. Under the provisions of this section, an amount equal to the estimated present value of the equipment and supplies so transferred was paid into a special account, to be available subsequently for the purchase of equipment or supplies for the naval, army or air services of the Canadian Forces.

Public Debt Charges

43. Public debt charges constituted the second largest single item of government expenditure in 1950–51 comprising 15·1 per cent of the over-all total, but due to a substantial decrease in interest on public debt the total of $439 million was $11·8 million less than the corresponding amount for the previous year. Interest on public debt amounted to $425·2 million, the decrease of $14·6 million from the total for 1949–50 being attributable primarily to a reduction in the outstanding unmatured funded debt. A reduction of $18·7 million in the payment of interest on the outstanding funded debt, of which $16·3 million was on debt payable in Canada, was offset by an increase of $4·1 million in interest paid or credited to various annuity, insurance, superannuation, deposit and trust accounts.

44. Other public debt charges including the annual charges for the amortization of loan discounts, premiums and commissions, the costs of new loan flotations (not amortized), and certain miscellaneous charges for debt servicing amounted to $13·8 million as compared with $11 million for the previous year and brought the total of all debt charges for the year to $439 million.

45. The following table presents a summary of public debt charges for 1950–51 and the corresponding figures for the preceding year.

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1951 (Estimated)	1950	
	(In millions of dollars)		
Interest on Public Debt—			
Funded Debt and Treasury Bills—			
Payable in Canada	377·8	394·1	−16·3
Payable in London	1·8	2·2	−0·4
Payable in New York	10·3	12·3	−2·0
	389·9	*408·6*	*−18·7*
Deposit and Trust Accounts	2·8	2·4	0·4
Insurance Pension and Guaranty Accounts	32·5	28·8	3·7
Total Interest on Public Debt	425·2	439·8	−14·6
Annual Amortization of bond discounts and commissions	12·5	9·7	2·8
Servicing of public debt	0·4	0·5	−0·1
Cost of loan flotations	0·9	0·8	0·1
Total Public Debt Charges	439·0	450·8	−11·8

Subsidies and Tax Rental Payments to Provinces

46. Payments to provinces during 1950–51 for statutory subsidies, the transitional grant to Newfoundland, rentals under the Tax Rental Agreements, and the transfer of certain public utility tax receipts, amounted to $123·9 million as compared with $103·9 million in 1949–50. A comparative summary of the payments for the two years is given in the following table:

—	Fiscal year ended March 31		Increase or Decrease (−)
	1951 (Estimated)	1950	
	(In millions of dollars)		
Statutory subsidies	18·7	19·2	−0·4
Transitional grant to Newfoundland	6·5	6·5	—
Rentals under Tax Rental Agreements	94·1	76·9	17·2
Transfer of certain public utility tax receipts (sec. 7, Chap. 58, Statutes of Canada, 1947)	4·6	1·4	3·2
	123·9	103·9	20·0

47. The net increase of $20 million was the result of several factors. The estimated increase of $17·2 million in payments under the tax rental agreements was due in part to an increase of $14·3 million reflecting the appropriate adjustment in the relevant ratios of population and estimates of gross national product on which the payments are based. Under the provisions of the Dominion-Provincial Tax Rental Agreements Act the Government of Canada collects provincial 5 per cent corporation taxes for the seven provinces participating in the 1947 agreements. Although levied by the provinces, these taxes are administered and collected by the Government of Canada and the proceeds thereof, when finally assessed, are paid to the provinces in lieu of an equivalent (or approximately equivalent) portion of the stipulated tax rental. As payments during 1950–51 were $2·9 million less than those during 1949–50, tax rentals payments were increased by a corresponding amount. There was also an increase of $3·2 million in payments of public utility tax receipts. Section 7 of the Dominion-Provincial Tax Rental Agreements Act authorizes the payment to the provinces of a portion of the taxes collected from corporations, whose main business was the distribution to, or the generation for the distribution to, the public of electrical energy, gas or steam.

48. A summary of payments, by provinces, during 1950–51 is given in the following table:

—	Statutory Subsidies	Rentals under Tax Rental Agreements	Transfer of certain public utility tax receipts	Transitional Grant	Total
	(In millions of dollars)				
Newfoundland	1·5	7·2	(1)	6·5	15·2
Nova Scotia	2·0	11·4	0·2	—	13·6
Prince Edward Island	0·7	2·0	(1)	—	2·7
New Brunswick	1·6	10·1	0·3	—	12·0
Quebec	2·9	—	0·8	—	3·7
Ontario	3·1	—	1·2	—	4·3
Manitoba	1·7	14·0	0·2	—	15·9
Saskatchewan	2·1	15·4	(1)	—	17·6
Alberta	2·1	14·8	0·8	—	17·7
British Columbia	1·0	19·2	1·0	—	21·2
	18·7	94·1	4·6	6·5	123·9

(1) Less than $50,000.

Family Allowances, Old Age Pensions and Pensions to Blind Persons

49. Payments for family allowances are estimated at $309·5 million for 1950–51, representing approximately 10·7 per cent of the total expenditures for the fiscal year. The estimated increase of $12 million over the preceding year is attributable to the natural increase in population in the eligible age groups.

50. Expenditures for old age pensions are expected to total $99·3 million. The increase of approximately $9·6 million over the total for the previous year is due in part to an increase in the numbers receiving aid and in part to the increase from $30 to $40 per month in the basic rate of pension provided by legislation enacted in April, 1949, the full effects of which were not reflected in the payments for 1949–50. Pensions to the blind are expected to amount to $3·9 million in 1950–51, an increase of $0·4 million over the payments for the previous year.

51. The estimated distribution of these payments, by provinces, is shown in the following table:

—	Family Allowances	Federal Contributions to	
		Old Age Pensions	Pensions to the Blind
	(In millions of dollars)		
Newfoundland	10·2	3·8	0·1
Nova Scotia	15·7	6·6	0·3
Prince Edward Island	2·4	1·0	(1)
New Brunswick	13·8	5·4	0·4
Quebec	99·6	24·5	1·4
Ontario	89·0	30·0	0·9
Manitoba	16·2	6·0	0·2
Saskatchewan	19·2	5·8	0·2
Alberta	20·8	5·8	0·2
British Columbia	22·0	10·3	0·2
Northwest and Yukon Territories	0·6	0·1	(1)
	309·5	99·3	3·9

(1) Less than $50,000.

Unemployment Insurance Act Administration and Government's Contribution

52. Expenditures in connection with the Unemployment Insurance Act (excluding the Government's payments as employer) are estimated at $53·5 million for the fiscal year, an increase of $8·4 million over the total of $45·1 million for 1949–50. Unemployment Insurance benefit payments are not charged directly to budgetary expenditures, but to the Unemployment Insurance Fund, which is financed by contributions from employers and employees, by interest earned on investments, and by the Government's contribution of an amount equal to one-fifth of the combined employer-employee payments. In addition, the Government assumes the costs of administration and pursuant to the Terms of Union with Newfoundland, the cost of unemployment benefits to certain residents of that province. It also reimburses the Fund for certain supplementary benefits paid under section 87F (1) of the Act. The Government's contribution during 1950–51 is estimated at $26·1 million, an increase of $5·0 million over that for the previous year and costs of administration are estimated at $22·4 million, as compared with $20·4 million in 1949–50. Payments of unemployment benefits to residents of Newfoundland are expected to amount to $3·2 million, a decrease of $0·4 million as compared with the total of $3·6 million paid in 1949–50. Supplementary benefits under section 87F (1) of the Act are estimated at $1·8 million for the fiscal year.

Government Contributions to the Civil Service Superannuation Account

53. An amount of $75 million was transferred to the Civil Service Superannuation Account during the fiscal year as a special Government contribution of a portion of the amount by which the liabilities as estimated by the actuaries exceed the balance in the account. This special contribution is in respect of a substantial deficiency which has accumulated in the account over many years due for the most part to increases in the general level of salaries and to the practice heretofore followed of not matching employees' prior service contributions with an equal Government contribution. It is in addition to the transfer to the account of $6·9 million representing the Government's annual contribution of an amount equal to the estimated current payments of individual contributors in the previous fiscal year.

Veterans Affairs

54. Ordinary expenditures of the Department of Veterans Affairs are estimated at $209·7 million for 1950–51, a decrease of $18·6 million as compared with the combined total of $228·3 million for "ordinary" and "demobilization and reconversion" expenditures for the previous fiscal year. The table which follows presents a comparative summary of the expenditures for the last two years:

—	Fiscal year ended March 31		Increase or Decrease (—)
	1951 (Estimated)	1950	
	(In millions of dollars)		
Pensions (World Wars I and II and Northwest Rebellion 1885)..	96·3	96·1	0·2
Treatment and after care of returned soldiers and allowances to veterans and dependents.....	73·1	69·8	3·3
War service gratuities and re-establishment credits.....	16·0	22·5	—6·5
Post-discharge rehabilitation benefits.....	12·9	25·1	—12·2
Soldier Settlement and Veterans' Land Acts.....	6·4	7·4	—1·0
Hospital accommodation and facilities.....	2·7	3·8	—1·1
Departmental administration and sundry.....	2·1	3·6	—1·5
	209·7	228·3	—18·6

55. The net decrease of $18·6 million is attributable chiefly to decreases of $12·2 million in post-discharge rehabilitation benefit payments and $6·5 million in war service gratuities and re-establishment credits. An estimated increase of $3·3 million in treatment and after care of soldiers and allowances to dependents is offset by approximately equivalent reductions in expenditures under the Soldier Settlement and Veterans' Land Acts, and for hospital accommodation and facilities, departmental administration and sundry services.

CAPITAL EXPENDITURES

56. Expenditures charged to capital account are estimated at $16·5 million for the fiscal year as compared with a total of $22·9 million for the previous fiscal year. The principal items in this category are the costs of constructing and improving civil airways and airports, the costs of dredging the St. Lawrence ship channel, and expenditures for the enlargement of dock and terminal facilities at North Sydney, N.S., and for the reconditioning, outfitting and transporting to their operating base of vessels for Pacific Ocean weather station service.

SPECIAL EXPENDITURES

57. Special expenditures are estimated at $113·7 million for the fiscal year, an increase of $75·8 million compared with the total of $37·9 million for 1949–50. There were increases of $63 million in payments to the Canadian Wheat Board, $12·1 million in emergency grants and expenditures in connection with flood and fire disasters, $9·6 million in expenditures on agricultural and other projects, and $0·9 million in payments to certain Crown Corporations for reimbursement of the costs of services rendered by them in purchasing materials and procuring the construction of defence projects for the Department of National Defence. These increases, however, were partially offset by a decrease of $9·9 million in advances to the Prairie Farm Emergency Fund under the Prairie Farm Assistance Act, 1939.

58. The following table presents a comparative summary of special expenditures for the last two years.

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1951 (Estimated)	1950	
	(In millions of dollars)		
Agricultural and Other Projects	24·4	14·8	9·6
Prairie Farm Assistance Act, 1939—			
Administration	0·4	0·4	—
Advances to Prairie Farm Emergency Fund	3·2	13·1	−9·9
Canadian Wheat Board—			
Deficits in 1947 crop account, Flax Division	.....	0·2	−0·2
Deficits in 1948 crop account, Flax Division	2·5	3·9	−1·4
Deficits in 1948 crop, rapeseed account	.....	0·4	−0·4
Payment *re* 1945–1950 Wheat Pool	65·0	.....	65·0
Reimbursement for expenses incurred in the administration of delivery quotas and permit regulations, etc.	0·1	0·1	—
Emergency Grants and Expenditures—			
Canada's share of the cost of repairing and reconstructing dykes, and other protection of works in the Fraser Valley	.....	4·0	−4·0
Canada's share of the cost of planning and constructing emergency works to safeguard against the danger of floods in the Red River Valley	2·4	.....	2·4
Grant to assist the Province of Manitoba *re* Red River Floods, 1950	12·5	.....	12·5
Grant to assist the Province of Quebec *re* Rimouski fire, 1950	1·0	.....	1·0
Grant to assist the Province of Quebec *re* Cabano fire, 1950	0·2	.....	0·2
Reimbursement to Canadian Commercial Corporation for expenses in purchasing materials, etc., on behalf of Department of National Defence	1·4	1·0	0·4
Expenses incurred by Defence Construction Ltd., in procuring the construction of defence projects on behalf of Department of National Defence	0·5	.....	0·5
Total Special Expenditures	113·7	37·9	75·8

59. The amount of $65 million represents the amount authorized to be paid to the Canadian Wheat Board to be added to the amount available for distribution in settlement of the 1945–50 wheat pool to holders of participation certificates.

GOVERNMENT OWNED ENTERPRISES

60. Expenditures under this heading consist of the operating deficits of and non-active loans to certain wholly owned governmental enterprises which were established prior to World War II. The following table presents a comparative summary of the expenditures under this category for the last two years:

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1951 (Estimated)	1950	
	(In millions of dollars)		
Net Income Deficits—			
Canadian National Railways	3·3	42·0	—38·7
Canadian National (West Indies) Steamships, Ltd	1·0	0·5	0·5
Prince Edward Island Car Ferry and Terminals	1·3	1·2	0·1
Trans-Canada Airlines	1·3	4·3	—3·0
National Harbours Board	0·2	0·1	0·1
	7·1	48·1	—41·0
Loans and Advances, Non-Active—			
National Harbours Board	1·4	4·2	—2·8
Total Government Owned Enterprises	8·4	52·4	—44·0

61. The decrease of $44 million as compared with the previous year is accounted for largely by a decrease of $38·7 million in the deficit of the Canadian National Railways from $42 million for the calendar year 1949 to $3·3 million for the year 1950. The overall C.N.R. deficit includes all interest charges paid on government advances. It should be noted, therefore, that although the charges to the government's expenditures for the fiscal year reflect the absorption of the C.N.R.'s total deficit of $3·3 million, the government's revenues for the year also include under "Return on Investments" an amount of $21·8 million received from the railways for interest on advances.

62. Other items contributing to the overall reduction include decreases of $3 million in the deficit of Trans-Canada Airlines for the calendar year 1950 as compared with that for 1949, and of $2·8 million in non-active advances to the National Harbours Board.

OTHER CHARGES, INCLUDING THE WRITE-DOWN OF ASSETS

63. The total expenditures for the fiscal year in this category are estimated at $82·3 million, a decrease of $83·2 million, as compared with the corresponding total of $165·5 million for 1949–50. The decrease is attributable to the absence in the accounts for the year under review of any items comparable to the charges in 1949–50 of $62·3 million in connection with the assumption by Canada of part of the Newfoundland debt in accordance with the Terms of Union, and of $21·7 million in connection with the write-down of certain active assets to non-active accounts.

64. The principal item is again an amount of $75 million transferred to the general reserve for possible losses on the ultimate realization of active assets. This reserve was originally established in 1940–41 and the sum of $25 million was set aside annually from that time up to and including the fiscal year 1946–47. In 1947–48, 1948–49, 1949–50 and again this year the annual provision has been $75 million—the larger amount being deemed advisable to offset the charges that have been made to the reserve during the recent years and to establish the

reserve at a level more commensurate with the magnitude of the Government's active assets. The reserve now stands at $395·9 million and is equivalent to approximately 7 per cent of the aggregate active assets.

65. Also included under this classification is the reserve provision of $7·3 million for conditional benefits under the Veterans' Land Act.

4. THE CASH ACCOUNTS

66. The full effects of the Government's financial operations are not reflected in the budgetary accounts; cash receipts from and cash payments to the public and the consequent cash surplus or deficit are more significant factors in determining the Government's borrowing program and in assessing the impact of the Government's transactions upon the other sectors of the Canadian economy. However, before proceeding to analyze the cash transactions, two preliminary comments should be made.

67. In the first place, it should be noted that some of the revenues and expenditures, which are included in the determination of the Government's budgetary surplus or deficit, are merely bookkeeping or accounting entries which do not involve the current receipt or outlay of cash. In the second place, it should be pointed out that the financial operations of the Government are not confined to the collection of revenues or the making of expenditures in the strict or narrow accounting or budgetary meaning of those terms. Large amounts of cash are received and disbursed in connection with extra-budgetary transactions and these receipts and disbursements must be taken into account when measuring the impact of the Government's financial operations upon the economy.

68. Examples of non-cash budgetary expenditures are the annual provision for the reserve for possible losses on the ultimate realization of active assets, the write-off of a loan or advance where the debt has been cancelled or is no longer collectable, government contributions and interest transferred to deposit and trust and insurance, pension and guaranty accounts, interest accruals on War Savings Certificates, and the amortization of cash outlays made in previous years applicable to the current year (such as payments for premiums, discounts and commissions on loans). Examples of non-cash budgetary revenues are interest accruals added to principal on the consolidation of loans and the transfer to revenue of balances held in deferred credits, deposit or reserve accounts.

69. The extra-budgetary receipts and disbursements relate to transactions which result in increases or decreases in the Government's assets and liabilities, and they do not, therefore, appear in the Government's "Income" account nor do they enter into the calculation of the annual budgetary surplus or deficit. On the assets side, the transactions relate, for the most part, to advances and repayments of loans and investments to government agencies, foreign, provincial and municipal governments and other borrowers, and to a lesser extent to outlays for the acquisition of inventories of materials which will be used in the future, and for services rendered in one year but applicable to the accounts of subsequent years. On the liabilities side, the transactions relate primarily to the issue and redemption of securities representing the funded debt of Canada, and to receipts and payments in connection with the numerous deposit and trust, and annuity, insurance and pension funds held or administered by the Government.

70. As explained in the section "Highlights of Governmental Financial Operations During 1950–51", when the Government's budgetary surplus of $203·5 million for the fiscal year was adjusted for non-cash transactions, an amount of approximately $642·3 million remained. This sum, together with $150·2 million received from the repayment of loans, investments and

working capital advances, net insurance, pension and annuity account contributions and other non-budgetary cash receipts, made $792·5 million available for making loans and investments and other non-budgetary outlay. Necessary loans and investments and other non-budgetary cash disbursements totalling $611·7 million which would otherwise have had to be financed by additional borrowing, were made during the fiscal year out of available cash resources, leaving a cash surplus of $180·8 million available for the reduction of outstanding funded debt.

71. The following summary, supported by a more detailed statement in the Supplementary Tables appended to this Part, shows an estimate of these non-income transactions, their relationship to the budgetary accounts, and their effect upon the government's net cash position.

		(In millions of dollars)		
BUDGETARY REVENUES		$3,105·3		
Deduct: Non-cash revenues		44·0		
Net cash budgetary revenues		$3,061·3		
Add: Non-budgetary receipts—				
Net annuity, insurance and liability account receipts	$ 82·7			
Repayments to government of loans and investments and working capital advances	67·5			
		150·2		
CASH RECEIPTS (EXCLUDING DEBT TRANSACTIONS)				$3,211·5
BUDGETARY EXPENDITURES			$2,901·8	
Deduct: Non-cash expenditures			482·8	
Net cash budgetary expenditures			$2,419·0	
Add: Non-budgetary disbursements—				
Advances to Foreign Exchange Control Board	$475·0			
Advances to Central Mortgage and Housing Corporation (net)	78·5			
Loans to Canadian National Railways	19·9			
Loans to Canadian Farm Loan Board	2·0			
Soldier Settlement and Veterans Land Acts advances	15·1			
Other loans and investments (net)	3·5			
	594·0			
Cost of loan flotations	10·0			
Net disbursements from sundry suspense accounts	7·7			
			611·7	
CASH DISBURSEMENTS (EXCLUDING DEBT TRANSACTIONS)				3,030·7
CASH SURPLUS AVAILABLE FOR DEBT REDUCTION OR INCREASE IN CASH BALANCES				$ 180·8

72. The figures indicate that after adjusting the budgetary revenues for non-budgetary receipts, a total of $3,211·5 million was available to the Government during the fiscal year. Out of this, budgetary cash expenditures of $2,419·0 million and non-budgetary disbursements of $611·7 million were made, leaving a cash surplus of $180·8 million available for debt reduction or increase in cash balances. The total of non-budgetary receipts is estimated at $150·2 million, made up of $82·7 million for net annuity, insurance and liability account receipts and $67·5 million for repayments of sundry loans and investments, of which $43·8 million was from the United Kingdom and other governments. Non-budgetary disbursements, which amounted to $611·7 million, consisted of $475 million for advances to the Foreign Exchange Control Board, $78·5 million for advances to Central Mortgage and Housing Corporation for housing constructions and housing loans, $19·9 million for advances to the Canadian National Railways, $20·6 million for miscellaneous loans or investments and working capital advances (including $15·1 million for loans to veterans), $10 million for discounts and commissions on loan flotations and $7·7 million for net payments from sundry suspense accounts.

73. As a result of total cash receipts exceeding total disbursements by $180·8 million and by letting cash balances run down by $25·4 million, the Government was able to acquire or retire funded debt outstanding in the hands of the public by a net amount of $206·2 million. A reconciliation of the cash surplus of $180·8 million, the reduction in outstanding funded debt, and the net change in the Government's cash position is shown below.

(In millions of dollars)

Cash surplus—or excess of total receipts over disbursements		$180·8
Net purchases of securities—		
For Securities Investment Account	$5·2	
For Sinking Fund Account	0·8	
For Unemployment Insurance Fund	83·8	
	89·8	
Net retirement of funded debt	116·4	
		206·2
Net decrease in cash balances during the year (excluding blocked currency)		$25·4

5. ESTIMATED BALANCE SHEET POSITION AT MARCH 31, 1951

74. The following table presents, in summary form, the Government's estimated balance sheet position at March 31, 1951, with the comparable figures for March 31, 1950.

SUMMARY OF THE GOVERNMENT'S BALANCE SHEET POSITION AS AT MARCH 31, 1951 AND MARCH 31, 1950

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1951	1950	
LIABILITIES	$ (Estimated)	$	$
Floating debt	498·1	505·5	−7·4
Deposit and trust accounts	118·0	132·7	−14·7
Insurance, pension and guaranty accounts	986·4	810·9	175·5
Deferred credits	11·8	11·0	0·8
Sundry suspense accounts	254·7	70·8	183·9
Province debt accounts	11·9	11·9	.....
Reserve for certain contingent liabilities	27·0	19·8	7·2
Funded debt	15,027·3	15,188·1	−160·8
	16,935·2	16,750·7	184·5
ACTIVE ASSETS			
Cash and other current assets	1,893·7	1,478·6	415·1
Loans to, and investments in, Crown agencies	1,256·0	1,155·0	101·0
Other loans and investments	2,676·7	2,711·0	−34·3
Province debt accounts	2·3	2·3	.....
Deferred charges	60·0	62·5	−2·5
Sundry suspense accounts	1·3	17·6	−16·3
Total Active Assets	5,890·0	5,427·0	463·0
Less: Reserve for possible losses on ultimate realization of active assets	395·9	320·9	−75·0
Net Active Assets	5,494·1	5,106·1	388·0
NET DEBT (Excess of liabilities over net active assets)	11,441·1	11,644·6	−203·5

75. The aggregate liabilities of the Government as at March 31, 1951 are estimated at $16,935·2 million, an increase of $184·5 million over the corresponding total at the end of the previous year. Unmatured funded debt outstanding, including bonds, treasury bills, deposit certificates and the estimated refundable portion of excess profits taxes accounts for $15,027·3 million or approximately 89 per cent of all liabilities. Of the total unmatured funded debt now outstanding, only $419·9 million or approximately 2·8 per cent is payable in foreign currencies—$363·7 million payable in United States dollars and $56·2 million in pounds sterling. A complete statement in tabular form of the Government's unmatured funded debt at March 31, 1951, with details of interest rates, dates of maturity, annual interest charges, and amounts of principal outstanding for each loan may be found at the end of this Part.

76. Floating debt, consisting of outstanding cheques and interest, matured funded debt and similar demand liabilities is estimated at $498·1 million. Amounts at the credit of annuity, insurance, pension and guaranty accounts are expected to total $986·4 million.

77. The other principal items on the liabilities side of the balance sheet are: sundry suspense accounts (where some uncertainty as to disposition exists), $254·7 million; deposit and trust accounts (consisting of moneys deposited with or held in trust by the Receiver General for various purposes), $118 million; reserve for conditional benefits under the Veterans' Land Act, $27 million; province debt accounts (representing settlements arising out of agreements at the time of confederation), $11·9 million; and deferred credits (consisting of balances whose ultimate accounting treatment is known, but which are held until certain conditions are fulfilled), $11·8 million.

78. Offsetting these liabilities, and in a measure explaining their existence —as a substantial portion of the total debt is attributable to them—are the Government's active assets. Essentially, these consist of assets that yield interest, profits, or dividends, together with very liquid assets such as cash and departmental working capital funds and certain prepaid expenditures and sundry suspense accounts.

79. Although some of the items are very difficult to forecast, it is expected that the active assets will aggregate $5,890 million at March 31, 1951. The totals of the principal active asset categories at that date are estimated at: cash and other current assets, $1,893·7 million; loans to, and investments in, Crown agencies, $1,256 million; other loans and investments, (including loans to provincial, municipal, United Kingdom and other governments, subscriptions to international organizations, and a number of miscellaneous advances to veterans and others), $2,676·7 million; deferred charges (discounts and commissions on loan flotations in the process of being amortized over the life of the loans), $60 million; province debt accounts, $2·3 million; and sundry suspense accounts, $1·3 million.

80. The reserve for possible losses on the ultimate realization of active assets which now stands on the books at $395·9 million is shown on the balance sheet as a deduction from the total of the active assets, bringing the net active asset total to $5,494·1 million.

A. Analysis of Changes in Principal Liability Classifications During 1950-51

81. It is estimated that there will be an increase of $184·5 million in the total liabilities during the fiscal year. The two most important increases are $175·5 million in the insurance, pension and guarantee accounts (attributable principally to increases of $66·3 million in the Government Annuities Account, and $85·3 million in the Civil Service Superannuation Account) and $183·9 million in sundry suspense account (due mainly to the undisbursed balance of $175·4 million in the accounts established pursuant to section 3 of the Defence Appropriation Act, 1950, to record the value of defence materials and supplies transferred to members of the North Atlantic Treaty Organization).

82. The most significant reduction in the liabilities was the substantial decrease in the outstanding unmatured funded debt of the Government from $15,188·1 million at March 31, 1950 to an estimated amount of $15,027·3 million at March 31, 1951. This net reduction of $160·8 million compares with similar reductions of $396·9 million in 1949-50, $372·3 million in 1948-49, and $584·5 million in 1947-48.

Floating Debt

83. Floating debt shows an estimated decrease of $7·4 million in 1950-51. Decreases of $16·1 million in the Government's liability for matured funded debt payable in Canada and of $2·3 million in interest due and outstanding payable in Canada are offset partially by increases of $6·2 million in outstanding matured funded debt payable in New York and of $4·7 million in the Government's estimated liability for outstanding cheques.

Deposit and Trust Accounts

84. It is estimated that there will be a decrease of $14·7 million in deposit and trust accounts. A decrease of $17·5 million due to the elimination of the contra account for the Canadian Sugar Stabilization Corporation's price stabilization contingency reserve is offset in part by increases of $2 million in contractors securities cash deposits and of $2 million in the National Capital Fund.

Insurance, Pension and Guaranty Accounts

85. Insurance, pension and guaranty accounts show an estimated increase of $175·5 million during the fiscal year. Of this total $66·3 million is due to an increase in the Government Annuities Account; $85·3 million to an increase in the Civil Service Superannuation Account (of which $75 million is attributable to the Government's special contribution of a portion of the amount by which the estimated liabilities exceed the balance in the account); $18·3 million to an increase in the Permanent Services Pension Account; and the remainder to lesser increases in various miscellaneous insurance, guaranty, pension and retirement accounts.

Deferred Credits

86. Deferred credits are expected to show a small increase of $0·8 million during the fiscal year, one of the more important factors contributing to this net increase being additional receipts in connection with military relief and currency settlements.

Sundry Suspense Accounts

87. Sundry suspense accounts are expected to record an increase of $183·9 million during the fiscal year. Of this total $175·4 million represents the undisbursed balance of the credits under section 3 of The Defence Appropriation

Act, 1950, representing the value of defence materials and supplies transferred to members of the North Atlantic Treaty Organization. Under the terms of The Defence Appropriation Act, 1950, this amount may be used to purchase equipment or supplies for the naval, army or air services of the Canadian Forces. Also recorded under this heading is the Government's liability for collections of provincial 5 per cent corporation income taxes under The Dominion-Provincial Tax Rental Agreements Act. As collections during 1950–51 were higher than during the preceding year, and assessments and payments to the provinces were somewhat less, the estimated amount of $63·7 million at March 31, 1951 was approximately $13 million more than the corresponding amount at March 31, 1950.

Province Debt Accounts

88. There was no increase or decrease during the fiscal year in the Government's liability in respect of the province debt accounts. These amounts have remained unchanged for many years.

Reserve for Certain Contingent Liabilities

89. The reserve for certain contingent liabilities is expected to show an increase of $7·2 million during the fiscal year reflecting an additional provision for conditional benefits which may accrue to veteran borrowers under the Veterans' Land Act.

Funded Debt

90. It is estimated that there will be a net decrease in unmatured funded debt from $15,188·1 million at March 31, 1950 to $15,027·3 million at March 31, 1951. The over-all reduction of $160·8 million reflects decreases of $81 million in debt payable in Canada, $74·1 million in debt payable in New York, and $5·7 million in debt payable in London. The various loan redemptions, flotations and adjustments which resulted in the net decrease are described in greater detail in the section on "The Public Debt".

B. Analysis of Changes in Principal Active Asset Classifications During 1950–51

91. It is estimated that there will be an increase of $463·0 million in the total of the active assets during the fiscal year under review. However, with the provision of an additional $75 million for the reserve for possible losses on the ultimate realization of active assets, *net* active assets are expected to show an increase of $388 million when the books are closed. Estimated increases of $415·1 million in cash and other current assets, and $101 million in loans to, and investments in, Crown agencies are offset by decreases of approximately $34·3 million in other loans and investments, $16·3 million in sundry suspense accounts, and $2·5 million in deferred charges.

92. The two most significant increases of $475 million in the advances to the Foreign Exchange Control Board, and $78·5 million in the net advances to the Central Mortgage and Housing Corporation, were offset in part by the reduction of $43·8 million in loans to the United Kingdom and other governments, and the decrease of $46·8 million in cash in current and special deposits.

Cash and Other Current Assets

93. Cash and other current assets increased by approximately $415·1 million during the fiscal year as shown in the following table which summarizes the changes in the various accounts in this category:

CASH AND OTHER CURRENT ASSETS AS AT MARCH 31, 1951 AND MARCH 31, 1950

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (—)
	1951	1950	
	$ (Estimated)	$	$
Cash in current and special deposits including blocked currency	96·6	143·4	−46·8
Other liquid assets			
Foreign Exchange Control Board—Advances represented by cash and securities	1,725·0	1,250·0	475·0
Securities Investment Account	23·9	18·7	5·2
Sinking Funds	8·4	8·0	0·4
Working Capital Advances			
Departmental	22·0	41·7	−19·7
Crown corporations	17·8	16·8	1·0
	1,893·7	1,478·6	415·1

94. The two principal changes were an increase of $475 million in the advances to the Foreign Exchange Control Board and a decrease of $46·8 million in cash in current and special deposits. The increase of $475 million in advances to the Foreign Exchange Control Board represents additional cash advances during the year to finance the purchase of gold and foreign exchange. Other significant changes were a decrease of $19·7 million in departmental working capital advances (attributable largely to a decrease in advances to the Agricultural Prices Support Account), and an increase of $5·2 million in the bond holdings in the Securities Investment Account.

Loans to, and Investments' n, Crown Agencies.

95. Loans to, and investments in, Crown agencies increased by $101 million during 1950–51 from $1,155 million at March 31, 1950, to an estimated amount of $1,256 million at March 31, 1951. The changes during the fiscal year in this category of assets are summarized in the following table:

LOANS TO, AND INVESTMENTS IN, CROWN AGENCIES AS AT MARCH 31, 1951 AND MARCH 31, 1950

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (—)
	1951	1950	
	$ (Estimated)	$	$
Bank of Canada Capital Stock	5·9	5·9	.....
Central Mortgage and Housing Corporation—			
Capital Advances	25·0	25·0	.....
Loans	260·5	182·0	78·5
Canadian Farm Loan Board	26·1	24·1	2·0
Railway and Steamship Companies	764·0	743·8	20·2
National Harbours Board	106·6	105·7	0·9
Polymer Corporation Limited	41·0	42·9	−1·9
Other Crown Agencies	26·9	25·6	1·3
	1,256·0	1,155·0	101·0

96. Loans to railways and steamship companies represent in the main advances by the Government to the Canadian National Railways for capital expenditures (including the purchase of railway equipment), for retirement of maturing debt, and for the temporary financing of current operations. The increase of $20·2 million reflects net advances during the year of $19·9 million to the Canadian National Railways; the remaining $0·3 million represents an advance for working capital to the Canadian National (West Indies) Steamships Limited.

97. The amount of $106·6 million shown for the National Harbours Board represents the net outstanding advances in connection with harbour developments at Montreal and Vancouver. These are the only advances to the National Harbours Board which are classified as active assets in the Government's accounts.

98. The Government's investment in Polymer Corporation Limited, a Crown corporation engaged in the manufacture of synthetic rubber, was reduced by $1·9 million during the fiscal year, the balance at March 31, 1951, being estimated at $41 million.

99. The amount of $26·9 million shown for other Crown agencies, represents subscriptions to the capital stock of, or advances to, sundry government agencies for capital, construction and other purposes. The total includes loans to, or investments in, Canadian Broadcasting Corporation ($8·4 million); Canadian Overseas Telecommunications Corporation ($0·6 million); Eldorado Mining and Refining (1944) Limited ($8·2 million); Export Credits Insurance Corporation ($5 million); and Northwest Territories Power Commission ($4·7 million).

Other Loans and Investments.

100. This group of assets includes loans to the United Kingdom and various foreign governments, the Government's subscriptions to the capital of the International Monetary Fund and the International Bank for Reconstruction and Development, loans to provincial and municipal governments, and a number of miscellaneous loans and investments, the chief of which are the loans to veterans under the Soldier Settlement and Veterans' Land Acts. Details of the loans and investments in this category and changes during the fiscal year are shown in the following table:

OTHER LOANS AND INVESTMENTS AS AT MARCH 31, 1951, AND MARCH 31, 1950

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (—)
	1951	1950	
	$ (Estimated)	$	$
Loans to United Kingdom and other Governments	1,984·6	2,028·4	−43·8
Subscription to Capital of International Monetary Fund	322·5	322·5	.....
Subscription to Capital of International Bank for Reconstruction and Development	70·7	70·7	.....
Loans to Provincial and Municipal Governments	94·1	98·4	−4·3
Advances under Soldier Settlement and Veterans' Land Acts	189·7	174·6	15·1
Miscellaneous Loans and Investments	15·1	16·4	−1·3
	2,676·7	2,711·0	−34·3

101. The loans to the United Kingdom and other governments consist of loans to the Government of the United Kingdom under the authority of The War Appropriation (United Kingdom Financing) Act, 1942, and The United Kingdom Financial Agreement Act, 1946, loans to other countries under Part II of the Export Credits Insurance Act, and miscellaneous foreign loans. A summary of the changes in each of these categories is shown in the following table:

LOANS TO UNITED KINGDOM AND OTHER GOVERNMENTS

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (—)
	1951	1950	
	$ (Estimated)	$	$
Loans to United Kingdom			
The War Appropriation (United Kingdom Financing) Act, 1942	251·5	292·0	−40·5
The United Kingdom Financial Agreement Act, 1946	1,185·0	1,165·0	20·0
	1,436·5	*1,457·0*	*−20·5*
Loans to Foreign Governments			
The Export Credits Insurance Act, Part II	500·6	523·6	−23·0
Miscellaneous Advances	47·5	47·8	−0·3
	548·1	*571·4*	*−23·3*
	1,984·6	2,028·4	−43·8

102. It is estimated that during 1950–51 the Government of the United Kingdom will have repaid $40·5 million of the $700 million interest-free loan granted under the provisions of The War Appropriation (United Kingdom Financing) Act, 1942, reducing the balance outstanding of this loan to $251·5 million at March 31, 1951. During the year, however, additional advances of $20 million were made to the United Kingdom Government as part of the $1,250 million loan authorized by The United Kingdom Financial Agreement Act of 1946. On February 20, 1951, the United Kingdom Government announced that no further drawings would be made under the agreement. The total amount advanced now stands at $1,185 million.

103. The advances under Part II of The Export Credits Insurance Act represent loans made to certain foreign countries to assist them in purchasing goods and services in Canada. It is estimated that the total of outstanding advances under this Act will be $500·6 million at March 31, 1951, representing a net decrease of $23 million from the total of $523·6 million outstanding at the end of the previous year. A classification of these advances by recipient governments, showing the repayments during the year, is given in the following table:

ADVANCES TO FOREIGN GOVERNMENTS UNDER PART II OF THE EXPORT CREDITS INSURANCE ACT

(In millions of dollars)

—	Total Outstanding at March 31, 1950	Repayments during 1950-51	Total Outstanding at March 31, 1951
Belgium	62·3	2·3	60·0
China	50·2	0·8	49·4
Czechoslovakia	16·7	3·4	13·3
France	234·3	8·4	225·9
Indonesia	15·4	.....	15·4
Netherlands	118·1	2·6	115·5
Norway	23·6	2·6	21·0
Union of Soviet Socialist Republics	2·9	2·9	Nil
	523·6	23·0	500·6

Deferred Charges.

104. It is estimated that unamortized discounts, premiums, redemption bonuses, and commissions on loans will be reduced by approximately $2·5 million during 1950–51. Discounts and commissions of $10 million on new loans are more than offset by the annual amortization of $12·5 million applicable to 1950-51 and charged to the year's expenditures.

Sundry Suspense Accounts.

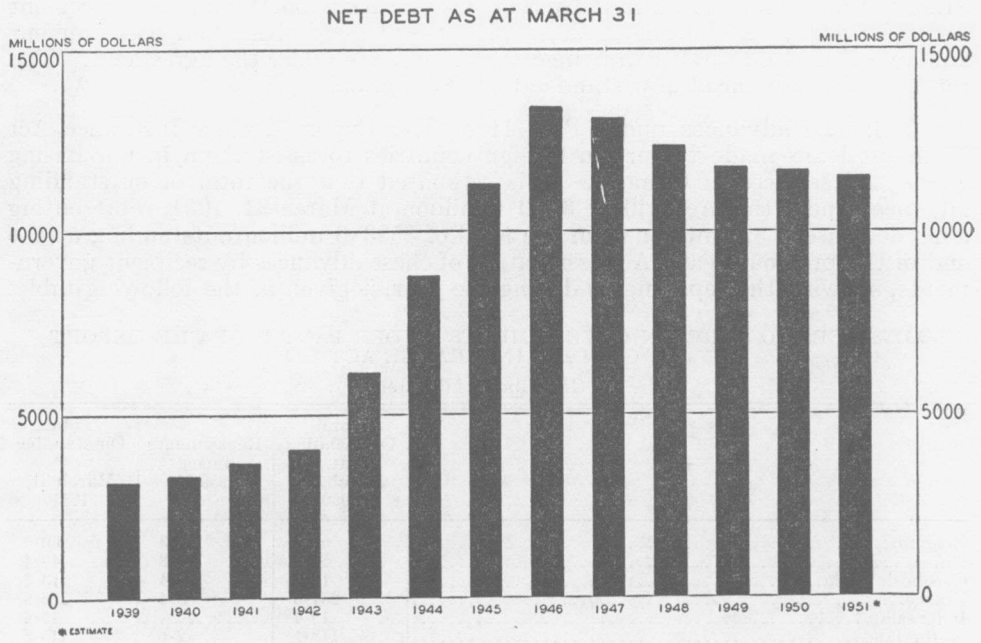
105. The decrease of $16·3 million in this asset classification is due mainly to the elimination of the price stabilization contingency reserve of Canadian Sugar Stabilization Corporation Limited which was transferred to revenue during the fiscal year.

Reserve for Possible Losses on Ultimate Realization of Active Assets.

106. For the fourth successive year $75 million was added to this reserve with a corresponding amount being shown as an expenditure in the Government's accounts. There was no charge or write-off to the reserve during the fiscal year, the balance at March 31, 1951, being $395·9 million.

C. Decrease in Net Debt

107. The estimated surplus of $203·5 million for the fiscal year will result in a corresponding decrease in the net debt of Canada, reducing it from $11,644·6 million at March 31, 1950, to $11,441·1 million at March 31, 1951.



6. THE PUBLIC DEBT

Gross and Net Debt

108. The unmatured funded debt of Canada was reduced by $160·8 million during the fiscal year, of which $116·4 million represented cash retirements and $44·4 million revaluations and adjustments. However, due to increases of $345·3 million in other liabilities—principally in insurance, pension and guaranty and sundry suspense accounts—the gross public debt of Canada increased by $184·5 million from $16,750·7 million at March 31, 1950 to an estimated total of $16,935·2 million at March 31, 1951. During the same period, the net active assets increased by $388 million, with the result that the net debt—which is the gross debt less the active or revenue producing assets—was reduced by $203·5 million.

109. The following table shows the amount of net debt as at March 31, 1939 to March 31, 1951 inclusive, with the amount of annual increase or decrease.

NET DEBT

(In millions of dollars)

Fiscal Year Ended March 31	Balance at end of year	Increase or Decrease (−) during fiscal year
1939	3,152·6	.....
1940	3,271·3	118·7
1941	3,648·7	377·4
1942	4,045·2	396·5
1943	6,182·8	2,137·6
1944	8,740·1	2,557·2
1945	11,298·4	2,558·3
1946	13,421·4	2,123·0
1947	13,047·8	−373·6
1948	12,371·6	−676·1
1949	11,776·1	−595·5
1950	11,644·6	−131·5
1951	11,441·1	−203·5

Unmatured Funded Debt

110. The estimated total unmatured funded debt of Canada outstanding at March 31, 1951 was $15,027·3 million. This was $160·8 million less than at the end of the previous year and $1,779·9 million less than that at March 31, 1946.

Summary of Security Issues and Redemptions During the Year

111. Funded debt payable in Canada was reduced by $81 million from $14,688·5 million at March 31, 1950 to $14,607·4 million at March 31, 1951. Government obligations payable in Canadian dollars matured or were called for redemption during the fiscal year in the amount of $3,770·8 million. The financing of these retirements was effected as follows:

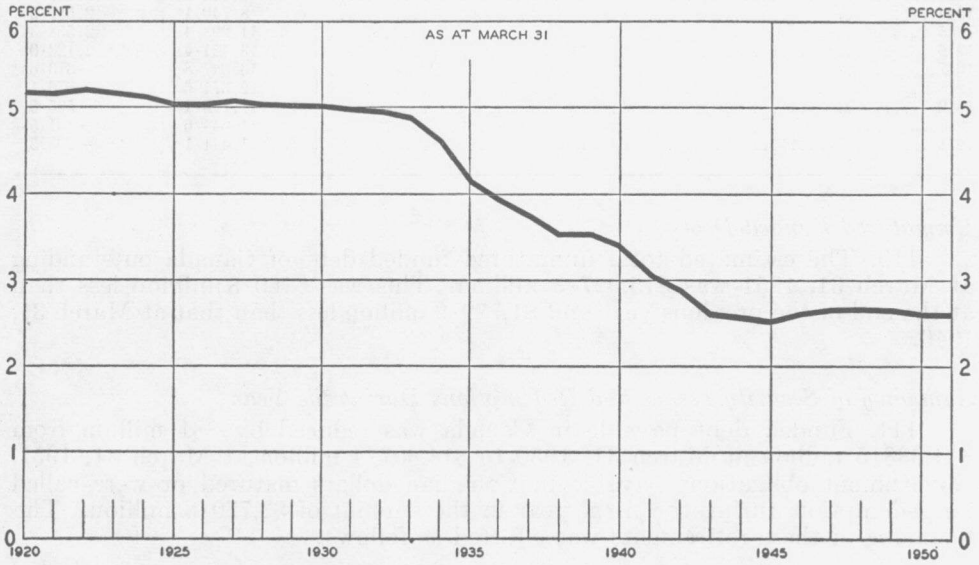
	(In millions of dollars)
By refunding or conversion into new issues	$ 3,245·0
By proceeds of new borrowings:	
Sale of Canada Savings Bonds Series V (net)	267·2
Sale of Deposit Certificates (part)	200·0
From available cash	58·6
	$ 3,770·8

112. The retirement of $58·6 million out of available cash and the transfer of $25 million to revenue of the excess provision for the reserve for the refundable portion of excess profits tax, less $2·6 million of accrued interest which was added to the principal of War Savings Certificates during the fiscal year, accounts for the net reduction of $81 million in funded debt payable in Canadian dollars.

113. Funded debt payable in United States funds decreased by $74·1 million in the fiscal year. Of this amount, $55 million ($50 million U.S.) resulted from the redemption on October 1, 1950, of $100 million (U.S.) 4 per cent bonds which were refunded in part by an issue of $50 million (U.S.) twenty-five year 2¾ per cent bonds dated September 15, 1950. This issue was sold in New York at a cost of 2¾ per cent to the Government. In addition, the Canadian dollar value of funded debt payable in United States dollars was reduced by $19·1 million due to the change in the exchange rate resulting from the freeing of the Canadian dollar in September, 1950.

114. Funded debt payable in pounds sterling decreased during the fiscal year by $5·7 million. This was due to the redemption of $2·9 million registered stock on May 1, 1950 and $2·8 million arising out of the reduction in the Government's liability expressed in Canadian dollars for outstanding sterling issues consequent upon the change in the exchange rate following the freeing of the Canadian dollar in September 1950.

AVERAGE INTEREST RATE ON FUNDED DEBT



115. From the above analysis it will be seen that the over-all reduction of $160·8 million in the Government's outstanding debt arose from cash payments of $116·4 million and of revaluations and adjustments totalling $44·4 million.

116. The average coupon rate on the Government's outstanding funded debt at the close of the current fiscal year is estimated at 2·60 per cent unchanged from the previous fiscal year end.

117. More complete details of redemptions and new issues of securities during the fiscal year are set out in the following tables.

REDEMPTION OF FUNDED DEBT DURING FISCAL YEAR ENDED MARCH 31, 1951

Maturity or Call Date	Interest Rate	Where Payable	Amount
	%		$
May 1, 1950	¾	Canada	200,000,000
May 1,	3¼	London	2,930,122
June 1	3	Canada	40,000,000
June 1	3	Canada	55,000,000
June 15	3	Canada	649,969,592
July 1	4	Canada	33,293,471
August 30	¾	Canada	100,000,000
September 1	¾	Canada	550,000,000
October 1	4	New York	100,000,000
November 1	¾	Canada	200,000,000
November 1	1¾	Canada	335,690,000
November 1	1¾	Canada	400,000,000
February 1, 1951	3½	Canada	50,163,125
February 28	⅞	Canada	300,000,000
March 1	¾	Canada	550,000,000
War Savings Certificates	3	Canada	(1) 40,923,367
Canada Savings Bonds, Series I, II, III, and IV	2¾	Canada	197,843,350
Non Interest Bearing Certificates	.....	Canada	147,376
Total Bonds and Certificates	.....	.....	3,805,960,403
Repayment of Refundable Portion of Excess Profits Tax	.....	.....	(2) 67,809,083
Total Redemption of Debt	.....	.....	3,873,769,486

(1) This is the amount of War Savings Certificates redeemed during the fiscal year. Accrued interest of $2.6 million was added to principal.

(2) Not including $25 million excess provision transferred to revenue.

NEW SECURITY ISSUES DURING FISCAL YEAR ENDED MARCH 31, 1951

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Reconversion Included in Amount Issued	Amount Issued for Cash
			%		%	$	$	$
PAYABLE IN CANADA								
Issued to Chartered Banks—								
Deposit Certificates	Aug. 30, 1950	Feb. 28, 1951	7/8	100·00	0·875	300,000,000	100,000,000	200,000,000
Deposit Certificates	Feb. 28, 1951	Aug. 29, 1951	1	100·00	1·00	200,000,000	200,000,000	.....
						500,000,000	300,000,000	200,000,000
Issued to Bank of Canada—								
Six Months Treasury Notes	May 1, 1950	Nov. 1, 1950	3/4	100·00	0·75	200,000,000	200,000,000	.....
Six Months Treasury Notes	Sept. 1, 1950	Mar. 1, 1951	3/4	100·00	0·75	550,000,000	550,000,000	.....
Six Months Treasury Notes	Nov. 1, 1950	May 1, 1951	7/8	100·00	0·875	200,000,000	200,000,000	.....
Six Months Treasury Notes	Mar. 1, 1951	Sept. 1, 1951	1	100·00	1·00	550,000,000	550,000,000	.....
						1,500,000,000	1,500,000,000	.....
Issued to General Public—								
Refunding Loan, 1950 (1)	June 15, 1950	Dec. 15, 1954	2	99·65	2·07	395,000,000	744,969,592	30,407
Refunding Loan, 1950 (1)	June 15, 1950	June 15, 1968	2 3/4	99·00	2·82	350,000,000		
Two Year Bonds (1)	Nov. 1, 1950	Nov. 1, 1952	1 3/4	99·55	1·99	300,000,000	300,000,000	.....
Five Year Eight Months Bonds (1)	Nov. 1, 1950	July 1, 1956	2 1/4	99·125	2·39	400,000,000	400,000,000	.....
Canada Savings Bonds Series V, Net	Nov. 1, 1950	Nov. 1, 1960	2 3/4	99·375	2·82	267,215,000	.....	267,215,000
						1,712,215,000	1,444,969,592	267,245,407
PAYABLE IN UNITED STATES								
Issued to General Public	Sept. 15, 1950	Sept. 15, 1975	2 3/4	100·00	2·75	(2) 55,000,000	(2) 55,000,000	.....
GRAND TOTAL	.....	.....	.....	.....	.....	3,767,215,000	3,299,969,592	467,245,407

(1) A portion of these issues was purchased by the Bank of Canada and the chartered banks.

(2) $50,000,000 par value in United States funds.

Indirect or Contingent Liabilities

118. It should be noted that the Government has assumed certain indirect or contingent liabilities which are in addition to the direct debt set out in the balance sheet. Included under this heading, for example, are the Government's guarantees of certain securities issued by various Government owned enterprises such as the Canadian National Railways, the Canadian National (West Indies) Steamships Limited, and the Saint John Harbour Commission; the guarantee of deposits maintained by the chartered banks in the Bank of Canada; guarantees of certain loans made by chartered banks to veterans or farmers for certain authorized purposes; guarantees under the Export Credits Insurance Act; and certain commitments under housing legislation.

119. The following table gives details of the bonds and debenture stocks guaranteed by the Government, and also indicates the nature and approximate extent of the Government's other guarantees and contingent liabilities.

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT
AS AT MARCH 31, 1951

Date of Maturity	Issue	Interest Rate	Estimated Amount Outstanding
		%	$
Sept. 1, 1951..	Canadian National	4½	48,022,000
Aug. 1, 1952..	Saint John Harbour Commissioners	5	667,953
July 10, 1953..	Canadian Northern	3	1,162,768
Feb. 1, 1954..	Canadian National	5	50,000,000
May 1, 1954..	City of Saint John Debentures assumed by Saint John Harbour Commissioners	5¼	3,329
Mar. 1, 1955..	Canadian National (West Indies) Steamships Limited	5	9,400,000
June 15, 1955..	Canadian National	4¾	48,496,000
Feb. 1, 1956..	Canadian National	4½	67,368,000
July 1, 1957..	Canadian National	4½	64,136,000
July 20, 1958..	Canadian Northern	3½	5,636,507
Jan. 15, 1959..	Canadian National	3	35,000,000
May 4, 1960..	Canadian Northern Alberta	3½	550,727
May 19, 1961..	Canadian Northern Ontario	3½	3,597,518
Jan. 1, 1962..	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962..	Grand Trunk Pacific	4	7,999,074
Jan. 3, 1966..	Canadian National	3	35,000,000
Jan. 2, 1967..	Canadian National	2¾	50,000,000
Sept. 15, 1969..	Canadian National	2⅞	70,000,000
Jan. 16, 1971..	Canadian National	2⅞	40,000,000
June 15, 1975..	Canadian National	2¾	6,000,000
Perpetual.....	Grand Trunk Debenture Stock	5	1,016,092
Perpetual.....	Great Western Debenture Stock	5	499,709
Perpetual.....	Grand Trunk Debenture Stock	4	5,446,491
Perpetual.....	Northern Railway of Canada Debenture Stock	4	22,591
			576,489,889

OTHER OUTSTANDING GUARANTEES AND CONTINGENT LIABILITIES

	Estimated Amount Outstanding
Deposits maintained by the chartered banks in the Bank of Canada (March 31, 1951)	$ 552,915,324
Bank advances, re Province of Manitoba Savings Office (March 31, 1951)	3,440,078
Province of Manitoba Treasury Bill (March 31, 1951)	1,750,000
Loans made by chartered banks under the Farm Improvement Loans Act, 1944 (Dec. 31, 1950)	16,985,809
Loans made by chartered banks under the Veterans' Business and Professional Loans Act (Dec. 31, 1950)	1,866,456
Guaranteed Bank Loans—Acadia Coal Company (March 27, 1951)	292,000
Guarantees under Part II of The Export Credits Insurance Act (March 31, 1951)	12,750,000
Loans made by approved lending institutions under Dominion and National Housing Acts	Indeterminate
Guarantees of land assembly projects under National Housing Act (Dec. 31, 1950)	520,534

120. It will be noted that the total of guaranteed bonds and debentures outstanding at March 31, 1951, is estimated at $576·5 million, an increase of approximately $6 million over the amount outstanding at March 31, 1950. This increase resulted from an issue of $6 million Canadian National Railway Company 2¾ per cent twenty-five year bonds dated June 15, 1950, guaranteed by the Government of Canada.

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENTS

SOURCES AND DISPOSITION OF CASH FUNDS

UNMATURED FUNDED DEBT

The Budget—Appendix

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

——	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
TAX REVENUE—					
Direct Taxes—					
Direct Taxes on Incomes—					
Individual Income Tax	694,530	659,828	762 564	621,982	652,000
Tax on Interest and Dividends	28,428	33,929	40,965	47,475	62,000
Taxes on Rents and Royalties	1,708	1,960	2,480		
Corporation Income Tax	238,792	364 131	491 990	603 193	800,000
Excess Profits Tax	448,698	227,030	44,792	−1,788	10,000
Total Direct Taxes on Incomes	1,412,156	1,286,878	1,342,791	1,270,862	1,524,000
Succession Duties	23,576	30,828	25,550	29,920	34,000
Total Direct Taxes	1,435 732	1,317,706	1,368,341	1,300 782	1,558,000
Indirect Taxes—					
Customs Import Duties	237,355	293,012	222,975	225,878	298,000
Excise Duties—					
Spirits, malt, etc	97,820	97,675	101,105	107,035	132,000
Cigars, cigarettes and tobacco	101,163	102,116	106,241	115,982	116,000
Licences	40	37	39	38	40
Less refunds	−2,979	−3,034	−2,733	−2,490	−3,040
Total Excise Duties	196,044	196,794	204,652	220,565	245,000
Excise Taxes—					
Taxes on Commodities—					
Sales Tax	328,073	383,012	390,174	415,222	471,100
War Exchange Tax	338	.....	.....	.....	.....
Automobiles, rubber tires and tubes	16,340	31,949	36,943	38,193	63,000
Beverages	18,635	23,767	27,689	1,627	7,400
Candy and chewing gum	13,277	18,279	19,888	1,030	10,400
Cigars, cigarettes and tobacco	76,318	68,606	77,665	83,497	83,200
Cigarette papers and tubes	6,943	6,419	6,999	7,223	7,850
Electric and gas appliances	7	2,824	3,894	.....	2,300
Furs	3,102	3,139	3,693	2,937	4,300
Gasoline	36,220	2,208	.....	.....	.....
Matches and lighters	4,088	3,967	3,412	1,091	1,100
Phonographs, radios and tubes	2,526	5,325	3,562	3,101	5,200
Special excise on importations	1,185	2,113	279	.....	.....
Sugar	11,339	10,572	.....	.....	.....
Toilet preparations and soaps	7,522	7,146	7,757	4,316	4,300
Trunks, bags, luggage, etc	5,710	4,962	5,565	2,257	2,500
Wines	2,394	2,342	2,060	2,126	2,200
Jewellery, ornaments, etc	.....	.....	.....	4,077	6,600
Sundry	5,109	4,716	4,700	2,310	4,400
Taxes on Amusements and Services—					
Amusements	14,552	15,369	2,483	.....	.....
Tax on pari-mutuel bets	2,510	2,519	105	.....	.....
Transportation and communication	27,931	27,531	29,034	3,967	.....
Stamps, including payment of taxes on jewellery, chinaware, cabaret attendance, etc	24,437	24,300	22,725	9,898	10,800
Licences,interest and miscellaneous	313	376	382	370	350
Less refunds (mainly sales tax)	−29,845	−10,683	−12,871	−11,785	−12,000
Total Excise Taxes	579,024	640,758	636,138	571,457	675,000
Other Taxes—					
Chartered bank note circulation	220	188	166	121	.....
Insurance Companies	8,796	3,004	3,339	3,789	4,150
Miscellaneous	690	613	531	525	750
Total Indirect Taxes	1,022,129	1,134,369	1,067,801	1,022,335	1,222,900
Total Revenue from Taxes	2,457,861	2,452,075	2,436,142	2,323,117	2,780,900

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

—	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
NON-TAX REVENUE—					
Post Office	72,978	77,759	80,604	84,512	90,000
Return on Investments	69,439	75,800	107,889	91,529	89,100
Bullion and coinage	2,098	1,731	3,253	4,523	4,800
Premium, discount and exchange	.....	3,736	.....	.....	18,000
Other	16,355	18,745	21,202	25,035	29,900
Total Non-Tax Revenue	160,870	177,771	212,948	205,599	231,800
Total Ordinary Revenue	2,618,731	2,629 846	2,649,090	2,528,716	3,012,700
SPECIAL RECEIPTS AND CREDITS—					
Refunds of previous years' Special Expenditure	10	7	16	156	300
Special Receipts—War and Demobilization	228,465	162,376	91,281	34,765	45,200
Sale of surplus Crown Assets	184,298	63,381	25,840	16,351	20,400
Refundable portion of excess profits tax—Transfer to Revenue of excess reserve set up in previous years	.....	.....	.....	.....	25,000
Donations to the Crown	170	138	69	54	2
Canadian Wheat Board— Surplus in certain special accounts	1,762	16	121	.....	.....
Investment in Crown plants transferred to Active Assets	2,053	3,704	2,528	.....	.....
	416,758	229,622	119,855	51,326	90,902
Capital and Non-active Accounts—					
Capital Accounts—					
Refunds of previous years' expenditure	110	61	82	67	120
Transfer to Consolidated Deficit Account (contra)	.....	158	2,243	.....	.....
Non-active Accounts—					
National Harbours Board, reduction of indebtedness	10	82	.....	12	119
Canadian Pacific Railway— Repayment of loan made under Relief Acts	.....	.....	.....	.....	1,447
1936 and 1937 Saskatchewan Seed Grain Loans Guarantees—					
Adjustment pursuant to The Western Provinces Treasury Bills and Natural Resources Settlement Act, 1947	.....	9,773	.....	.....	.....
Canadian National (West Indies) Steamships, Limited, reduction of indebtedness	1,105	256	80	.....	.....
Write-off to Consolidated Deficit Account—					
Canadian National Railways Securities Trust Stock—reduction due to retirement of equipment during calendar years 1946 and 1947	1,308	1,885	.....	.....	.....
Seed Grain and Relief Loans	54	63	45	20	12
Total Capital and Non-active Accounts	2,587	12,278	2,450	99	1,698
Total Special Receipts and Credits	419,345	241,900	122,305	51,425	92,600
Total Revenue	3,038,076	2,871,746	2,771,395	2,580,141	3,105,300
Less estimated amount of refundable Income and Excess Profits Taxes	30,200	.....	.....	.....	.....
Net Total Revenue	3,007,876	2,871,746	2,771,395	2,580,141	3,105,300

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

—	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
ORDINARY EXPENDITURE					
Agriculture	13,300	16,311	20,376	25,296	49,604
Auditor General's Office	390	395	533	562	594
Citizenship and Immigration	.....	.....	.....	17,702	21,396
Civil Service Commission	593	665	771	1,513	1,587
External Affairs	5,128	7,195	8,676	9,721	22,289
Finance—					
Interest on Public Debt	464,395	455,455	465,138	439,816	425,240
Cost of Issuing New Loans and Annual Amortization of Bond Discounts and Commissions	12,139	10,914	9,745	10,546	13,368
Servicing of Public Debt	678	356	331	478	426
Subsidies to Provinces	14,383	33,394	17,095	19,170	18,735
Transitional Grant to Newfoundland	.....	.....	.....	6,500	6,500
Miscellaneous Grants and Contributions	95	113	147	597	1,332
Civil Pensions and Superannuation	253	224	190	169	147
Government's contribution to Superannuation Account	3,161	3,488	4,050	5,461	6,858
Special Government contribution to Superannuation Account	.....	.....	.....	.....	75,000
Premium, Discount and Exchange	9,172	.....	111	19,740	.....
Compensation to Provinces—					
Tax-rental Agreements	94,380	122,497	84,387	76,881	94,123
Sec. 7—Tax-rental Agreements Act	.....	.....	.....	1,375	4,566
Special payments in respect to matters supplementary to Terms of Union of Newfoundland with Canada	.....	.....	.....	43	.....
Office of the Comptroller of the Treasury	7,521	8,933	11,103	11,140	11,353
Administrative and Sundry Expenditure	1,671	2,059	3,193	4,547	6,299
Fisheries	3,599	4,097	5,158	6,764	8,006
Governor General and Lieutenant-Governors	252	239	242	274	250
Insurance	212	237	263	311	382
Justice	3,194	3,917	4,025	4,226	4,704
Penitentiaries	3,806	4,564	5,863	6,691	8,200
Labour	2,010	2,319	4,712	6,244	8,727
Unemployment Insurance Act, 1940—					
Administration	7,496	17,641	18,965	20,386	22,418
Government's Contribution	15,200	17,500	20,103	21,098	27,930
Unemployment assistance to residents of Newfoundland pursuant to Terms of Union	.....	.....	.....	3,589	3,200
Government Annuities—					
Payment to maintain reserve	977	332	11,408	1,256	1,500
Legislation—					
House of Commons	2,786	3,022	2,628	3,764	3,289
Library of Parliament	90	103	127	127	138
Senate	881	946	736	1,178	976
General	167	270	272	160	265
Chief Electoral Officer, including elections	144	151	287	4,456	274
Mines and Resources—					
Administration	173	268	366	.....	.....
Immigration	2,047	2,665	5,564	.....	.....
Indian Affairs	5,948	7,180	10,378	.....	.....
Lands, Parks and Forests	4,962	.....	.....	.....	.....
Lands and Development Services	.....	5,630	11,863	.....	.....
Surveys and Engineering	3,444	.....	.....	.....	.....
Special Projects	.....	2,554	126	.....	.....
Mines and Geological Survey	1,847	.....	.....	.....	.....
Mines, Forests and Scientific Services	.....	5,318	17,970	.....	.....
Mines and Technical Surveys	.....	.....	.....	22,200	18,046
National Defence—					
Defence Forces—Army, Navy, and Air Services	(1) —	(1) —	(1) —	(1) —	536,336
Defence Research and Development	(1) —	(1) —	(1) —	(1) —	23,915

(1) Included under Demobilization and Reconversion.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(thousands of dollars)

—	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
ORDINARY EXPENDITURE—*Con.*					
National Defence—*Con.*					
Administration and sundry services	253	615	1,127	383	343
Pensions—Militia Pensions Act	(2) —	(2) —	4,863	5,011	5,000
Government's contribution to Permanent Forces Pension Fund	.....	(1) —	7,867	9,046	11,975
Defence Appropriation Act, Sec. 3	.....	.....	.....	.....	195,417
National Health and Welfare	8,616	10,815	14,381	16,901	17,950
Old age pensions, including pensions to blind persons	35,928	58,090	66,764	93,189	103,250
Family allowances	245,141	263,165	270,910	297,514	309,490
General health grants	.....	.....	7,528	15,716	19,300
National Revenue (including Income Tax)	28,551	37,312	49,323	50,604	49,588
Post Office	64,213	67,944	77,643	82,640	92,125
Prime Minister's Office	88	99	106	120	124
Privy Council	808	1,287	4,351	4,008	4,054
Public Archives	149	157	173	198	208
Public Printing and Stationery	293	536	753	866	726
Public Works	26,360	35,545	50,644	67,058	72,500
Reconstruction and Supply	1,932	12,342	3,403	.....	.....
Resources and Development	.....	.....	.....	25,014	34,433
Dominion Fuel Board administration coal subsidies and subventions	1,776	1,143	(3) —	(3) —	.....
Royal Canadian Mounted Police	8,604	10,406	13,717	15,971	19,766
Secretary of State	1,157	1,345	1,559	1,600	2,189
Trade and Commerce	9,776	10,846	24,778	30,363	37,988
Dominion Coal Board administration coal subsidies and subventions	.....	.....	2,164	4,357	3,421
Mail Subsidies and Steamship Subventions	1,103	(4) —	(4) —	(4) —	.....
Transport—					
Administration and general	1,499	1,973	3,492	3,790	2,495
Air Service	5,653	10,390	15,932	21,669	25,723
Marine Service	5,963	6,831	8,176	9,878	11,588
Railways and Canals	3,702	4,073	5,124	6,624	9,191
Maritime Freight Rates Act	4,871	5,090	6,606	6,982	8,585
Mail Subsidies and Steamship Subventions, including Canadian Maritime Commission	.....	1,764	2,166	2,277	5,975
Veterans Affairs—					
Departmental Administration	1,680	1,677	2,225	2,248	2,119
Pensions (World War 1 and military)	40,771	41,227	.....	.....	.....
Pensions (World Wars 1 and 2 and general)	(5) —	(5) —	102,951	96,091	96,339
Treatment and after-care of returned soldiers and allowances to dependents	44,303	46,286	69,937	69,778	73,139
Hospital accommodation and facilities	(5) —	(5) —	(5) —	(5) —	2,724
Soldier Settlement and Veterans Land Acts	6,551	8,092	7,885	7,383	6,373
Post discharge rehabilitation benefits	.....	.....	.....	.....	12,926
War service gratuities and re-establishment credits	.....	.....	.....	.....	15,993
Total Ordinary Expenditure	1,236,235	1,380,002	1,573,450	1,701,260	2,680,990
CAPITAL EXPENDITURE					
Railways	2,654	3,809	3,239	3,835	1,257
Public Works	8,546	11,847	15,234	19,088	15,210
Total Capital Expenditure	11,200	15,656	18,473	22,923	16,467

(1) Included under Demobilization and Reconversion.
(2) Included under Veterans Affairs.
(3) See Department of Trade and Commerce.
(4) See Department of Transport.
(5) See War, Demobilization and Reconversion Expenditure.

The Budget—Appendix

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(thousands of dollars)

—	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
*War, Demobilization and Reconversion Expenditure					
National Defence—Army, Navy and Air Services	.....	*189,360*	*238,915*	*348,050*	
National Defence—Defence Research	*4,090*	*6,024*	*16,033*	*22,389*	
National Defence—					
Army Services	*219,124*	.....	.....	.....	.....
Naval Services	*64,873*	.....	.....	.....	.....
Air Services	*99,271*	.....	.....	.....	.....
Reconstruction and Supply (formerly Munitions and Supply)—					
Administration, reconversion and operation of Crown Companies and/or Crown Plants	10,784	1,558	(6) —	.....	.....
Administration	4,140	1,305	122	.....	.....
Housing development	35,323	38,558	1,013	.....	
Production and transportation subsidies for Canadian steel producers, etc	12,663	7,950	(6) —	(6) —	
Research and development of jet engines and aircraft	.....	4,500	(6) —	(6) —	
Liquidation of contracts	24,743	1,007	.....	.....	.....
Termination of contracts	55,200	6,400	.....	.....	.....
Other	4,287	1,056	242	.....	.....
	147,140	*62,334*	*1,377*	.....	
Agriculture—					
Disposal of agricultural products rendered surplus by the war	958	7	.....	.....	
Freight assistance on western feed grains	18,828	20,092	18,154	16,764	
Fertilizer subventions and freight allowance	283	.....	.....	.....	.....
Subsidies and bulk purchasing of fertilizer	.....	597	.....	.....	.....
Subsidy on western wheat used exclusively as feed for live-stock	6,474	4,421	.....	.....	
Subsidy on milk and milk products	36,759	1,861	.....	.....	
Premium on hog carcasses suitable for export to U.K.	4,506	5,474	4,585	4,982	
To provide for reserve stocks of feed grains	1,551	434	.....	.....	
Sundry	1,757	347	439	465	
	71,116	*33,213*	*23,178*	*22,211*	
External Affairs—					
Contribution to International Refugee Organization	.....	5,468	5,412	5,827	
General post UNRRA relief	.....	16,927	325	.....	
Sundry	837	5	102	1,132	
	837	*22,400*	*5,839*	*6,959*	
Finance—					
Comptroller of the Treasury	6,072	1,702	(7) —	(7) —	
Wartime Prices and Trade Board—					
Administration	12,738	5,794	3,321	2,567	
Subsidies due to application of Order placing a ceiling over all prices	88,778	34,341	14,911	.....	
Advances for payment of drawback claims to millers and other manufacturers of wheat products	26,000	17,000	11,000	400	
Halifax V-E Day disorders and explosion—					
Payment of claims	2,127	.....	.....	.....	.....
Expenses of investigations	161	.....	.....	.....	.....
Sundry	999	363	1,457	92	
	136,875	*59,200*	*30,689*	*3,059*	

* Included in Ordinary Expenditure in 1950-51.

(6) See Department of Trade and Commerce.

(7) Included in ordinary expenditure.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(thousands of dollars)

—	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE—*Con.*					
Labour—					
National Selective Service program	11,230	.....	.....	.....	.....
Removal of enemy aliens from protected areas	3,161	.....	.....	.....	.....
Vocational training for discharged members of Canada's Armed Forces	13,049	6,405	3,472	2,164	
Vocational Schools — Payments to Provinces	2,442	3,264	(8) —	(8) —	
Sundry	2,772	1,723	1,767	1,406	
	32,654	*11,392*	*5,239*	*3,570*	
Mines and Resources	*2,498*	*1,812*	*989*	.....	
Mines and Technical Surveys	.....	.....	.....	*1,355*	
National Health and Welfare—					
Old Age Pensions increased benefits	9,517	996	(8) —	(8) —	
Sundry	157	107	31	.....	
	9,674	*1,103*	*31*	.....	
Public Works	*3,651*	*1,242*	.....	.....	
Royal Canadian Mounted Police	*1,896*	*1,627*	.....	.....	
Trade and Commerce—					
Administration	.....	.....	1,000	.....	
Administration, reconversion and operation of Crown Companies and/or Crown Plants	.....	.....	2,585	.....	
Production and transportation subsidies for Canadian steel producers, etc.	.....	.....	7,062	4,662	
Research and development of jet engines and aircraft	.....	.....	2,000	1,500	
Sundry	682	126	1,157	311	
	682	*126*	*13,804*	*6,473*	
Transport	*9,723*	*6,387*	*1,637*	*1,261*	
Veterans Affairs—					
Treatment—Defence Forces	50,982	27,130	(8) —	(8) —	
Pensions—Defence Forces	33,763	40,517	(8) —	(8) —	
Additions, alterations and improvements to departmental hospitals, including land purchases	8,334	6,805	5,095	3,811	
Post-discharge rehabilitation benefits	96,762	78,323	44,826	25,099	
War service gratuities and re-establishment credits	318,325	84,175	36,148	22,548	
Sundry	273	418	1,181	1,424	
	508,439	*237,368*	*87,250*	*52,882*	
Other Departments	*2,255*	*813*	*593*	*398*	
Total War, Demobilization and Reconversion Expenditure	1,314,798	634,421	425,574	468,607	
SPECIAL EXPENDITURE					
Agricultural and Other Expenditure	4,434	5,253	10,489	14,787	24,436
Prairie Farm Assistance Act, 1939—					
Administration	333	450	402	437	425
Advances to Prairie Farm Emergency Fund	6,597	10,744	8,640	13,138	3,178
Deficits—Canadian Wheat Board	20,562	31,450	4,454	4,471	2,536
Subsidies on oats and barley, used as feed for live stock—Dept. of Agriculture	.....	13,963	.....	.....	.....
Payment to Canadian Wheat Board for distribution to producers (Dept. of Agriculture)	.....	.....	.....	.....	65,000
Reimbursement to Canadian Wheat Board for expenses of regulating deliveries of grain—Department of Trade and Commerce	.....	733	128	96	77

(8) Included in ordinary expenditure.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(thousands of dollars)

—	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
SPECIAL EXPENDITURE—*Con.*					
Reimbursement to Canadian Commercial Corporation for expenses in purchasing materials, etc., on behalf of Dept. of National Defence—Dept. of Trade and Commerce	.....	548	776	975	1,437
Fraser Valley, B.C. Flood Area—					
Grant for emergency relief and rehabilitation	.....	.....	5,000	.....	.....
Repairs to Federal Government structures and telegraph and telephone lines	.....	.....	424	.....	.....
Fraser Valley Dyking Board—					
Payments by Government of Canada under agreement	.....	.....	4,500	3,000	.....
Protection of works	.....	.....	.....	1,024	.....
Red River Valley and the Winnipeg Area generally—					
Payments by Government of Canada under agreements for construction of emergency works	.....	.....	.....	.....	2,353
Grant to assist the Province of Manitoba in respect of the Red River floods	.....	.....	.....	.....	12,500
Grant to assist the Province of Quebec in respect of the fire at Rimouski	.....	.....	.....	.....	1,000
Grant to assist the Province of Quebec in respect of the fire at Cabano	.....	.....	.....	.....	218
Reimbursement to Defence Construction, Ltd. for expenses incurred in procuring the construction of defence projects on behalf of Dept. of National Defence	.....	.....	.....	.....	500
Total Special Expenditure	31,926	63,141	34,813	37,928	113,660
GOVERNMENT OWNED ENTERPRISES					
Losses charged to Consolidated Deficit Account—					
Prince Edward Island Car Ferry and Terminals	888	932	1,220	1,221	1,267
Canadian National Railways	8,962	15,885	33,533	42,043	3,261
Canadian National (West Indies) Steamships, Ltd	.....	.....	.....	461	1,029
Trans-Canada Airlines	.....	1,370	2,933	4,318	1,325
National Harbours Board	114	137	238	83	188
Total charged to Consolidated Deficit Account	9,964	18,324	37,924	48,126	7,070
Loans and advances non-active—					
National Harbours Board	718	371	1,739	4,236	1,357
Total Government Owned Enterprises	10,682	18,695	39,663	52,362	8,427

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

—	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
	$	$	$	$	$
OTHER CHARGES					
Write-off of assets chargeable to Consolidated Deficit Account—					
Reduction of soldier and general land settlement loans	232	3	.....	(9) —	
Reduction of Veterans' Land Act Loans	129	2,097	1,000	(9) —	
Yearly established losses in seed grain and relief accounts—					
Department of Resources and Development	54	63	45	20	23
Canadian National Railways Securities Trust Stock—reduction due to retirement of equipment	1,308	1,885	.....	.....	.....
Provision for reserve for possible losses on ultimate realization of Active Assets	25,000	75,000	75,000	75,000	75,000
Provision for reserve for conditional benefits under Veterans' Land Act	2,663	4,505	5,631	6,496	7,277
Assumption of part of Newfoundland debt under Terms of Union	.....	.....	.....	62,293	
Transfer from Capital Account to Consolidated Deficit Account	.....	158	2,243	.....	
Write-down of Active Assets to Non-active Assets—					
Abasand Oils, Ltd.	.....	.....	.....	1,802	
Trading losses in Securities Investment Account	.....	.....	.....	8,299	
Soldier and General Land Settlement Loans	.....	.....	.....	11,500	
Soybean Flour Suspense Account	.....	.....	.....	126	
Total Other Charges	29,386	83,711	83,919	165,536	82,300
Grand Total Expenditures	2,634,227	2,195,626	2,175,892	2,448,616	2,901,844

(9) Included in ordinary expenditure.

ANNUAL CHANGES IN ACTIVE LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(In thousands of dollars)

—	Fiscal Year Ended March 31				
	1947	1948	1949	1950	Estimated 1951
	$	$	$	$	$
Working Capital Advances to Crown Corporations					
Canadian Arsenals, Ltd.	.....	2,500	2,500	.....	2,500
Canadian Commercial Corporation	2,500	.....	1,000	.....	
Canadian Patents and Development, Ltd.	.....	.....	.....	296	
Canadian Wool Board	Cr. 6,457	.....	.....	.....	.....
Commodity Prices Stabilization Corporation	15,638	Cr. 19,341	Cr. 14,911	Cr. 3,000	Cr. 1,500
Crown Assets Disposal Corporation	.....	Cr. 345	Cr. 108	Cr. 1,183	.....
Export Credits Insurance Corporation—Capital Surplus	.....	2,500	.....	.....	.....
	11,681	Cr. 14,686	Cr. 11,519	Cr. 3,887	1,000
Loans to, and Investments in, Crown Agencies					
Central Mortgage and Housing Corporation—Loans	.....	22,500	68,000	91,460	78,500
Canadian Broadcasting Corporation	2,000	.....	1,250	4,500	600
Canadian Farm Loan Board	Cr. 600	99	1,050	1,950	2,000
National Harbours Board	151	Cr. 26	213	20,382	900
Railway and Steamship Companies	Cr. 20,521	81,717	4,067	Cr. 20,963	20,200
Crown Plants	Cr. 41,101	.....	.....	.....	.....
Other Crown Agencies	Cr. 14,767	2,500	4,615	Cr. 1,295	Cr. 1,200
	Cr. 74,838	106,790	79,195	96,034	101,000
Other Loans and Investments					
Provincial and Municipal Governments	Cr. 2,530	Cr. 63,629	Cr. 5,376	Cr. 4,031	Cr. 4,300
United Kingdom and Other Governments—					
United Kingdom—Loan under The War Appropriation (U.K. Financing) Act, 1942	Cr. 95,800	Cr. 111,285	Cr. 29,487	Cr. 9,936	Cr. 40,500
United Kingdom Financial Agreement Act, 1946—Loan	640,000	368,000	37,000	120,000	20,000
Export Credits Insurance Act	267,983	130,934	68,196	Cr. 10,964	Cr. 23,000
Other (U.K. and Other Governments)	Cr. 165,415	Cr. 5,712	2,060	5,541	Cr. 300
Canada's subscription to Capital of—					
International Monetary Fund	299,970	.....	.....	22,500	.....
International Bank for Reconstruction and Development	48,750	16,250	.....	5,658	.....
Miscellaneous—					
Loans to veterans under the Soldier Settlement and Veterans' Land Acts	55,202	37,522	21,901	7,292	15,100
Balances receivable under agreements of sale of Crown Assets	13,503	Cr. 1,972	Cr. 1,230	Cr. 2,889	Cr. 700
Other miscellaneous loans	Cr. 10,552	Cr. 1,157	Cr. 588	Cr. 812	Cr. 600
	1,051,111	368,951	92,476	132,359	Cr. 34,300
Net Total of Changes in Loans and Investments	987,954	461,055	160,152	224,506	67,700

SUMMARIZED STATEMENT SHOWING SOURCES AND DISPOSITION OF CASH FUNDS FOR THE FISCAL YEAR ENDED MARCH 31, 1951

(In million of dollars)—Estimated

Cash funds made available during the year:—		
Net cash balance remaining out of current year's revenue		642·3
Consisting of:—		
Excess of revenues over expenditures for the year (i.e. budgetary surplus)	203·5	
Add back items included in total expenditures which did not represent cash*	482·8	
	686·3	
Deduct items included in total revenues which did not represent cash receipts*	44·0	
	642·3	
Increases in annuity, pension, insurance and guaranty accounts excluding the Unemployment Insurance Fund		21·7
Unemployment Insurance Fund—net cash contributions		58·4
Increase in floating debt		2·6
Repayment of departmental working capital advances—Agricultural prices support account, etc		16·2
Repayment of loans and working capital advances:—		
By Polymer Corporation, Ltd		1·9
By United Kingdom Government (under 1942 Financing Act, $40·5 million less advances under 1946 Agreement Act, $20·0 million)		20·5
By other Governments—Export Credits Insurance Act, etc		23·3
By Provincial and Municipal Governments		4·3
Repayments of other loans and investments (net)		1·3
		792·5
Decrease in cash balances during 1950-51		25·4
		817·9
Disposition of cash funds:—		
Reduction in sundry suspense accounts		7·7
Increase in securities investment account		5·2
Sinking fund purchases		0·8
Increase in Loans and Investments:—		
Advances to the Foreign Exchange Control Board		475·0
Working capital advances to Crown Corporations (net)		1·0
Advances to Central Mortgage and Housing Corporation (net)		78·5
Loans to Canadian Farm Loan Board		2·0
Loans to Canadian National Railways		19·9
Loan to Canadian National (West Indies) Steamships, Ltd		0·3
Loans to National Harbours Board (net)		0·9
Loans to other Crown agencies		1·3
Loans under Soldier Settlement and Veterans Land Acts (net)		15·1
Unemployment Insurance Fund—purchase of securities		83·8
Cost of issuing new loans (portion to be amortized)		10·0
Net reduction in funded debt		116·4
		817·9

* To calculate the amount of cash made available to the Government as a result of the current year's surplus there must be added back to the budgetary surplus figure of $203·5 million the following items included in total expenditure which did not involve current outlays of cash: provision for reserve for possible losses on ultimate realization of active assets, $75·0 million; provision for reserve for conditional benefits under the Veterans Land Act, $7·2 million; annual amortization of bond discounts and commissions, $12·5 million; transfer of value of existing stocks of weapons and equipment to a replacement fund for transfer to allied forces $195·4 million; amount required to recoup the Agricultural Prices Support Account to cover net loss of the Agricultural Prices Support Board, $3·5 million; the Government's contributions to the following funds: civil service superannuation account, $81·9 million; permanent services pension account, $12·0 million; unemployment insurance fund $27·9 million; Government annuities fund, $1·5 million and the national capital fund, $2·5 million; interest on public debt credited to the following accounts: deposit and trust accounts $2·1 million; annuity, pension, insurance and guaranty accounts, $32·5 million and unmatured funded debt, war savings certificates, $2·6 million; deductions from salary payments credited to: civil service superannuation account, $12·7 million; civil service retirement fund, $7·0 million and the permanent services pension account, $6·5 million. There must also be deducted from the budgetary surplus the following items included in total revenue which did not involve current receipts of cash: premium, discount and exchange account, $18·0 million; portion of profits of Park Steamships, Ltd. received in previous years and held in a suspense account, $1·0 million and an excess amount of reserve for refundable excess profits tax received in previous years and carried as a liability—funded debt, $25·0 million.

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1951 AND THE ANNUAL INTEREST PAYABLE THEREON

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charge
			$ cts.	$ cts.
1951, May 1	7/8	Canada	200,000,000 00	1,750,000 00
Aug, 29	1	Canada	200,000,000 00	2,000,000 00
Sept. 1	1	Canada	550,000,000 00	5,500,000 00
Nov. 1	1¾	Canada	500,000,000 00	8,750,000 00
1952, Feb. 1	3¼	Canada	(1) 50,492,475 50	1,624,757 88
Nov. 1	1½	Canada	300,000,000 00	4,500,000 00
Nov. 1	1¾	Canada	300,000,000 00	5,250,000 00
1953, Mar. 1	1½	Canada	325,000,000 00	4,875,000 00
1954, Mar. 1	3	Canada	(2) 676,355,489 00	20,089,767 00
Dec. 15	2	Canada	395,000,000 00	7,900,000 00
1956, July 1	2¼	Canada	400,000,000 00	9,000,000 00
Nov. 1	3	Canada	(3) 855,607,410 50	25,414,081 50
Nov. 1	2¾	Canada	*243,420,000 00	6,694,050 00
1957, May 1	3	Canada	1,111,261,650 00	33,337,849 50
Nov. 1	2¾	Canada	*130,280,000 00	3,582,700 00
1958, June 1	3	Canada	88,200,000 00	2,646,000 00
Sept. 1	4	London	(4) 1,874,120 77	74,964 83
Nov. 1	2¾	Canada	*125,420,000 00	3,449,050 00
1959, Jan. 1	3	Canada	1,197,324,750 00	35,919,742 50
Nov. 1	2¾	Canada	*193,410,000 00	5,318,775 00
1960, June 1	3	Canada	1,165,300,350 00	34,959,010 50
Nov. 1	2¾	Canada	*267,215,000 00	7,348,412 50
1961, Jan. 15	3¼	New York	(5) 50,160,000 00	1,630,020 00
1962, Feb.1	3	Canada	1,315,639,200 00	39,469,176 00
1963, July 1	3¼	London	(4) 2,073,747 73	67,396 80
July 1	3	London	(4) 52,234,535 46	1,567,036 06
Aug. 1	3	New York	(5) 156,750,000 00	4,702,500 00
Oct. 1	3	Canada	1,295,819,350 00	38,874,580 50
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
Sept. 1	3	Canada	1,691,796,700 00	50,753,901 00
1968, June 15	2¾	Canada	350,000,000 00	9,625,000 00
1974, Sept. 1	2¾	New York	(5) 104,500,000 00	2,873,750 00
1975, Sept. 15	2¾	New York	(5) 52,250,000 00	1,436,875 00
Perpetual	3	Canada	55,000,000 00	1,650,000 00
1951, April 6 Treasury Bills	·627	Canada	75,000,000 00	470,250 00
April 20 Treasury Bills	·626	Canada	75,000,000 00	469,500 00
May 4 Treasury Bills	·670	Canada	75,000,000 00	502,500 00
May 25 Treasury Bills	·728	Canada	75,000,000 00	546,000 00
June 8 Treasury Bills	·754	Canada	75,000,000 00	565,500 00
June 22 Treasury Bills	·755	Canada	75,000,000 00	566,250 00
Refundable portion of excess profits tax (estimated)	.....	Canada	*22,842,000 00	.....
War Savings Certificates	3	Canada	*97,340,000 00	2,920,200 00
			15,027,269,778 96	390,452,444 07
Payable in Canada	.....	.....	14,607,427,375 00	97·21%
Payable in London	.....	.....	56,182,403 96	0·37%
Payable in New York	.....	.....	363,660,000 00	2·42%
			15,027,269,778 96	100·00%

(1) Redeemable at 101 per cent. Amount outstanding includes $499,925.50 redemption bonus.

(2) Redeemable at 101 per cent. Amount outstanding includes $6,696,589.00 redemption bonus.

(3) Redeemable at 101 per cent. Amount outstanding includes $8,471,360.50 redemption bonus.

(4) Conversion rate estimated at $2·93½ to the £ sterling.

(5) Conversion rate estimated at $100 U.S. equals $104.50 Can.

* Estimated.

HOUSE OF COMMONS

Wednesday, April 11, 1951

The house met at three o'clock.

HOUSE OF COMMONS

VISITORS IN GALLERY—PRINCIPAL AND STUDENTS OF HAWKESBURY FRENCH HIGH SCHOOL

Mr. Raymond Bruneau (Prescott): Mr. Speaker, on a question of privilege, I should like to welcome today from the floor of the house the principal, Mr. Jean-Louis Cloutier, and students of the Hawkesbury French high school, now sitting in the ladies gallery.

Mr. Graydon: They look like Conservatives.

TRANS-CANADA AIR LINES

REFERENCE OF ANNUAL REPORT AND AUDITORS' REPORT TO RAILWAYS AND SHIPPING COMMITTEE

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, by leave of the house I wish to move:

That the annual report of Trans-Canada Air Lines for the year ended December 31, 1950, tabled on March 19, 1951, and the auditors' report to parliament for the year ended December 31, 1950, in respect of Trans-Canada Air Lines, tabled on March 20, 1951, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

TABLING OF BUDGETS FOR 1951

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I beg leave to table the budgets of the Canadian National Railways and the Canadian National (West Indies) Steamships, Limited, for the year 1951.

REFERENCE OF ANNUAL REPORTS, BUDGETS AND CERTAIN ESTIMATES TO RAILWAYS AND SHIPPING COMMITTEE

Hon. Lionel Chevrier (Minister of Transport): By leave of the house I wish to move:

That the annual reports for 1950 of the Canadian National Railways, Canadian National (West Indies) Steamships, Limited, the Canadian National Railways securities trust, and auditors' report to parliament in respect to the Canadian National railway system and the Canadian National (West Indies) Steamships Limited, tabled on April 3, 1951, and the budget of the Canadian National Railways and Canadian National (West Indies) Steamships, Limited, for 1951, tabled this day, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government, together with the following items of estimates for 1951-52:

Vote *493*—Prince Edward Island car ferry and terminals—deficit;

Vote *495*—Canadian National (West Indies) Steamships, Limited—deficit;

Vote *501*—Maritime Freight Rates Act—payment of twenty per cent reduction in tariff of tolls to Canadian National Railways and other railways operating in territory fixed by the act,

And that the resolution passed by the house on March 12, 1951, referring certain estimates to the committee of supply, be rescinded in so far as the said resolution relates to votes Nos. 493, 495 and 501.

Motion agreed to.

RAILWAYS AND SHIPPING

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Cleaver be substituted for that of Mr. Clark on the special committee on railways and shipping.

Motion agreed to.

CONSUMER CREDIT

CONDITIONAL SALE CONTRACTS AND ENFORCEMENT PROVISIONS—AMENDMENT OF ACT OF 1950-51

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 195, to amend the Consumer Credit (Temporary Provisions) Act.

Some hon. Members: Explain.

Mr. Abbott: The bill provides for three amendments to the act. The first amends the definition of a conditional sale contract. The other two relate to a tightening up of the enforcement provisions.

Motion agreed to and bill read the first time.

HAMILTON HARBOUR COMMISSION

AMENDMENT AUTHORIZING PURCHASE AND OPERATION OF AN AMUSEMENT PARK

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 196, respecting the Hamilton harbour commissioners.

Some hon. Members: Explain.

Mr. Chevrier: The object of this bill is to amend the Hamilton Harbour Commission Act in order to authorize the commission to purchase and operate an amusement park adjacent to their lands. It has the approval

of the commission and, I understand, the concurrence of city council.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RADIO RECEIVING LICENCES—INSPECTORS

Mr. White (Middlesex East):

1. How many radio licences have been issued by the Department of Transport, in each province, in each of the past five years?
2. How many radio owners have been issued summons because of failure to purchase licences in each of the past five years, by provinces?
3. Are the fines assessed paid into the Department of Transport?
4. If so, what do these fines amount to in each of the provinces, during each of the last five years?
5. How many radio licence inspectors are there in Canada?
6. What is the total salary paid to radio inspectors in each of the last five years?
7. How many employees are there employed in offices of radio inspectors, and what were their total salaries in each of the last five years?

Mr. Chevrier:

1. Answered in statement below.
2. Answered in statement below.
3. No. They are credited to the Receiver General of Canada.
4. Answered in statement below.
5. 78 radio inspectors who perform radio receiving licence inspection as required as part of their general inspection and radio interference investigation duties.

6.

1946-47	1947-48	1948-49	1949-50	1950-51 (To Feb. 28)
$123,630.91	$154,030.53	$203,321.05	$221,263.49	$205,324.38

7. 109.

(Salaries)

1946-47	1947-48	1948-49	1949-50	1950-51 (To Feb. 28)
$163,790.91	$199,271.53	$253,196.05	$278,928.49	$263,127.38

1.	1946-47	1947-48	1948-49	1949-50	1950-51 (To Feb. 28)
Newfoundland	.....	.....	.....	21,323	43,358
Prince Edward Island	10,626	12,173	11,825	11,152	10,745
Nova Scotia	87,043	91,940	99,477	102,927	104,745
New Brunswick	57,159	68,484	75,559	76,581	74,057
Quebec	491,823	534,797	567,257	616,200	629,899
Ontario	628,075	677,299	704,993	715,290	702,112
Manitoba	108,985	118,823	126,586	135,582	124,033
Saskatchewan	129,447	135,095	155,177	164,751	163,150
Alberta	125,289	131,849	134,666	147,132	154,997
British Columbia	168,950	173,097	181,821	186,108	186,240
Yukon	427	470	438	399	413

2.	1946-47	1947-48	1948-49	1949-50	1950-51 (To Feb. 28)
Newfoundland	.....	.....	.....	.....	303
Prince Edward Island.	139	178	55	295	....
Nova Scotia	842	679	1,103	975	769
New Brunswick	122	290	352	224	287
Quebec	1,968	2,115	1,923	1,809	1,943
Ontario	10,125	8,580	8,386	7,524	6,515
Manitoba	217	364	418	667	605
Saskatchewan	516	581	439	384	355
Alberta	960	648	656	603	691
British Columbia	208	248	221	412	493

Questions

4.

	1946-47	1947-48	1948-49	1949-50	1950-51 (To Feb. 28)
	$	$	$	$	$
Newfoundland	.....	.....	.....	.....	176.00
Prince Edward Island.	209.00	280.00	102.00	544.00	.....
Nova Scotia	2,556.50	1,779.50	2,975.00	2,504.00	1,983.50
New Brunswick	508.00	1,318.50	1,637.00	822.00	655.00
Quebec	4,179.55	3,886.75	4,446.50	3,301.50	1,465.50
Ontario	26,238.70	19,976.60	20,681.40	18,486.75	9,554.50
Manitoba	675.00	1,372.00	1,244.50	2,563.00	1,477.00
Saskatchewan	1,896.00	2,164.00	1,780.00	1,668.50	1,305.00
Alberta	3,767.00	2,526.00	2,137.50	2,148.00	1,055.00
British Columbia	448.00	579.00	674.00	1,157.00	541.50

DOMINION BUREAU OF STATISTICS—QUESTIONNAIRES

Mr. Fulton:

How many questionnaires have been issued and demands for information made by the dominion bureau of statistics, including those made under its general powers to require returns, or as agent of any department or agency of government, or under any special statute, during the twelve months ended February 28, 1951?

Mr. McIlraith: 237.

BACON AND OTHER PORK PRODUCTS—EXPORTS AND IMPORTS

Mr. Catherwood:

1. What was the total amount of bacon shipped to Great Britain during the year 1950?
2. Has any bacon been shipped to Great Britain during the months of January, February and March, 1951?
3. If so, how many pounds?
4. Have any pork products been imported from the United States since restrictions were lifted?
5. If so, how many pounds?

Mr. McIlraith:

1. 72,340,300 pounds.

2. Yes.

3. January, 1951, 1,759,500 pounds; February, 1951, 128,000 pounds; March, 1951, not yet available.

4. Yes.

5.

	January, 1951. Pounds	February, 1951. Pounds
Pork, fresh	509,976	1,518,916
Bacon, hams and other cured pork	5,397	265
Pork, barrelled in brine	335,000	525,800

Figures for March, 1951, are not yet available.

Pork products, except as above, are not separately classified in trade statistics.

H.M.C.S. "MAGNIFICENT"—OPERATING AND MAINTENANCE COST

Mr. Balcer:

1 What was the total operating and maintenance cost of H.M.C.S. *Magnificent* for the year 1950?
2. What was the total operating and maintenance cost of the two carrier air groups for the year 1950?

Mr. Blanchette:

1. For fiscal year ending March 31, 1951, $3,191,700.

2. For fiscal year ending March 31, 1951, $3,359,368.

ROYAL CANADIAN NAVY—COMPLEMENT AS AT DECEMBER 31, 1949 AND 1950

Mr. Balcer:

What was the complement of officers and men in the Royal Canadian Navy at (a) December 31, 1949; (b) December 31, 1950?

Mr. Blanchette: Actual strength: (a) 31st December, 1949, 9,210; (b) 31st December, 1950, 10,199.

LAURIER HOUSE

PROVISION FOR ADMINISTRATION OF THE MACKENZIE KING TRUST ACCOUNT

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to provide for the administration of Laurier House, in the city of Ottawa, and of an account to be set up in the consolidated revenue fund to be known as the Mackenzie King trust account to which shall be credited the sum of $225,000 given by the will of the late the Right Hon. William Lyon Mackenzie King, P.C., O.M., to the government of Canada, to be expended for the purposes of such administration.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

Proposed Legislation

KINGSMERE PARK

ADMINISTRATION OF BEQUEST TO GOVERNMENT OF CANADA UNDER THE WILL OF THE LATE MR. MACKENZIE KING

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to provide for the administration of Kingsmere park by the federal district commission and the management and control of the buildings in the park and the yards, orchards and appurtenances thereto by the Minister of Public Works in accordance with the will of the late the Right Hon. William Lyon Mackenzie King, P.C., O.M., with authority in the governor in council to set aside any part of the park as a country home for the holder of the office of prime minister, such park to be deemed included in the properties described in the schedule to the Prime Minister's Residence Act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

JUDGES ACT

INCREASE IN SALARIES AND NUMBERS OF JUDGES—ADJUSTMENTS IN PENSIONS

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Judges Act, 1946, to increase the salaries of judges, other than the judges of the Supreme Court of Canada; to increase the number of judges of the Supreme Court of Ontario and of the Superior Court of Quebec; and to provide certain adjustments as to pensions of judges and widows of judges.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to a point of order in connection with the wording of this resolution. I feel that I should raise the point of order now lest I be told at a later stage of the debate that I should have raised it at this time. I am quite prepared that my point of order should be considered and ruled upon at a later stage, but I would like Your Honour to consider citations 433, 436, 439 and others in Beauchesne, third edition, which have to do with a resolution preceding a money bill.

It seems to me quite clear from these citations that while the resolution preceding a money bill does not need to disclose all the details in the bill, it should set a limit on the amount of money being asked for by the crown. Those citations and others indicate that the debate at the resolution stage is on a certain expenditure asked for by the crown. There is one exception indicated, which suggests that if no ceiling is placed on the amount, private members may move to increase it when the house is in committee of the whole on the bill. Certainly that is not my purpose in connection with this resolution, but it does seem to me that the government is getting a bit careless in connection with these resolutions and is bringing in too many of them without fixing the maximum amount that may be included in the bill.

Through the years I have made quite a study of this matter, and I have gone over it again in the last day or so. As one goes back through the years it appears that the practice was very well established, until about four or five years ago, that every resolution preceding a money bill spelled out the total amount of money that would be required under that bill. The resolution introduced by the present Prime Minister (Mr. St. Laurent) when he was minister of justice, changing the provisions with regard to the pensions of judges so that they could award a portion of their pensions to their widows, spelled out those provisions. So it has been with old age pensions and family allowances. This morning in the library I went back to the records of 1867, 1872 and so on, and down through the years the practice has been very definite. I submit that the government is getting away from the practice of the house and the spirit of the citations to which I have referred when resolutions are brought down in this way.

On a point of privilege I might also express my regret that while the resolution does not tell us the maximum amount involved in this bill, the press seems to have that information. That is another point about which I shall not say more now, but I should like to suggest that by the time this matter reaches another stage we might have consideration by Your Honour as to whether resolutions in this blank cheque form are regular.

Mr. Garson: Mr. Speaker, His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Mr. Speaker: I shall take into consideration what has been said by the hon. member for Winnipeg North Centre (Mr. Knowles). As he has stated, resolutions in a form similar to this have been allowed to stand in the past, and in this case I shall allow this resolution to stand. However, as I stated above, I shall give consideration to what he has said. Is it the pleasure of the house to adopt this motion?

Mr. Knowles: On division.

Motion agreed to on division.

INQUIRY FOR RETURN

BUTTER IN STORAGE AND SALES

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): May I ask the Minister of Agriculture when he expects to table a return, concerning butter in storage, to an order of the house, passed on March 5?

Right Hon. J. G. Gardiner (Minister of Agriculture): I should say to the hon. member that there has been some delay because of the fact that there are several hundred of these persons or companies across Canada, from Vancouver to Halifax, to whom butter has been delivered; and the return was completed only today. I signed it a few minutes ago, and I should think it will be tabled tomorrow.

LABOUR CONDITIONS

REPORTED REQUEST OF HOLLINGER COMPANY FOR PERMISSION TO EMPLOY DISPLACED PERSONS

On the orders of the day:

Mr. Auguste Maltais (Charlevoix): I should like to direct a question to the Minister of Labour or his parliamentary assistant, of which I gave notice before coming into the chamber.

(Translation):

My question arises from a news item in *Le Soleil* of Quebec, of April 7 last, stating that the Hollinger North Shore Company, which is developing the north shore district, intends to seek authority from the government to bring refugees to Canada and put them to work in Ungava and on the north shore. I would like to know if there is any truth in that report.

If it is true, would the representative of the Department of Labour tell me whether the usual steps have been taken to inform the unemployed—especially in adjacent counties on the north shore and in Charlevoix-Montmorency county, through the unemployment insurance commission's offices at La Malbaie and Montmorency—that work is available in that district?

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I thank the hon. member for having given me notice of his question. However, in the few moments that have elapsed since I received his memorandum, I have procured only preliminary information which does not enable me to give him the answer he has a right to expect. But I can promise him more complete information later this afternoon or tomorrow at the latest.

(Text):

KOREA

QUESTION AS TO RECALL OF GENERAL MACARTHUR FROM COMMAND OF UNITED NATIONS TROOPS

On the orders of the day:

Mr. E. G. Hansell (Macleod): I should like to ask the minister of external affairs a question which he may see fit to answer today or at some other time. There seems to be some confusion as to the recall of General MacArthur, arising out of the presidential authority to recall him, in view of the fact that General MacArthur has been the commander of the United Nations forces and we are one of the nations supplying those forces. The question arises whether or not Canada should have been consulted. Would the minister care to make a statement now, or perhaps tomorrow?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I have no desire at this time, or even tomorrow, to comment on the nature of the action taken by the President of the United States in this matter. I can, however, for the benefit of the hon. member and the house, briefly outline the procedure under which that action was taken.

When the security council, by its resolution of July 7, 1950, established a unified command to conduct the military operations in Korea, it requested the United States to designate the commander of the United Nations forces there. In response to this request of the security council, President Truman the following day designated General MacArthur as the commanding general of the military forces placed by the members of the United Nations under the unified command. I understand that the President of the United States has now decided that the conduct of the military operations in Korea should be entrusted to other hands, and, acting under the mandate given to him by the security council resolution to which I have referred, has appointed General Ridgway as the United Nations commander in place of General MacArthur. This decision is clearly one which falls within the sphere of authority which has been given to the President of the United States by the United Nations itself.

CANDY

QUESTION AS TO REDUCTION OF PRICE AS A RESULT OF BUDGET PROVISIONS

On the orders of the day:

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, I am not sure to which minister I

should address this question, but perhaps the Minister of Justice will take notice of it. It has to do with the announcement last night in the budget address that there would be a decrease in the taxation on candy. According to the newspapers the manufacturers are not going to decrease the price of candy. Will the minister see that justice is done in this respect?

Hon. Stuart S. Garson (Minister of Justice): I shall be glad to take my hon. friend's question as notice and see what can be done along the lines he suggests.

SUPPLY

COST OF LIVING—AMENDMENT, MR. DREW

The house resumed, from Tuesday, April 10, consideration of the motion of Mr. Fournier (Hull) that Mr. Speaker do now leave the chair for the house to resolve itself into committee of supply, and the amendment thereto of Mr. Drew.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, in asking for some measure of price control at this time, there is no need for me to speak at any length, and I shall not do so. The arguments have been presented, the figures have been placed on the record, and almost everything has been said that can be said on behalf of our party. I particularly endorse what has been said concerning the stand of my party on the matter. I might read two or three clauses that were adopted at the convention of the party in Vancouver in 1950. They are:

1. The reimposition of price controls on the necessities of life, with an adequate subsidy program where necessary;
2. The prevention of any further general increase in rents;
3. Effective action to halt price fixing and other restrictive practices by monopolies and combines.

We had an unfortunate experience some time previously with the actions of these monopolies and combines. All I wish to do here is to endorse that stand, as I have done on every opportunity which has arisen.

So much for the record outside the house. Inside the house we have, since 1946, consistently followed this same policy, in that we have opposed every move of this government to abandon price and rent controls, subsidies and the excess profits tax. Since the abandonment of these measures, we have continued to press for their reimposition. I think it will be acknowledged by all parties that in that early struggle we stood alone. We are glad that the situation has changed now. We welcome the support which we are receiving from other quarters. Personally, I did not expect that the leader of the Conservative opposition would ever move the amendment which he did the other day. It is true that he moved it with some reservations, but he did move it, as he said, in consideration of the important crisis which had arisen.

The hardships due to the high cost of living have increased progressively through the years with the constant rise in the price of commodities. The whole country has now become price conscious, and well it might—because people have had a good deal of experience with high costs, and no little difficulty—when we have a price index as of March 1 of 179·7. I do not know to what extent it has increased since, but that was an increase of 4½ points over the corresponding date of the month before.

The demand for action to call a halt in this progressive rise of prices has become articulate—nay, has become almost vociferous throughout the whole country. Organizations of the people everywhere have joined their voices to the chorus: the farmer, labour, the consumer, and individuals in their thousands. What then, you might ask, are we waiting for? Just for this government, which knows so much better, which is so much wiser than the millions of people whom it represents.

The price rise is at the moment the most unsettling factor in our whole economy. It has prepared the way for another round of demands for wage and salary rises, for increased pensions and the like. It strikes hardest at those who are least able to cope with it. Among those one might mention the unorganized workers, old age pensioners, and those on small fixed incomes, such as retired civil servants.

While the high cost of living ruins the individual, its partner and twin, inflation, is ruining the nation. Inflation in the domestic field is confiscation of a real sort: confiscation in the matter of bonds, insurance, and cash. In its effect upon the defence program, it is the great saboteur. The Minister of Finance (Mr. Abbott) is taking certain measures in an effort to curb it. Let us hope they will be successful. They may be in certain directions, but in others I think the minister's announcements will, on balance, increase inflation, or, where there is any deflation as a result, it will be at the expense of a lower standard of living on the part of the people.

The Minister of Trade and Commerce (Mr. Howe) told us the other day, in his speech in this debate, that there was not a shortage of civilian goods. There is of course a shortage of many materials that go into supplies for defence preparations. I wonder if the minister, in making his statement, had thought of newsprint, or had included the matter of

newsprint. There seems to be a shortage of that commodity. I saw some report to the effect that the President of France had talked that matter over with some of the Canadian authorities, saying that his country would be glad to get some newsprint from Canada. Strange to say, I had thought of this point in connection with the matter of price control. I had thought of it in the matter of our potential shortage not only of defence goods but of civilian goods. In discussing these potential shortages, or the rising of prices, or the need for economy, I would draw attention to a form of price rise that I think has not been previously mentioned in this house. I refer to an absurd situation which arose often during the last war, when large advertisers continued advertising products which were in short supply and when none or very few of them were available to the public. Many advertisements made no claim even to having any of the goods in stock, but, no doubt at great expense, they filled up our national magazines with what I would call phony and futile advertising. I say "futile" so far as the public is concerned, because there was certainly some method in the madness, or the apparent madness, of the people who were doing the advertising.

These corporations and manufacturers were by that method evading heavy payment of income tax and wasting some of our much-needed natural resources. They contributed to the spoliation of our forests for unnecessary purposes, and restricted the supply of paper which might have been used for a more genuine activity. Surely it should not be impossible to evolve an amendment to the income tax law which would limit the percentage of costs which these firms may charge to advertising as an exemption. I should have asked the hon. member for Winnipeg North Centre (Mr. Knowles) about this, but it is possible that there are some such restrictions now. If so, I think they should be tightened in that respect so that these people may not go on fooling the public in this particular manner. It might put an end to this present situation, which virtually means that the public is, in a manner, subsidizing the operations of these corporations. As the price of paper goes up, the price of advertising must of necessity go up correspondingly. Since the cost of advertising ultimately must be added to the cost of the goods, I submit that this is a place where price control as such might be employed. When the goods are scarce, or when there are virtually no goods to which this extra cost can be applied, how much greater must be the added cost under those circumstances. I urge the government to give some consideration to this matter, to put an end to this phony advertising, to make it unprofitable, and at the same time to bring down, even if only a little, the prices of the goods which are so advertised.

There is a kindred matter which I think I should mention here, because it is relevant to the same subject about which I have been talking, namely dishonest advertising. I refer to the liquor advertising which one finds in our magazines and periodicals. The last time —and the only other time—that I brought this matter up I was told that it was entirely within provincial jurisdiction. I do not here enter this argument on a moral basis. I am not for the moment discussing the question whether or not liquor should be advertised. I am, however, stating that under the laws of certain of the provinces, liquor advertising as such is forbidden. Yet in our magazines we find some more of this phony advertising, as I call it—phony, but perhaps in this case not futile from the manufacturers' point of view, because the advertising, as we all know, is cleverly done. You pick up your paper and you do not see any direct advertising of any particular brand of liquor; for that is specifically forbidden. But you find a pretty picture; you find the name of a prominent brewer or distiller. You find a picture which appeals to sportsmen and to youth—a pretty scene around a lake, a baseball game being played, a pair of mallard ducks in the sights of a shotgun. It is all appealing to young people, and they read it; but so far as I am concerned, it is a bit of hypocrisy. If it is the law that liquor can be advertised, all right; I am not making any objection. Let them advertise liquor. On the other hand, if it is not legal to advertise liquor in this province then let them stick not only to the letter but to the spirit of such legislation. I do not know that that has any particular bearing on the matter of prices, but there it is, as having some relevancy to my previous argument.

In conclusion, sir, if I may revert to the matter of price control and to the little nursery rhyme with which I opened my remarks last night, perhaps I might address these gentlemen in the guise of a consumer, and say to them:

> What tho' I suffer countless ills?
> What tho' I cannot pay my bills?
> Never you mind, ball, roll on.

And so the government rolls on its course, in spite of the pleas of the people.

The Minister of Finance has announced that his government has no immediate plans for the control of prices. He has no intention to curb prices. In all conscience, to be fair, I cannot accuse the government of complete apathy, or indifference, or worse,

but I can at least state my own opinion: I believe that in that decision the government is wrong, and that the history of this day will prove it. Micawber-like, the government looks to the future for the solution, in the hope that the grinding wheels of history may evolve some betterment, and apparently it is prepared to accept as inevitable the fact that many people will be pinched in the grinding process. I do not view inflation or high prices as things over which this government is unable to exert any control. I ask the government to take some action on the high cost of living, and to take it now.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, one of the cleverest moves of the session was the one by the leader of the opposition (Mr. Drew) to move such an amendment as this: The house is of the opinion that in view of the announcement made on Wednesday last of the greatest monthly increase in the Canadian cost of living during the month of February to the disastrously high level of 179·9 points, immediate consideration should be given to the adoption of appropriate measures to hold down the cost of living and halt inflation.

This was very clever and very smart, because it was done just on the eve of the budget speech to draw the attention of the Minister of Finance and of the government to the high cost of living in Canada. The leader of the opposition must have real satisfaction in realizing that the minister took into consideration what he said in giving the final touch to his budget speech.

It is evident that the cost of living is high, and that was evident even before the leader of the opposition made his speech and other hon. members spoke in the house about the amendment. It was realized by all of us and by our families that the cost of living is pretty high. But may I be permitted, sir, to go back a few years to the time when international monetary and economic agreements were signed by many countries with a view to improving living conditions and decreasing the cost of living. What is the result? The result is that we have inflation, not only in Canada, but throughout the world. It is worse in the United States than it is in Canada, as everybody knows. And what about England? Inflation is so high there that they cannot even give decent meat rations to the good people of the British isles. It is a general calamity.

While I will not discuss the budget speech, I will refer to it incidentally and say that the minister has taken into consideration the earning power of the individual, and the increase in taxation is graduated. Those who have small incomes pay little, and those who have higher incomes pay more. The taxation will be in proportion to the income of the people, which is fair. But if we go back to the cause of taxation, what do we find? I repeat to my colleagues what I said to them about the gift loans made during the war. War expenditure is the cause of high taxation, which is admitted by everybody. When I protested against the expedition to Korea I was alone in the house. Some hon. members looked at me over their shoulders, and they had a queer expression in their eyes. I was nearly alone. But the war expenditure is the cause of high taxation. Remove the cause and you remove the effect. It is a matter to be considered.

I am not blaming anyone for the views he has expressed or the vote he has given. We are in a free country, and I respect that freedom much more than some of the hon. gentlemen who speak so much about it. But now we have to face the condition which prevails here, and we have to take into consideration not only the effect but the cause. That being said, the government are doing the best they can to improve conditions.

In the debate that we have had for two days, with only the interlude of the budget speech, interesting speeches were made by every hon. member who addressed the Chair. Information was given about the cost of living in this country. I agree that the picture which has been painted of living conditions in Canada is accurate. I do not deny it. But what struck me during the debate was that all the hon. gentlemen who had spoken offered no constructive criticism whatever except the imposition of controls. Well, sir, I see some of my hon. friends opposite, some of whom I admire. I admire their genius, their gift of speech and all the qualities that a good parliamentarian should have. I wonder what constructive suggestions they have made, and what constructive suggestions they will make. They will say, "Let us have controls". Controls—when the prices are at the highest peak? It means that if prices are controlled when they are at their highest, the government will have to pay the difference and impose additional taxation to cover the amount of money that will have to be paid by the country to reduce prices artificially. That is my understanding of it. If the price of any commodity is 150 and someone suggests that it should be brought down to 100, who will bring it down, and who will pay for it? According to these people the government will bring it down to 100 and will pay the 50 from the pockets of the taxpayers.

An hon. Member: And rations.

Mr. Pouliot: Yes, and rations. This means that the taxpayers will not be any the richer for it. They will have to open their purses and put their hands in their pockets to pay the additional taxation. That is what happens—and I leave it to any hon. member to suggest any other plan.

The plan offered for the setting up of controls is an absurd one. What is the government doing? It is trying to bring the attention of the people to the abnormal situation existing today. I hope that this year the people of Canada will be more reasonable in their purchases, that they will think of the future, and that they will not spend at once, as they do so often, all the money they earn, but rather that they will think of the future and will be more thrifty.

What I am about to say may be commonplace and may not add much to the debate, but there is an expression found in the bible which I suggest is appropriate. It has been true from the time it was written, and it is still true: *desolatione desolata est omnis terra, quia nullus est qui recogitet corde.* I am not speaking Armenian; I am speaking Latin which may be interpreted in this way: The land is desolate because there is no one who thinks from the bottom of his heart. I may not have recited accurately the text from the King James bible or the Catholic bible, but it is the idea conveyed by holy writ. It was true when it was written centuries ago, just as it is true today.

Each one of us, each taxpayer in Canada, knows that inflation exists, inflation that was fought for such a long time by so many artificial means. We know it exists in this country, just as it exists elsewhere throughout the world, except perhaps in the south sea islands where there is no established government. I deplore the fact that there are men in the bureau of statistics who are paid to make calculations about the high cost of living, and that they give that information to the radio stations to be broadcast throughout the country. If they gave us knowledge we did not already have, I would be all for it; but no one knows better than the Canadian taxpayer himself the cost of purchasing commodities. I do not see why so many men are employed, at good salaries and at the expense of the taxpayer, to repeat information we already know—that the cost of living is high in Canada, and that the index is at a certain level. It is an American invention with which I do not agree.

It is precisely because of these advertisements as to the cost of living index, advertisements appearing in the press and over the radio, that there has been so much difficulty among labour unions and with many individuals in Canada. They have been taking advantage of the figures given by the bureau of statistics with respect to the cost of living to ask for proportionate increases in wages and salaries; and there is no end to it.

I will not say that the figure 179·7 mentioned by the leader of the opposition is an accurate one. I know very well that for many commodities it is not accurate, because the cost of living is higher in respect of those commodities. But whatever the figure may be, no one in Canada can be better informed than the man who looks after his business or goes to the store to buy clothing or food, or makes any of the other normal living expenditures.

I am not preaching obscurantism; I want my fellow citizens to be as well informed as any member of the Social Credit group would want them to be. But I do not see the use of maintaining, at high cost, a group of men to prepare statistics on the cost of living which, whether or not they are erroneous, create disturbance in the country, arouse the feelings of the people and cause them to worry about conditions in Canada. It does not do anything to help the Canadian people —and in due course I shall ask how many are working on this assignment, and how much they are paid.

I shall not speak longer, because there is other legislation on the order paper, and we are about to have a budget debate, at which time all the questions that have been under discussion for two days as a result of the amendment of the leader of the opposition may be the subject of discourse or suggestion by any hon. member.

I will add just one further word. Under the previous regime we heard suggestions from the opposition as to new leadership. We hear no more about it now, because the country is satisfied with the leadership given by the Prime Minister (Mr. St. Laurent) and his colleagues; and that is why I shall not vote in favour of the amendment, which amounts to a motion of want of confidence. I am satisfied with the government. They are not perfect, but they do all they can, and they do as well as anyone else would in their stead. If there are hon. members of the opposition who are going to speak after me, they will be welcome, but I should like them to tell the house what they would do if they were in power now to control an inflation which is world-wide.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I have sat here through the debate waiting to hear the answer to the question that the Canadian people are asking: what is the government going to do about the high

cost of living? What is going to be done about inflation? What measures are to be taken? For two days this discussion has proceeded, and as yet there is no suggestion that anything effective is to be done to meet a situation that affects every home in the country. No proof is needed that inflation today is terrible in its incidence and effect. No one expects the government to do everything, but at least the people as a whole have the right to expect that the government will do something at this time.

As I have listened to the debate I have wondered whether we in this house realize the situation in the country today. The people are asking us for leadership. They are asking us for hope. They are asking for suggestions as to what can be done. They need no proof that the dollar today has a purchasing value of only fifty-eight cents. Those who have saved money over the years, pensioners and those in the lower income groups, need no proof that prices have got out of bounds. All they ask is that the government in power, with the ability to act in this matter of prices, should do something effective, and do it now.

I remember the days of Mr. Bennett when he was blamed for everything in this country. He was blamed for conditions with respect to prices and unemployment. In those days my hon. friends opposite did not admit at any time that world conditions had anything to do with it, but today they blame world conditions. They are taking no action. They have made no serious retrenchment in controllable expenditures. It is true that they have removed a few mail carriers. These people move throughout the various communities in which they live, and will afford evidence that something is being done; but other than that, where is the retrenchment, where the indication on the part of the government that they are taking the lead in reducing expenditures?

Some say that price controls will not work; others say they will. Those who sold the concept of price control as an effective deterrent to high costs were members now sitting on the government side. For five, six, seven long years they sold the Canadian people on the concept that all you have to do is put a ceiling on prices and the consequence would be that the cost of living will be kept on an even keel. That was not our view; it was the view of the government. It was the view they expounded throughout the country over and over again in 1945, and in election advertising which is still available. Their campaign in 1945 was based on the idea that they had kept costs down. They said: We did it where no other country could do it; with our magnificent system we gave a lead to every other country in the world; we led the United States; their prices went up; we established a control system that was effective. That was the story over and over again.

In the House of Commons as late as 1947 the present Minister of Finance (Mr. Abbott) was asked a question by the hon. member for Winnipeg North Centre (Mr. Knowles). The hon. member for Winnipeg North Centre said:

> I wish to ask the Minister of Finance a question. Is he in a position to confirm or comment on a report credited to a government financial expert that every dollar spent on price control has saved the consumer at least $55?

The Minister of Finance replied:

> I do not know who the government financial expert is, and I cannot vouch for the accuracy of the figure of $55, but I can say that I am sure the money spent on price control has saved the Canadian consumer very considerable sums.

And so it was with various other members of the cabinet. They held up their ideas and knowledge of economics as superior to that of any other government in the world. They said it could be done. They sold the idea. What a change! Were the promises of 1945 sincerely made? Was the statement correct that through the years over $2 billion had been saved as a result of price control, or were these statements merely window-dressing? Today they have an opportunity, but what do they say? They offer alibis, make excuses, refer to world conditions, and say that the farmer is getting a large portion of the price paid by the consumer. That has been said repeatedly of late; it was said the other night by the Minister of Trade and Commerce (Mr. Howe). That statement is designed for one purpose—in order to induce farmers in the country to believe that anything that is done to meet inflation will hurt their earning power.

I think it should be realized that the price paid by consumers in Canada for farm products is not the price the farmer receives. The time has come to investigate the spread between the price the farmer receives and the price that is being paid by consumers. There is a tremendous spread, and I ask any farmer in the house if that is not so. The government say that we pay a high price for beef because of the United States market. Look at the spread between the price the farmer receives for beef and the price the Canadian consumer pays. What is being done by the government to investigate that situation? The Liberal party used to contend that the Conservative party was the ally of the big interests. The big interests in this

country have not been shown that the government is in any way inimicable to any injustices perpetrated. Why is there not an investigation? What does the farmer get of the consumer's dollar? Statistics show that the spread is very great between farmers' and consumer prices. Now instead of acting with resolution, instead of carrying out the promises of yesteryear, the ministers go across Canada and say in effect, "We can do nothing. We are helpless. We are hopeless."

Mr. Stick: They do not say that.

Mr. Diefenbaker: They say the people should act for themselves and save themselves from inflation. During one of his recent junkets the Minister of Justice (Mr. Garson) was in Saskatoon, where he delivered a speech which he said some might regard as the "unctuous counsel of perfection". That was his own label. In that speech he set out what could be done, and mentioned various things. No longer is price control the solution, he said. In fact price control did not keep down prices, according to the minister, who had this to say:

> Controls never eradicate inflation. They merely postpone and conceal its effects.

What a change that is from a few years ago, when we were told of the hundreds of millions of dollars that had been saved as a result of price control. We were not of that view, but that was what the government contended. Today, faced with a situation which they realize is serious, they say price control is not effective and indeed never was effective. The Minister of Justice stated the businessmen of this country must accept responsibility regarding keeping down rising prices and the producers must produce more. In other words everyone else is to be responsible for the condition that exists, rather than the government of the day. The minister spoke of "psychological intangibles so important in this emergency period." He spoke of measures that will be taken; he mentioned the need of economy, and then he used these potent words, with which I agree: "This government will not shrink from the task of imposing taxes."

A psychological intangible? That is to be the final solution. We must rely on the courage of a government that will not shrink from something it certainly has not shrunk from doing in the last few years. The hon. member for Temiscouata (Mr. Pouliot) wants to know what can be done, at a time when inflation is sapping the vitals of this country. I cannot refer to what is in the budget which was brought down last evening, but one of the ways that used to be put forward by some hon. members to meet inflation and reduce the cost of living was to remove the sales tax on necessities required by people on low incomes. What a story the sales tax makes over the years. It was imposed in 1921, and was then 1 per cent. By 1935 it was 6 per cent. The Liberal party in the election of 1935, claimed the sales tax was wrong and unjust, that it should be removed on necessities. Then in May, 1936, after the election was won, it was raised to 8 per cent, where it has remained through the years. It is an attractive tax for the government purpose because it conceals from the people what they are paying. As I recall this government has not been above concealment as it did a flour milling report for quite a period. The sales tax is a cover up, and at a time when the people are asking for relief taxation is to be increased on such necessities as clothing, furniture and other things required in our homes. Is increasing the sales tax a way to meet inflation? Will it operate to deter the people from buying, when they do not know they are paying it? Surely the people of this country have a right to expect something more than a tax which Mr. Ilsley himself condemned in 1941, at page 2353 of *Hansard*. Referring to the sales tax he said:

> This tax, while comparatively easy of administration and collection and extremely productive, has marked defects as a fiscal instrument. After extended consideration, we decided on balance against any increase. In coming to this decision, we were not forgetful of the problems of agriculture, which would have been intensified had the sales tax been raised.

Does anyone suggest that raising the sales tax and hiding it from the people is going to meet the problem of inflation and raise the standard of living in this country? The Minister of Justice was quite right when he said the government would not shrink from taxation. Not only that, but steps are now being considered with a view to bringing in an amendment to the constitution to provide for a turnover tax of 3 per cent by the provinces. While incomes shrink by inflation the government does not shrink from adding two per cent to the sales tax, and at the same time permitting the provinces to impose an indirect tax of 3 per cent. Surely the government is not so devoid of ideas that it can think of no other way to meet inflation but through the medium of additional taxation hidden from the people.

The turnover tax is one of the most dangerous things that could be brought into being in this country. It is a denial of the spirit of confederation which removed tariffs as between provinces. It is a denial of the concept upon which confederation was built. The ministers ask what can be done. Surely the government is not so bereft of capacity that it can think of nothing but to put the responsibility back upon the

people as a whole. The ministers go around the country and admit inflation is bad, but if only the people will act for themselves things will get better. They say they cannot do anything, but that if only the people of Canada will exercise that fine fortitude and discrimination which the ministers ask them to exercise all will be well and inflation will be met. Why no positive action?

Why not remove the sales tax as far as necessities are concerned? Why not investigate the spread between what the farmer receives for the raw material and the price at which food is sold?

You know, Mr. Speaker, the safest offence a person can commit in Canada now is a breach of the combines act; that is one thing you can do with impunity. A few years ago parliament put teeth in the combines act. They have done mighty little biting since 1947. Under the combines act,

> "Combine" means among other things a combination having relation to any commodity which may be the subject of trade or commerce, of two or more persons by way of actual or tacit contract, agreement or arrangement, having or designed to have the effect of . . .

—enchancing the price, rental or cost of an article, storage or transportation; prevent or lessen competition. Is it not a strange thing, Mr. Speaker, that without agreement amongst the various manufacturers their prices go up at the same time? That is more than financial telepathy. It cannot be accounted for by coincidence alone. How many prosecutions have there been in the last year? How many investigations have taken place under the provisions of this act? How many have taken place during the last year? Mr. Speaker, the flour milling report was lost or covered up.

Mr. Howe: That was during the time of R. B. Bennett.

Mr. Diefenbaker: Mr. Speaker, Mr. Bennett was not in power in 1949 when the Minister of Trade and Commerce (Mr. Howe), in co-operation with the Minister of Justice (Mr. Garson), interfered with the law of this country and protected the wrongdoers. There have been no recent prosecutions except one, which is now before the courts.

I suggest that the combines act could be used, not for the purpose of interfering with lawful and legitimate business; not for the purpose of preventing fair and reasonable profits, but only in the cases where there is wrongdoing under the combines act or Criminal Code. You cannot tell me that prices are being increased from day to day by operation of the laws of supply and demand alone. You cannot tell me that day after day the same increase takes place by one company in the maritimes and by another company in the prairies, and that in such cases there is no combine. The people of Canada are asking that action be taken where there is wrongdoing, or where as the Minister of Trade and Commerce said certain business interests were all set to take advantage of the people by the exaction of unjust monopoly prices. What the minister meant, I take it, is that there were manufacturers and industrialists who were raising their prices by agreement without regard to the costs of production but because they feared a ceiling would be placed on prices. If that was done, then offences against the combines act were committed—an offence against the people of Canada. The time has come to ask for the enforcement of the law. Legitimate business has nothing to fear under the law.

Sir, no one need fear the combines act who lives within the law. No one need fear prosecution unless an offence has been committed. Can good business practices justify some of the accelerated increases, in the last fifteen to eighteen months, in the prices of various commodities and manufactured goods. It is not a question of production, although the Minister of Trade and Commerce quite properly says that production might ultimately meet the situation. The Minister of Justice said in his speech to which I previously referred, that there "are too many dollars chasing too few goods." I say there are too many members of the cabinet, including the Minister of Justice, who are allowing wrongdoers, whose objective is too many profiteering dollars for themselves at the expense of too many consumers, to continue to raise prices unjustly and arbitrarily.

This is one of the most serious problems facing our country. Our defence depends on the dollar securing the largest possible return. Our people demand that, and our people have a right to expect that the government will not abdicate its responsibility to them. That is something it very seldom does, but in this case wherever ministers discuss the subject they blame an alleged world-wide situation, and that the people can remedy inflation if they will only act in concert. There is no doubt that production would help. There is no doubt that there are far too many dollars in circulation, having regard to the needs and exigencies of finance. There is no doubt that a greater help would be if the government would say to those who are taking advantage, "The time has come for you to realize that injustice, exploitation and profiteering will not be condoned but will be punished by us." Such a stand would start a recession in price levels in this country, without any detriment to the producer but with benefit to the consumer. What have those who want to benefit themselves through exploitation of the people

to worry about under the law as now enforced? According to the Minister of Trade and Commerce some business interests were set to take advantage several months ago. They have not been set since, some have actually been in full operation.

If the government wanted to act, it could do so by serving stern notice that price spreads are going to be investigated unless there is a lessening of this accelerated increase in prices; and that where there are obvious unlawful and arbitrary increases in prices, the combines act will be used. So far as the consumer in Canada today is concerned, it is open season. We have the laws and they could be enforced. In my opinion the lack of enforcement of the law is an inducement and encouragement to wrongdoers who wish to exploit the people of our country.

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, I shall repeat what has been said by nearly everyone who has taken part in this debate, that I am going to be brief. There are a few things I believe I should say. It makes it a little difficult for me to follow such an eloquent speaker as the one who has just preceded me. However, I am going to endeavour to say a few things about controls.

I believe we all realize what inflation is, and the high cost of commodities in our country. It is essential that we realize the cause if we are going to discuss the subject. To me inflation is the opposite of deflation and low prices. I believe the hon. member for Lake Centre (Mr. Diefenbaker) would agree with me when I say that we in the province of Saskatchewan are better off with inflation and high prices than low prices and deflation. Once before in this house I made the statement that it did not matter too much to the ordinary Joe whether or not the dollar was worth only fifty cents, provided he had two or three of them.

The hon. member for Lake Centre (Mr. Diefenbaker) went back to days gone by. I would ask him and his colleagues to go back with me and the people of Canada just three hundred and sixty-five days, when we are talking about inflation and the high cost of living and possibly are ready to blame the government for that. Three hundred and sixty-five days ago, as I think the records will show, the debate in this house was not with regard to the high cost of living or at least with regard to inflation but rather we were discussing the possibility of lower prices and deflation.

The government believe that they can do something about this matter. Some hon. members say they are doing nothing. Being a supporter of the government it will be interesting and encouraging for me—and I think it should be encouraging for most Canadians—if they succeed in taking care of the inflation we have today through various financial measures. I believe they will succeed to some extent. The interesting part is that if you can do it on that side, you can also do it when we have deflation.

I am not going to dwell long on this matter. The budget debate will be coming on. But I thought it did not make any difference whether I spoke now or on the budget. Those of us that blow off steam now will have less to blow off on the budget.

As to this inflation we have, many people are disappointed and they are at a disadvantage with it. There are, however, some people who have had advantages from this inflation. I hear some groans, but I will point out to those from whom they emanate that in Canada today we have many people who, because of inflation, have been able to pay their debts much more easily than if we had not had it. Those hon. members to whom I referred may groan on that for a while.

We hear talk about buying, and I am speaking now of high costs and inflation. Before I came to Ottawa for the special session last summer I had to build a house in the little town in which I live, close to my farm, because I had a man on the farm; and I had to buy almost everything—fixtures and furniture, including a refrigerator and a stove. When I came through Winnipeg for the special session, I was supposed to have bought the last refrigerator in Winnipeg. I suggested to various stores I went into that I would get it on my way back. They said, "Oh no, you cannot do that. There will not be any." It was the same picture as to electric stoves. Since then I have been in Winnipeg a few times, including the time when I came back after Easter, and I found far more stoves and refrigerators than there were at that time. The cry went out across Canada: "Buy now or you will not get it." I think most people bought for the reason that they felt they might not be able to get things later. After the Korean war started, there was supposed to be a shortage. I do not know of a shortage of anything in this country other than of heavy machinery and things of that kind which are made of steel. I think possibly we are at the peak with regard to those hoarders, if I may use that word, who have been hoarding things; for the reason that when they find that there are no shortages, and that there are not apt to be any in the immediate future, they are going to have to take from their basements and put on display those things to be sold.

Cost of Living

If I may, I should now like to refer to the hon. member for Vancouver East (Mr. MacInnis). He said yesterday that the government had lost contact with the common people. That statement I cannot accept. I happen to be a supporter of the government, and I am in contact with the people. He may be able to sell that one to the people in his constituency, but I am going to assure him and all other hon. members of the House of Commons that he would have a hard time selling that argument to the people of Moose Mountain.

What I really wanted to say was this as to controls. I stated that I was hopeful that this inflation would be dealt with. But who is getting hurt today by this inflation? It is the people on fixed incomes. The hon. member for Hamilton West (Mrs. Fairclough) the other evening read various letters she had received with regard to the old people, and stating their plight under this inflation. I do not think there is any member in the House of Commons, sitting on either side, who would deny the fact that many of our pensioners, and more particularly the old age pensioners, are in difficulty because of the high cost of living. What shall we do for them? Shall we just bang on immediate controls, as the amendment suggests? I can see no way in which that would help these old folks. The hon. member for Temiscouata (Mr. Pouliot) said that most members who spoke offered no solution. I am going to offer one for those people. I do not know how it could be carried out. Possibly the British North America Act will not allow it to be done. However, in my opinion, if it would not, then the British North America Act is as out of date as the Roman empire.

What shall we do? Let us get down to the bottom and do something for the class of people that is most severely hurt. Speaking of the budget, I think it was not too tough. If by necessity—

Mr. Deputy Speaker: Order. The hon. member may not refer to the budget.

Mr. Smith (Moose Mountain): Very well, Mr. Speaker. But having regard to what I wanted to say, my suggestion will call for a little money. However, we shall get along without referring to the budget. It would not take a great deal of money, in my opinion, to look after these aged people and really do something for the people who are getting hurt most. What would I suggest? I would suggest doing it this way. First of all, I would make it the responsibility of municipal governments to say who should have a further cost of living bonus, let us call it. You may move it up and down with this cost of living index—I do not follow it much—which the hon. member for Temiscouata has not much use for. But anyway, we could use that. I think the provincial governments should be partly responsible for this cost of living bonus and also the federal government. What amount? I would not suggest the details other than to say possibly 25 per cent by the municipal governments—

An hon. Member: Oh.

Mr. Smith (Moose Mountain): Here is that "oh" again. Just a minute until I get through. I said I was not working out the details. I leave it to my hon. friend who utters the "oh". Twenty-five per cent by the provincial governments, and 50 per cent by the federal government; if that is too much, let us get it down to 12½ per cent by the municipal governments, 12½ per cent by the provincial governments and 75 per cent by the federal government.

Mr. Ross (Souris): Why the municipal governments?

Mr. Smith (Moose Mountain): My hon. friend asks, Why the municipal governments? I am a little surprised that a man who has been in the municipal set-up for as long as he has been asks me that question.

Mr. Ross (Souris): That is why I want to know.

Mr. Smith (Moose Mountain): Because I think they are the ones who should have some responsibility. I think that is the way in which it should be worked, unless we are just talking for the sake of hearing ourselves talk. I am suggesting that we do something for these aged people.

I was a reeve of a municipality before coming here. A municipal council is much the same as this house, with the exception of the reeve. I can picture no other group, if we are going to do a job for these aged people, who can do it better than the municipalities and the municipal councils, with the reeve sitting down with them. I can just picture them now doing a splendid job in suggesting who needs help in the municipalities. They could even take in those people who are too humble to come forward and ask for further assistance. I think the hon. member for Souris will agree with me there.

Mr. Ross (Souris): I will not agree that they should do it.

Mr. Smith (Moose Mountain): We have all been through that mill. Because of the seat in which the hon. member for Souris sits possibly that is the reason why he suggests that the federal government should do it all under such a scheme. If I were the reeve, or on that council and that were the case,

I think I might suggest that all pensioners in my municipality should have this federal dole. However, I think it might be abused, and that is why I think it should be in part a municipal responsibility.

I have nothing more to say other than I wish to put that thought before the house. I call upon hon. members on all sides of the house, if they are sincere, and I think they are, about doing something, for the needy when this amendment now before the house is defeated, and I think it will be; I certainly intend to help defeat it. When the budget debate comes up we will hear about those who are getting hurt by inflation and the high cost of living. I think the old and the aged are the ones who are hurt the most. I do not think we shall have very much trouble selling this to the government. I have not spoken to any members of the government, but I do not think we shall have too much trouble selling it, providing that we all get out and try to sell this plan or something else. Perhaps I can go along with those who think they have something better to suggest. I now invite members of the opposition and my colleagues to let us try to sell this idea to the government. If we try to sell it to the provincial governments and the municipal governments I do not think we shall have any difficulty, and at least we shall be starting to do a job that should be done.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to support the amendment which is now before the house, which asks for appropriate measures to combat the rising cost of living. There is no doubt in my mind that the meaning of the amendment is clear. It calls for the reimposition of price controls and the payment of subsidies where necessary.

I am satisfied from the speech that was made by the leader of the opposition (Mr. Drew), when he introduced the amendment, that if it had not been for the fact that earlier in this session there was another amendment moved by my colleague, the hon. member for Kootenay West (Mr. Herridge), which called specifically for price controls and subsidies, the leader of the opposition would have used those words in his amendment. I have no doubt that he was afraid to use those words again, lest such an amendment be out of order. He felt that it was better to draft the kind of amendment which would be in order in this house. I want to say, Mr. Speaker, that I support the amendment on the understanding that it does call for the reimposition of price controls and the payment of necessary subsidies to protect the health and living standards of the Canadian people.

I was interested in the remarks that have just been made by the hon. member for Moose Mountain (Mr. Smith). I was glad to note the question that he asked on the orders of the day at three o'clock today. He noted that certain candy manufacturers had indicated that, despite the decrease in taxation which they are to enjoy, it was not their intention to reduce the price of candy bars. I hope that the hon. member for Moose Mountain will pursue that matter, for it does seem to me that it is certainly out of keeping with the will of the government and of parliament.

I noticed just now, however, what the hon. member for Moose Mountain had to say about old age pensioners. I share to the full his feeling that the old age pensioners are a group of people who are hit particularly hard by inflation; and I think he is to be complimented on the sentiments he has, which have led him to feel that if his government will not do something about the over-all problem of inflation, at least something should be done for this particular group of people. I want to say to him that that really is not the way to deal with the kind of government that we have at the present time, to give them an out so far as the major problem is concerned. If you want to get even a little improvement you have to hit hard for what is really needed in the country at the present time. But I would point out to him two things: first, that serious as is the plight of old age pensioners, with the value of the $40 shrunk in terms of 1935-39 dollars values to $22.25, serious as is their plight, many other groups in the community are likewise suffering because of the high cost of living which now obtains. I am satisfied that while we must have—and I am in there fighting for it—improvements so far as old age pensions are concerned, and I hope we will get some improvements at this session, yet in addition to that we need an over-all attack on this problem of inflation, the perils of which might well be ruinous to the people of this country.

As for the specific suggestion made by the hon. member for Moose Mountain—and this is the other thing I wanted to say to him—I do think he should consider it more carefully before he puts it forth on the floor of the House of Commons. In essence what he proposes is a supplement to the old age pension on another means test basis. The hon. member is going in reverse. It has taken a long while to get across the idea that the means test should be abolished altogether. But at least we have before parliament now recommendations made by a special committee last June to the effect that the means test should be abolished for those seventy

and over. I regret very much that the suggestion has been made in the house this afternoon that the government should travel in the other direction and should consider a supplement based on a second means test.

It was quite clear in the hon. member's remarks that a means test would be involved in his suggestion because he wanted the municipal council to determine who needed this supplement, regardless of the basis upon which the amount of that supplement might be worked out. As I say, I am all with the hon. member for Moose Mountain in pressing the plight of the old age pensioners, and I shall continue to do so myself, but I suggest to him that that is not the way to meet their problems. An old age pension should be a pension as a matter of right. I suggest to him further that there is an over-all problem here with which we must deal, namely the effect on all the people of Canada of the inflation we now have, the effect of the new high cost of living index, which stands at 179·7.

I have no doubt some members of the government may wonder at our persistence in this matter; they may wonder why we continue to argue about it and call for action, despite repeated refusals by the government to meet our requests. I think perhaps I might be pardoned for pointing out that sometimes persistence pays off in the House of Commons. I have been here for nine years, twelve sessions; and if I wanted to take the time I could give the house a fair list of issues concerning which I, myself, have fought, issues which in the first instance were rejected by the government but which, in due course, were granted.

The latest of these victories was won last night. It is less than two months since I last raised in the house the question of making trade union dues deductible for income tax purposes. It is a matter I have raised for five or six sessions. Persistence has been my motto, and last night persistence paid off. The government has accepted that proposal, and I welcome it most heartily.

Mr. McCann: You do not take full credit, do you?

Mr. Knowles: I shall leave that to the public. The point I make is that persistence pays off. The Minister of National Revenue has put in his usual kind of interjection at this point. The fact of the matter is that his department denied to trade unionists the right to deduct their trade union dues for income tax purposes during the years when the law gave them that permission.

Mr. Deputy Speaker: Order. The hon. member should not refer to the budget debate.

[Mr. Knowles.]

Mr. Knowles: I was not referring to the budget debate; I was referring to what was done in 1945, 1946 and 1947 by the Department of National Revenue. But, even so, I shall let the matter drop.

My only point in referring to last night's announcement was to point out that there are frequent examples of the maxim that persistence pays; and it is on that basis, feeling that the issue of the high cost of living is so pressing, that we persist in making our case clear to the government, in the hope that even yet we will get the action needed. The action needed is a program of price controls and subsidies.

The people of Canada are still being left in a very uncertain state so far as this question is concerned. When the Minister of Trade and Commerce (Mr. Howe) took part in this debate he indicated that at least at the present time there was no intention of going into an over-all program of price controls. Press reports on his speech were even stronger; they indicated that on behalf of the government he had rejected the demand for price controls which had been presented to the government by the entire opposition in this house. That was the night before last.

Yesterday the Trades and Labour Congress of Canada appeared before the government with its annual brief on matters of concern to the workers of this country. One of their requests was for a program of price controls and necessary subsidies. According to press reports the Prime Minister's answer to the delegation representing the Trades and Labour Congress of Canada was to the effect that the government was not prepared to bring in any price controls until such time as it was convinced that such a program would work. In other words a few days ago the Minister of Trade and Commerce seemed to close the door finally; yesterday at noon the Prime Minister indicated that, while the crack in the doorway is very narrow, the door itself is not closed.

This means that the people of Canada are left in a state of uncertainty as to whether or not we are going to get action on this important matter. We feel that that uncertainty should be resolved, but we feel very strongly that it should be resolved in the right manner.

When the Minister of Trade and Commerce spoke the other night he used as an argument against a program of price controls and subsidies the contention that he did not know of any administrative people who would care to take on a program of price control. He said that those who had had anything to do with price controls during the last war were

now of the opinion that such a program would not work at this time.

I have not been present at any discussion the minister may have had with any of those administrative people, any economists who might take on such a program, but I do know he is a man of considerable power and influence in this country, and that he very often gets his way. I can quite imagine that if he said to some of the administrative officers who had to do with price controls in the past something like this: a program of price controls would not work now, would it?—they would agree with him that it wouldn't. But I am equally satisfied that if the government were to change its mind and the Minister of Trade and Commerce were to go to those same people, those who worked on controls during the last war, and say to them: say, you fellows could do a job on price controls, could you not?—they would say yes. That is the power the Minister of Trade and Commerce has; and I hope we can persuade the government to change its attitude and to haul in the people who have had experience in the matter and give them the job, in the name of the people of Canada, of saving the economy of the country from running completely wild.

Although I have said it before, because it is my motto that persistence pays, I think a few words should be said now about the effect of the new cost of living index on various groups of people. I pointed out before, but I shall repeat that during the years of the war, from 1941 to 1945, the years when price controls were completely in effect, the total increase in the cost of living index was only eight points—eight points in four years. During the last twelve months we have had an increase of over sixteen points. From 1945 to the latest figure the increase in the general cost of living index has been over sixty points.

I would point out further—and I shall refer to it in another connection in a few moments—that the food index stood at 133 at the end of the war, and that it is now 233·9. That is an increase since 1945 of more than 100 points.

As I have already said, the result of the index reaching 179·7 is that the $40 being paid to old age pensioners is only $22.25 in terms of 1935-39 dollar value. That means that all the fighting we have done to get a better deal for the old age pensioner in terms of the amount of the pension has been wiped out by the inflation that has been permitted to take place. It seems to me the government should be deeply concerned about what inflation has done to the legislation of which it boasts, and that it should take steps to protect the old age pensioners against this denial to them of the supposedly increased value of their old age pensions.

Let me say a word about another piece of legislation the government introduced and which, incidentally, had the unanimous support of the house—and by "unanimous" I mean a recorded vote. I am referring to family allowances. Family allowances were made law in 1944 and became effective in 1945. As I said a moment ago, in 1945 the food index stood at 133·0. The food index as at March 1, 1951, the latest figure we have, stands at 233·9. Most of us know that the major use of family allowances, when they first became effective, was for the purchase of additional food. As we have pointed out in previous debates, the increased purchase of milk in the cities of this country was directly proportionate to the extra money that parents had to provide for a slightly better life for their children. Therefore I think it is fair to say that a good deal of the money that was provided by way of family allowance benefits went into food at the start. Some of it also may have gone into clothing for children. In some cases people have been able to put it by and save it for their children's education, but in the main I submit it went for food.

What has happened to the cost of food since family allowances came into effect? The cost of living index is based on an expenditure of $1,453 in a year by a so-called average family in the period 1935-39. It is based on the basket of goods and services that the average family was able to buy in the base years for the sum of $1,453. That original basket of goods and services was 31 per cent food. In other words, in that figure of $1,453, $450 of it per year was spent on food. That was the amount in the base period 1935-39. If one does a little simple arithmetic he finds that in 1945, the year family allowances became effective, that basket of food had increased in cost from $450 to $598. I am taking these amounts in even dollars and leaving out the cents. That figure is based on a food index at that stage of 133·0.

All right, let us start from there. In 1945, when family allowances first became effective, the cost of food to the average family portrayed in the cost of living index was $598, but the food index has gone up to 233·9, and the food that cost $598 in 1945 now costs $1,048, an increase of $450. It is dangerous to talk about the average family because they have a decimal figure so far as the number of children is concerned, but it runs around two or three. Therefore the average family receives a family allowance of $144 a year

if they have two children each in the $6 per month bracket. They get $216 a year if they have one child in the $7 bracket, one in the $6 bracket and one in the $5 bracket. I will take the second figure, which I think is being unnecessarily fair for the purpose of the point I am making. In other words, that average family gets, because of family allowances, $216 a year more than it was getting in 1945 but it has to pay for food alone $450 more than it paid in 1945.

In other words, the advantage of the family allowance, in better nutrition and better food for the children of the country, has been wiped out at least twice by the inflation that has taken place since the Family Allowances Act came into effect. One might go on with all the other groups in the community on fixed incomes. It applies likewise to those who are on wages because, as we have pointed out so often, while wages have risen through the years they have continually lagged behind the rise in the cost of living. In reply to that some hon. members point at times to the argument that the cost of living index figure does not seem to have risen as high as the wage index figure issued by the Department of Labour, and which can be found in the occasional publication of the *Labour Gazette*. The point that hon. members have to bear in mind is that the wage index is based on a different base year. In addition, it is based on the actual absolute number of dollars and cents received by the workers.

So far as the cost of living index is concerned, it is based on a basket of goods and services that a so-called average family could buy for $1,453 in the years 1935 to 1939, and there has been no adjustment in that basket of goods and services for rising standards of living which surely have taken place in this country in the last twelve or fifteen years. Incidentally, I had a question on the order paper earlier in this session as to whether any consideration had been given to adjusting the cost of living index to take into account protective foods now regarded as essential by the Department of National Health and Welfare. The answer was that no such consideration had been given, that there had not been any change in the way in which the cost of living index is worked out to take any account of these changes in our patterns or standards of living.

Therefore I suggest, Mr. Speaker, that the two indexes, one put out by the dominion bureau of statistics on the cost of living, and one put out by the Department of Labour on wages, are not comparable, and that the proof of that is well known to any worker, and to any worker's wife, trying desperately to make both ends meet. I have said it before, and I am saying it again today, that no less a person than Mr. Justice Kellock of the Supreme Court of Canada, when he made his award to the railway workers who were involved in the dispute of last fall, said that in order for those railway workers to have as at September 1, 1950, the same relationship between their wages and the cost of living that obtained in June, 1948, they should have had an increase in their wages of 10·2 cents an hour. He made it clear that the reason he gave them only 7 cents an hour was that this parliament, on the basis of the bill introduced by the government, had frozen the increase at the ceiling of 7 cents an hour.

Let me make it clear that this is not a so-called street corner labour agitator. This is Mr. Justice Kellock of the Supreme Court of Canada saying that, when he gave the railway workers 7 cents an hour effective September 1, 1950, he was giving them an increase that was already 3·2 cents an hour short of what they should have had to maintain the relationship between their wages and the cost of living that obtained in June, 1948. That is what Mr. Justice Kellock says about the award given to the railway workers and effective September 1, 1950. But at that date the cost of living index stood at 169·8, and it has now risen to 179·7, or practically ten full points. In other words, so far as the railway workers are concerned, the wage increase they got last fall, was—because of the ceiling effected by an act of this parliament—already wiped out when they got it, and it has been wiped out again by the increase in the cost of living index that has taken place since the award was made. What holds for railway workers holds for wage earners right across the board. They know it and their wives know it, as they try to make both ends meet at today's prices on the incomes they are getting.

In this connection there is something I would like to say. In the remarks that were made last night I noted that one of the virtues of this country is that we have a minimum amount of division, that we are a united people as far as our aims in general are concerned. I think those sentiments were well put by the Minister of Finance (Mr. Abbott). So it is that I deplore the fact that at times people get up in this house and try to divide city workers from farm workers when it comes to the plight they are both in. I think of some speeches that have been made by hon. members on the other side of the house, one of whom I am looking at now, who seem to think that in order to present the case of the farmers they have to run down the city workers. Nothing could do a greater disservice to the well-being of the people of this country. It is perfectly true that

every time it is necessary to plead the cause of the workers of the constituency I represent, or the workers of Canada, I am Johnny on the spot, and I hope I may continue to be; but I have never pleaded, and will never, as long as I am here, plead the case of city workers against the plight in which workers in the country, the farmers of Canada, also find themselves.

Mr. Sinnott: I rise on a question of privilege. I want to inform the hon. member that I never ran down any city workers. I stated what wages were in 1944 and 1950, and that was all.

Mr. Knowles: I did not mention the hon. member; he must have a guilty conscience. I have listened with interest and enthusiastic support to speeches by my deskmate the hon. member for Melfort (Mr. Wright), the hon. member for Selkirk (Mr. Bryce), the hon. member for Assiniboia (Mr. Argue), and others of this group pleading the case of the farmers of this country, and I have never heard them suggest that in order to improve the position of the farmers somehow or other the workers in the cities had to learn what hard work was out on the farms. That does not apply only to this group. I am looking at the hon. member for Souris (Mr. Ross) who is a hard fighter for a better deal for the farmers of Canada. He speaks time and again in this connection, as did the hon. member for Lake Centre (Mr. Diefenbaker) today. I cannot remember hearing either of those hon. members put the position of the farmers against that of the workers. I submit we must get away from this suggestion, even by innuendo or inference—

Mr. Sinnott: On a question of privilege, I want the hon. member for Winnipeg North Centre to retract the statement that I ran down the city people.

An hon. Member: He did not make it.

Mr. Sinnott: Yes, he did, and *Hansard* will prove it.

Mr. Knowles: I suggest that the hon. member has no point of privilege, since I have not named him at all. If his conscience hurts him when I speak of people who by innuendo seek to stir up division between workers and farmers, he will have to deal with his own conscience.

Mr. Sinnott: Whom were you looking at?

Mr. Knowles: I am addressing my remarks to Mr. Speaker. But if the hon. member for Springfield (Mr. Sinnott) wants me to quote statements from *Hansard* in which by inference he has said that the trouble with city people is that they do not know what hard work is out on the farm, I can produce them.

Mr. Sinnott: And I will repeat them.

Mr. Knowles: That is the hon. member's privilege; but do not get up on a point of privilege and claim you did not make the statement when you are ready now to repeat it. The fact of the matter is that what is needed in this country is a realization of the fact that workers in city and country alike are in the same plight. When I plead for price controls and subsidies, when I plead for steps to be taken to bring down the cost of living and give the people of this country a better break, I am asking for that better break for people in city and country.

Mr. Sinnott: Nonsense.

Mr. Knowles: In addition to pleading the cause of the railway workers and others in the cities of this country, when there was a motion before the house for a better break for the wheat farmers of Canada I was in my place and voted for it. I suggest that the hon. member for Springfield answer that one.

Mr. Sinnott: Don't try to camouflage the issue.

Mr. Knowles: The hon. member knows that when there was a vote in this house on a better price for the wheat farmers of western Canada, he was in the building but not in his place to cast his vote. Later on when there was a vote on another amendment which had the same effect but did not name an amount, he was here but voted against it.

Mr. Sinnott: I have never been led around by the C.C.F.

Mr. Knowles: So the hon. member talks one way and votes another, as so often happens in this house.

Mr. Sinnott: Just a bunch of nonsense.

Mr. Knowles: I want to make it perfectly clear, having in mind some of the things the Minister of Trade and Commerce (Mr. Howe) said the other evening, that when we ask for price controls we are not asking for price freezing. We are asking for a proper relationship between the wages city workers receive and their cost of living, and likewise a proper relationship between the prices farmers receive for their products and the cost of the things which they have to buy. What is that? It is just plain law and order. The trouble with this country today is that we have economic anarchy. We have a government which, as the hon. member for Lake Centre says, will not shrink from imposing taxes but shrinks from trying to sort these things out and bring in the rule of law with respect to

economic forces. Indeed, that is the whole position of the socialist movement to which I belong, that democracy means control by the people of the things that affect the lives of the people. It is not enough to have that control exercised by legislative bodies with respect to a few academic matters, for the thing that affects the lives of the people most of all is what they get for the work they do, whether in the city or in the country, and the amount they have to pay in order to enjoy the standard of living that is their right because of the work that they do.

So I plead for an end to this suggestion that we want no changes at all in prices or wages. We want control, and that means regulation; it means adjustments upward in some cases and downward in others, so there will be a proper relationship between what people get for their work, whether on the farm or in the city, and what they have to pay for the things necessary to a decent standard of life. In other words it is the phrase "parity prices" that the farmers use. We want the same thing for the city people. We want some reasonable parity between what they receive for their work and what it costs them to live decently.

Incidentally, that decent standard of living should not be the standard suggested by the 1935-39 cost of living index. That is the reason that figure of 179·7 is away out. It is based upon a basket of goods and services which was acceptable in 1935-39, but no such basket of goods and services is acceptable today. Today's real cost of living is actually much higher. Someone may ask where the difference is to come from. I suggest that there have been tremendous increases in corporation profits in the last few years. Figures that were furnished us last night show that whereas in 1939 corporation profits before taxes were $618 million, in 1950 they were $2,270 million. Even after taxes they were $406 million in 1939 and $1,402 million in 1950.

So, Mr. Speaker, the room is there to make an adjustment so that there will be a proper relationship between the amount that people receive for their work and what it costs for a proper standard of living in 1951. I urge that there be no more of this talk to the effect that the government should not interfere, and that the government should leave the people with all those "psychological intangibles" to somehow buy less and produce more to put an end to the inflation. It is the job of the government to represent the people, and to do in the name of the people the things that the people require to be done; the things that will make sure there is the rule of law with respect to matters that affect the well-being of all our people. I am afraid, Mr. Speaker, that my time may be running out. I had planned—

Some hon. Members: Hear, hear.

Mr. Knowles: Hon. members need not say "Hear, hear", because if my time runs out on this occasion there will be other occasions. It is not unknown for me to take advantage of the opportunities that are afforded in this place to speak in the name of the people I represent.

I want to suggest to hon. members that this notion that is so often thrown out that high wages are the cause of high prices is dealt with effectively in a rather long and academic but well documented article which appears in the January, 1948, issue of the *Typographical Journal*, the official organ of the International Typographical Union. It is an article entitled "High Wages do not Cause High Prices", by Clark B. Hicks. In the main it is based on studies that had been carried out in the United States by a division of the department of commerce at Washington, the results of which were put forth in a report entitled "Productivity and Unit Labour Costs in Selected Manufacturing Industries, 1919-1940." The results of this survey show that, despite increases in the rates of wages, not just from one year to the next but across the years, the actual unit cost of production in terms of wages goes down.

Upon examining the data in detail, it will be found that the hourly earnings rose 33·1 per cent in the twenty-one year period which was reviewed. Instead of causing a like increase in wage costs a great reduction in unit labour costs took place. The index of unit labour cost fell from 145·4 in 1919 to 81·2 in 1940, a drop of 44·2 per cent. The point is that wage rates went up over the twenty-one year period by 33·1 per cent, but the unit cost of production went down 44·2 per cent, due largely to technological improvements and the increased productivity of labour.

Mr. Hicks in this article gives several examples. I shall not take the time to read them in full, but I should like to indicate two of them which set out the point very well. He points out that President Hoffman of the Studebaker Corporation has indicated that back in 1870 wages in the Studebaker plant were $9.60 per week for a week of sixty hours. In 1947 the wages had increased to $60 for a week of forty hours.

Mr. Deputy Speaker: Order; the hon. member has now exhausted his time.

Mr. Knowles: May I just finish this one example? In other words, there has been

this tremendous increase in wage rates, but President Hoffman of the Studebaker organization said that if they had to produce modern Studebaker cars at the wage rate of 1870, and with other conditions obtaining at that time, it would cost $50,000 to produce one car. That makes clear the point that an increase in wages actually results across the years in a lower per unit cost. I submit that that applies to both city workers and farm workers, and that wages are not the cause of inflation. These huge corporation profits are the cause, and it is time for the rule of law. It is time for price controls.

Mr. Ross (Souris): I had not planned to speak in this debate—

Mr. Sinnott: With the permission of the member for Souris (Mr. Ross), I should like to ask the member for Winnipeg North Centre a question.

Mr. Deputy Speaker: Order, the member for Quebec-Montmorency.

Mr. Sinnott: Did I understand the hon. member to say he was in favour of over-all price controls, including wage controls?

Mr. Knowles: Mr. Speaker, I have dealt with that so often—

Mr. Sinnott: Just give me a direct answer, yes or no.

Mr. Knowles: I have asked for the rule of law in connection with these matters, for a proper relationship between prices and wages. Hon. members know that I have dealt with that very fully, and on other occasions I have read extracts from representations by the four major labour groups of this country. Their position and mine is very clear.

Mr. Sinnott: I should like to read to the house a telegram—

Mr. Deputy Speaker: Order, the member for Quebec-Montmorency.

(Translation):

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, I believe it is fitting that in such an important debate someone should speak in French.

Since I have recently stated my position on the matter under discussion and since I have pointed out my attitude in this respect I will be brief.

I am convinced that steps must be taken at the earliest possible opportunity to stabilize the cost of living and to stem inflation. As a matter of fact, I am afraid it is already too late.

The purchasing power of our dollar has dropped to about 56 cents, and I am convinced that this follows the exorbitant profits taken by middlemen, who operate between the producer and the consumer.

Today, more than ever before in the history of our country, big monopolies control, to a large extent, the purchasing power and the distribution of essential goods. Because of their purchasing power, they are in a position to accumulate enormous stocks and control distribution at such times as they feel it will bring them larger profits. Our legislation has enabled those trusts to come into being.

Anyone who takes the trouble to compare the spread between prices paid to producers and those paid by consumers is amazed at the enormous profits made by middlemen.

How can we expect lower costs of production, in poultry farming for instance, when farmers have to pay excessive prices for feed as a result of the operations of the milling trust, exposed in the McGregor report?

During the last war, the government put an embargo on cattle exports to the United States in order to help the British people feed themselves at a reasonable price. To my knowledge, no one objected at the time or claimed that the step might hamper our trade relations with the United States. As controls were also in effect, our people were then able to buy steak, for instance, at a reasonable price.

It is admitted that the higher salaries paid in the United States enable Americans to carry off from our market a large share of the cattle that would normally be sold to Canadian consumers.

During the last war and even afterwards, the government did not hesitate to place an embargo on cattle exports to the United States in order to help feed the British. May I now, sir, request the government to re-establish this embargo or at least to authorize the export of only part of our Canadian cattle. Thus the government would show the Canadian consumers the same consideration it has shown to the British before the embargo was removed and would allow our citizens to make both ends meet.

I realize that this will not please the trusts who, in Canada, control the buying and distributing in this field, but it will surely tend to prevent soulless capitalists from taking advantage of our people.

Cost of Living

I realize that the capitalists who control warehousing in Canada are interested in sustaining the gigantic struggle they are now waging in order to delay as much as possible the setting up of controls, because in the meantime they will be able to store a larger quantity of goods which they will sell at astronomical prices without any danger, since, when the last budget was drafted, it was not deemed advisable to reimpose taxation on surplus profits. Should we always bow to the edicts of higher finance?

For the reasons I have just given and having carefully gone over the amendment moved by the leader of the opposition (Mr. Drew), which reads as follows:

This house is of the opinion that in view of the announcement made on Wednesday last of the greatest monthly increase in Canadian cost of living during the month of February to the disastrously high level of 179·7 points, immediate consideration should be given to the adoption of appropriate measures to hold down the cost of living and halt inflation.

—I have come to the conclusion that I am duty-bound to vote in favour of it, not because I am convinced of the sincerity of the Progressive Conservative party, which has often given proof to this house that it went hand in glove with cartels, but because the amendment, such as it stands, is a true reflection of my opinion and also because I know that the Liberal party respects the opinion of its followers, even though they might occasionally not share the government's own views.

(Text):

Mr. H. O. White (Middlesex East): Mr. Speaker, I had not intended to take part in the debate until the hon. member for Winnipeg North Centre (Mr. Knowles) interjected some remarks about the high cost of food. The basis of my remarks is taken from yesterday's London *Free Press*. This quotation that I am going to give you is to point out what a good many people in the country do not realize is going on. Just to be brief, I might say that these figures are taken from the United States department of agriculture's bureau of agricultural economics. The quotation reads as follows:

Like this for example . . . Using last December's prices . . . If the farmer gave away the wool in a $50 suit of men's clothing, the suit would still sell for $40.50 . . . If he'd give away the wheat in a 16-cent loaf of bread, the loaf would still cost the consumer 13·4 cents . . . If the farmer gave away the beans in a 16-cent can of pork and beans, the can would still cost you 14 cents at the grocery store . . . For cigarette smokers . . .

These are American prices.

. . . If the tobacco grower gave away the tobacco in a 20-cent pack of cigarettes, the girl behind the counter would still ask you for 17 cents to pay for that purchase.

The impression was left that food prices were too high. That seems to be where everybody wants to bear down with regard to this high cost of living. It is the food prices that they complain about. As I said once before in this house this session, if the people want to eat, they want to be careful what they do when they go to control the prices of various products. The impression has gone abroad that if any controls are put on, the farmer will be the first one to suffer. I think we shall have to decide whether we want to eat anything else besides wheat. We have an abundance of that. But apparently many of the other food products are not going to be in too abundant supply.

I just rose to impress on the house the realization that this forever bearing down on the price of foods and up on other things—and advocating shorter hours—is going to have a final result that we are going to be short of food.

Mr. J. A. Ross (Souris): Mr. Speaker, I had not intended to speak on this amendment until I listened to some of the discussion this afternoon. Needless to say, I am going to support this amendment. My chief difficulty, on behalf of many people in this country, is a lack of a parity basis. Certainly we have a runaway inflation to contend with right now. Despite that fact we have some system of controls in this country yet. We have one class of people who have been controlled for some years. We have today a government contract which controls as yet the wheat farmers of this country.

I am not taking any issue with my colleague who has just taken his seat. I agree with everything he has said. I am in hearty agreement with the statement that if we are not careful about this matter there will be a shortage of necessary foodstuffs in this country. I quite agree with all that the hon. member has said. But, Mr. Speaker, under the international wheat agreement we have an extremely unfair set-up. When that agreement was entered into some time ago, it looked as though there might be decreasing wheat values throughout the world as well as in this country. Nobody could foresee the future. The wheat farmers of this country are definitely controlled. They have not any option as to where they may sell their products. The price is set there. Right today the wheat farmer of the prairie provinces is subsidizing the consumers of Canada to the extent of 35 cents a bushel on every

bushel of wheat he delivers and sells. There is there a form of control that the wheat farmer cannot get out from under.

Under this compulsory legislation he is forced to sell his wheat through this government monopoly or set-up we have, and it is not sold on the same basis as it is sold by the Americans to the south. Our American neighbour just across the border gets the full value for his wheat. It is true enough—and I want to be fair—that they, by virtue of their great population, can handle their wheat situation much more easily than we can handle our great surplus in this country. But over there, while their quota is delivered under the international agreement, the farmer selling the wheat receives the full value for it, the difference between the prevailing value and the price set under the international agreement. The point I want to make is that there was lack of foresight in drawing up that international wheat agreement. There should have been an escalator clause in there whereby—

Mr. Studer: Why did you not have it put in?

Mr. Ross (Souris): I am not a member of the government.

Mr. Studer: You were here and did not advocate it at the time.

Mr. Ross (Souris): On another occasion I shall be glad to hear from my hon. friend. I have said that I should like to hear my good friend the hon. member for Maple Creek (Mr. Studer) with regard to this matter. He is one of the best speakers in this House of Commons. I would gladly sit and listen to him expound further on this matter on behalf of the people who sent him here. But I want to say that I think there should be an escalator clause in that international wheat agreement because since it was brought into being farm implements of some types have risen in cost to the farmer by over 60 per cent. Freight rates have increased several times. All this adds to the cost to the farmer producer. While on another occasion I intend to deal much more fully with this international wheat agreement and the hardship that it is going to impose on these wheat producers, I did want to make that point right now, because you do have that matter of control at the present time which, under the present agreement, is going to be the means of creating one of the greatest trimmings that the wheat farmers of the prairie provinces have ever received. You have heard lengthy discussions on other contracts with this country, but I want to make this very clear at this time. The wheat farmer right today, according to the market price, is subsidizing the consumers of Canada to the extent of 35 cents a bushel. That is the unfair part of this whole set-up of the government of the day.

I want wholeheartedly to support what was said this afternoon by the hon. member for Lake Centre (Mr. Diefenbaker). He said that we have a Combines Investigation Act. That is the law of this country, under which the present government refused to act. The Minister of Trade and Commerce (Mr. Howe), to whom we have given such great powers in another measure, was the man responsible for pushing the Minister of Justice (Mr. Garson) around in regard to the investigation of the flour milling industry of this country. That was distinctly costly both to the wheat farmers of this country and to every man, woman and child who consumes bread in Canada. Despite that fact, the Minister of Trade and Commerce was able to push the Prime Minister (Mr. St. Laurent) and the Minister of Justice around. The law of the land was then flouted. It was absolutely disregarded by the Minister of Justice who, I think, should have had the intestinal fortitude to stand up to the Minister of Trade and Commerce, to the Prime Minister and to his other colleagues and said: Gentlemen, this is my province. I have taken my oath to be responsible for the law of this land, and if I do not carry that out I will be forced to offer you my resignation. I am sorry that the Minister of Justice did not take that attitude. I think he certainly missed the boat to make himself a great national figure in this country, especially when it was just on the eve of a general election. I think it is entirely too bad, and therefore I want wholeheartedly to endorse all that was said by the hon. member for Lake Centre this afternoon. You have certainly a sorry picture in this country when certain businessmen in the east are raising their prices and some branches of the same businesses in the west increase their prices exactly the same amount.

I come back to a point that has been proven in other sessions, namely, that there is something wrong with the processing of many of the farmers' raw materials in this country. The profits to the middlemen are out of all comparison with what the farmer receives for many of his raw materials, and with what the housewife, either of the farmer or of the urban resident, has to pay for the goods she buys. Comparisons have been made year after year along these lines between such places as Minneapolis and Winnipeg, two comparable points. In many instances the farmer in the Minneapolis area

will receive more for his product than the farmer in the Winnipeg area. But when they go out to buy the processed article the housewife in the Minneapolis area can buy it cheaper than can the housewife in the Winnipeg area. Something very faulty is going on in this country and it should be thoroughly investigated. We have an act, if our dictator, the Minister of Trade and Commerce, would allow it to operate, to take care of that sort of thing. We have a vicious set-up to contend with, and the government refuses to take action under this measure today.

There is another point that this brings me to, and that is the suggestion made by my very good friend and neighbour, the hon. member for Moose Mountain (Mr. Smith). Like myself, he has been the reeve of a municipality. I am not sure about the provincial acts in Saskatchewan, but he made a suggestion to the government as to how they might assist old age pensioners. I take second place to no hon. member in this house in regard to old age pensioners. My good friend the hon. member for Winnipeg North Centre (Mr. Knowles) has had more to say on behalf of the old age pensioners than any other two or three members in this house. Nevertheless, I am just as much concerned about old age pensioners as any other hon. member of this house. On many occasions I have talked about the plight of the old age pensioners. But my good and personal friend this afternoon made a suggestion that he thought might require an amendment to the British North America Act, to provide additional benefits for the old age pensioners. He suggested that the municipality might bear 25 per cent of the cost of it, if I am correct. I think that is what he suggested, and that the province should bear 25 per cent of the cost and the federal authorities the additional 50 per cent.

Mr. Smith (Moose Mountain): Or 5 per cent.

Mr. Ross (Souris): He did not use the expression "5 per cent" when he was talking. It is the principle that I want to deal with right here, because we have been through it. Again I come back to the Minister of Justice. When he was premier of Manitoba in 1948 I presume he had an idea that he was coming to Ottawa, but we ordinary citizens of Manitoba had no idea about it at all. As the premier of Manitoba he was concerned about the plight of the old age pensioners, and on behalf of the provincial government he made an offer to the executive of the Manitoba municipal union that until such time as the British North America Act was amended, or appropriate arrangements were made in the future, the provincial government would bring in enabling legislation by which they could increase the payment for the old age pensioners by $10 a month, and it would be split two ways, $5 by municipalities and $5 by the provincial government, and the municipality would be responsible for the administration and for seeing who should receive it. I think that was the suggestion made by my hon. friend this afternoon.

Well, strange as it may seem—it seemed very strange to me then—the executive of the Manitoba municipal union accepted the offer, which they thought was a fine offer, subject to the approval of the municipal convention, which was to meet in Winnipeg some weeks later. I have never heard anything argued more fully in detail than that proposition was by the then premier of Manitoba to the municipal officials. After several hours' deliberation and detailed discussion a vote was taken on that offer. And do you know, the result of that vote was approximately 650 against and 7 for, by those municipal officials. I was personally quite happy about it because of this, and this is the point that I do not follow my good friend on. Ever since my experience in municipal life I have been very concerned about increasing the mounting burdens of taxation on real estate. That in itself is creating untold problems and perplexities for municipal corporations throughout Canada, both urban and rural.

Mr. Smith (Moose Mountain): I want the federal government to pay some.

Mr. Ross (Souris): They are called upon to provide many services now. I can cite neighbours of my own in my own constituency who, through no fault of their own, have lost a crop or revenue from some of the best land in that constituency for the eighth year now. It is the most highly assessed farm property in that area. They are called upon to pay increasing taxation whether any revenue comes off the property or not. It is that matter of principle that I want to deal with, and take issue with my good friend from Moose Mountain on. As long as I am in public life in any capacity I hope I shall fight to overcome that undue burden which is being imposed on real estate, causing so many difficulties in so many municipalities of this country.

While I am on my feet I want again to reiterate my concern for the welfare of the old age pensioners in this country. I know many of these people personally, and I do not know how they obtain the necessities of life these days under the allowances that they are paid. They do have a great hardship. Rather than the suggestion made by

my good friend this afternoon, I think there is a good deal more logic in the resolution placed on the order paper by my colleague the hon. member for Hamilton West (Mrs. Fairclough). I think there is real meat in that resolution, and I hope it is discussed in the house and that we shall have an opportunity to express our views to the government on that resolution.

I think it is most important that worthwhile measures be taken to assist those old age pensioners and many other pensioners throughout the country who are finding it so very difficult. As I said, I had not intended to discuss this matter, but in municipal life or in the federal picture or anywhere else I have not missed an opportunity to set forth the problems confronting the municipal corporations in this country, both urban and rural; and I hope that no legislation is ever put forward by this federal government or by provincial governments which will add to that unfair proposition, of increasing taxation on real estate, those social services which do not entirely belong to the municipalities. I want to make that point very clear. I shall have much more to say about the international wheat agreement at another time. However, I cite that as one example of controls by the government—and very unfair controls—where the wheat producer has no alternative. He is now subsidizing the consumer in Canada. As I have said, he is subsidizing the consumer to the extent of 35 cents a bushel, right today. His problems are increasing from day to day, because his costs of production are increasing in many respects.

Anyone who lives in the prairie provinces, whether he be a city dweller or not, must realize these facts fully. Therefore I think there must be some system of parity granted in Canada during these difficult days of inflation and increasing living costs. I shall certainly support the amendment. I believe it is most timely, and in the interests of the consumer in this country, especially the parents who find it so difficult, in some instances because of frozen incomes, to provide for their families today.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I should like to make a few observations on this subject. I know many members are desirous of winding up the debate; but, so far as I am concerned, I am not particularly anxious to wind it up because I think this is unfinished business since 1945. Unless we settle it somewhere it seems to me we will just have a repetition of what is going on now.

One would judge, from the attitude of the government, that they have made up their minds that there are to be no price controls, as such, at this time.

An hon. Member: Hear, hear.

Mr. Gillis: Someone says "hear, hear". Well, I consider this the most important debate we have had for a long time, because the cost of living is one of the most disturbing factors in the country.

It is all right to talk about defence, and all that kind of thing. We realize it is necessary to make preparations for defence; but do not let us forget that our main weapon of defence is the people who will produce the wherewithal for defence, and pay the taxes that will provide the weapons. That must be considered also.

The representatives of the organized labour movement in Canada represent a large portion of the industrial workers in this country. They have made their wishes known on many occasions. Only very recently joint representations were made by the Trades and Labour Congress, the Canadian Congress of Labour and the Catholic Federation. In their submission to the government they pointed out in no uncertain terms they thought the time had come when the government should take at least some action to give some indication that the cost of living is going to be held somewhere.

The government has not done this. The Minister of Finance (Mr. Abbott) has made it clear that, so far as he is concerned, he is speaking for the government and that no action to prevent inflation is going to take place at this time in connection with a system of price controls. I say that an answer of that kind to the representatives of the people who work in the mines and the factories which produce the means for defence, and supply a great portion of the taxation to pay for defence equipment, is an unrealistic answer.

While the cost of living statistics may not be as accurate as they could or should be, nevertheless they are an indication of what the cost of living actually is. I say that the figure 179·7, as the over-all cost of living index, does not reflect actually what is being imposed upon the average citizen. We get some idea what the average person maintaining a home is up against when we take the food index figure of 233·9, because 80 per cent of the money spent in the home of the person in the average income group is spent for food. That is the figure that should be used.

People see the cost of living climbing from day to day, and the stand has been taken by the government that nothing is going to

be done. This is discouraging. It amuses me to hear hon. members say that they do not want price controls, because if they would stop and think they would realize they have price fixing now, in respect of nearly every commodity entering their homes. However, that price fixing is done by people who are not responsible to the Canadian people generally or to the House of Commons. Large corporations across this country do not ask the permission of anyone when they want to step up a price.

For instance, take a look at the recent price increase in new automobiles. That increase certainly was not warranted by the 5 per cent tax imposed by the government last September. But prices have skyrocketed, whether we like it or not. Then we see overnight an artificial shortage of butter, and overnight 15 or 20 cents per pound is added to the price. Who is fixing that price? It is very definitely fixed.

We see irresponsible price fixing right across the country today in connection with practically every commodity one is compelled to buy.

We are asking for a system of responsible controls, and we are prepared to have the Canadian government institute the machinery which would be responsible to parliament in connection with the fixing of prices in this time of stress and concern. This process of getting all the traffic will bear and supporting the system of price fixing we now have is certainly not my understanding of a proper system of responsible government for the Canadian people.

Let me emphasize that hon. members who say they do not want price controls, that they are hard to administer and all that sort of thing, must balance that argument against the argument that prices are already fixed in practically every commodity. It is a matter of determining whether we will continue that kind of system which can create overnight artificial shortages and bring about a skyrocketing of prices, without consultation with anybody, or whether we want to hand the problem over to the government so that it may be handled as it was handled during the war—and very successfully.

That is what we have to ascertain. Apparently the government has not faced up to the question.

On motion of Mr. Gillis the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. St. Laurent: For tomorrow consideration had been given to the possibility of dealing with the estimates of the Department of National Defence—both tomorrow and Friday. But, on considering the matter, it has been found that that would not be convenient for hon. members of the house, and that more than a few hours' notice would be required before opening a discussion on the estimates of the defence department.

In view of that I think it would probably suit the convenience of hon. members if we continued and tried to complete the debate which stands as the first order on the order paper, the present debate on the motion that Mr. Speaker leave the chair, notwithstanding the provisions of standing order 28 that on Thursdays and Fridays Mr. Speaker shall leave the chair to go into committee of supply, without question put. If I had the unanimous consent of the house I would move that on Thursday, tomorrow, and Friday, the next day, if necessary, standing order 28 be suspended so that the debate on government order No. 1 on today's order paper may be first concluded and four additional departments called for the first time, not for the purpose of proceeding with them but for the purpose of having them before the committee as would happen on the conclusion of this debate, and then to proceed with the estimates of the Department of Transport.

Mr. Green: Thursday and Friday?

Mr. St. Laurent: The first thing we would do would be to try to complete this debate on the motion of the Minister of Public Works (Mr. Fournier), as leader of the house, to go into committee of supply and the amendment of the leader of the opposition. That debate being concluded, unless there were further discussions before the motion could be put to go into committee of supply, upon that motion being resolved the four additional departments that were mentioned originally for Monday would first be called and the items allowed to stand. Then we would proceed with the estimates of the Department of Transport.

Mr. Green: May I ask the Prime Minister whether the transport estimates are to be considered on both Thursday and Friday.

Mr. St. Laurent: If we got along rapidly enough, the idea would be to do something more on Friday, and we would announce Thursday night what it would be. I would imagine that we would take all of tomorrow to conclude this debate and the discussion of the estimates of the Department of Transport. If they were not concluded we would continue with them on Friday, and announce either the estimates of the Department of Fisheries or the Department of Agriculture to follow the completion of the discussion of the estimates of the Department of Transport.

The effect of this motion of course would be spent when the question of going into supply on the motion made on Monday was resolved.

Mr. Drew: Mr. Speaker, I will support the suggestion of the Prime Minister. In view of the nature of the debate now taking place, it would seem satisfactory to me that it should proceed to a conclusion. Under the circumstances it would seem obvious that adequate notice should be given with respect to the opening of the Department of National Defence in view of the number of hon. members who are anxious to deal with that very important subject. I would hope that unanimous consent would be given to the motion made by the Prime Minister.

Mr. Knowles: Mr. Speaker, I should like to comment on this proposal. I want to say that I am a reasonable person, and certainly I am ready to agree with respect to a part of what the Prime Minister suggests. As to another part of it, however, he has not yet convinced me. It could be argued that it is desirable that the present debate should be continued tomorrow. The part of the Prime Minister's request that I accept is that unanimous consent be given to suspending the rule so that the debate may be carried on on Thursday and Friday, which is otherwise irregular. Then he goes on and asks that when we get into committee of supply the four departments which were named for last Monday should be opened. I am not just being stubborn about this. The fact of the matter is that this is one of the few but very important provisions in the rules of the house whereby private members of parliament can bring their views as effectively as they can to the attention of the government. We do it not only by our speeches but also by the fact that we hold more or less of a whiphand with respect to getting into committee of supply, where money is voted. Before the Prime Minister rises to his feet, I am going to suggest that we reach a compromise. I will give unanimous consent to the first part of his suggestion but not to the calling of four departments. How about compromising on two?

Mr. St. Laurent: Why should it be only two? The motion was made for the purpose of going into committee of supply and calling four departments. It has been debated, and it will have been as fully debated as any motion to go into committee of supply that I can remember in the several sessions that I have been here. It would seem to me that there would be no serious inconvenience in that because there will not be another opportunity of opening departments next week. We expect the debate on the budget to proceed next week. Of all the departments there are only four that have been placed before the committee of supply up to this time. I do not think that hon. members would be forgoing any right because normally when this motion is disposed of four departments would be called. If it is preferable to dispose of it on Thursday or Friday we would like to do so if it will not prevent it from having the same effect as if it were disposed of on a Monday, Tuesday or Wednesday.

Mr. Knowles: The Prime Minister says that normally the effect of this motion would have been to get into committee of supply and open four departments. Normally such a motion could not be disposed of except on a Monday, Tuesday or Wednesday. Therefore since the house has debated it up until this time, normally—in other words, without unanimous consent—it cannot be proceeded with again until another Monday, Tuesday or Wednesday. I suggest that, since the Prime Minister is asking us to give unanimous consent to upsetting that part of the rule, he should compromise on the other part. I have met him more than halfway, and some of my friends over here think I have gone too far.

Mr. St. Laurent: Some of my friends think I have gone too far, and that I should not have suggested that we continue this debate. I thought it would be convenient for most members if it were continued. If it is the desire of the house that we abide by the rule, I will not submit the motion. If it cannot have the same effect as if it were disposed of on a Monday, Tuesday or Wednesday, let us wait for a Monday, Tuesday or Wednesday to dispose of it.

Mr. Blackmore: I should like to add that the next time a motion is made to go into committee of supply we should not have in mind four departments. One is quite sufficient.

Mr. St. Laurent: When the hon. member becomes the leader of the house he will determine any announcements of what he will ask the house to do. We announced that we were going to ask to go into committee of supply and open four departments.

Mr. Blackmore: Mr. Speaker, this happens to be one case in which the Prime Minister will bow to the will of the opposition.

Mr. St. Laurent: He will not bow to the will of the opposition but will conform to the rules of the house.

Mr. Blackmore: The Prime Minister has no authority to introduce more than one department unless the opposition says he has.

Mr. St. Laurent: The hon. member would add to my knowledge of the rules if he would cite to me the rule on which he bases that assertion.

Mr. Blackmore: The Prime Minister will add to mine if he will cite the rule under which he is proposing to call four departments. One is quite sufficient.

Mr. St. Laurent: I take it that it is not agreeable to the house that we deal with this matter tomorrow as it would be dealt with on a Monday, Tuesday or Wednesday.

Mr. Knowles: I would agree to two departments but not to four.

Mr. Blackmore: I only agree to one.

Mr. Ross (Souris): What is the business for tomorrow?

Mr. Fournier (Hull): Tomorrow we will take up the estimates of the Department of Transport, and if we conclude we will take agriculture.

It being ten minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, April 12, 1951

The house met at three o'clock.

REPORTS OF COMMITTEES

INDIAN ACT—CONCURRENCE IN FIRST REPORT

Mr. D. F. Brown (Essex West) presented the first report of the special committee appointed to consider Bill No. 79, respecting Indians, and moved that the report be concurred in.

Mr. Fulton: On division.

Motion agreed to on division.

RAILWAYS AND SHIPPING—CONCURRENCE IN FIRST REPORT

Mr. Hughes Cleaver (Halton) presented the first report of the special committee on railways and shipping owned, operated and controlled by the government, and moved that the report be concurred in.

Motion agreed to.

VETERANS AFFAIRS—CONCURRENCE IN FIRST REPORT

Mr. L. A. Mutch (Winnipeg South) presented the first report of the special committee on veterans affairs, and moved that the report be concurred in.

Mr. Jean François Pouliot (Temiscouata): Before the motion is put, I should like to know if members of parliament who have grievances on behalf of returned men will have an opportunity of submitting their cases to the committee in order to try to get some help for these men. It seems that the pension commission is helpless, and I can say the same thing for the commission on allowances. I have every sympathy for the Minister of Veterans Affairs (Mr. Lapointe). He is an able gentleman, and a personal friend of mine. The members of the pension commission, and the members of the commission for allowances, are procrastinating. It is useless to argue the case of any soldier with them. I have some pitiful cases, and it is impossible to reach the heart of these commission members in discussing these problems which are of vital importance to the soldiers and their families.

Will the members of the house who do not belong to the committee have an opportunity of appearing before the committee with these files? Some of them are voluminous. The pension commission seems to take it for granted that in some cases the soldiers suffered from disabilities before enlistment. I have one case in particular in which I was told the soldier was suffering from heart trouble before his enlistment, and that his five years of active military service had not increased his disability. I wrote to the department that it was absurd, and I was informed a month later that he was not suffering from heart trouble. This was an example.

Another case is that of a soldier, number 597, of the first war. He was in service during the whole of the war. He was overseas for at least four years, if not five. He was a big fellow, with the appearance of a strong man. I could not get anything for him except some treatment at the hospital which did him no good. He enlisted again in the second war, and it is impossible to get a pension for him. There are other cases where soldiers have a small pension, and there is the allowance board, which does nothing to give them an opportunity to live as decent men are supposed to live.

I have many cases which I could cite. The doctors are all fools except perhaps one or two. I keep in reserve some cases of murder which I have already mentioned in the house—murder by the army doctors of the province of Ontario and of the province of Quebec. There was another one who escaped in the province of New Brunswick. He had protection from the high-ranking people in the medical service of the army. Some army doctors are good. Some others are rotten. This is one of the reasons why I object so greatly to a program of health insurance, because those army doctors will have some kind of preference. I think of the district medical officer at Montreal. Who is the district medical officer at Montreal? He is a complete failure with regard to medical qualifications. What is his record as a medical officer? He was overseas on a Cook's tour for a month or two, and he was to come to Ottawa. I strongly protested at the time to the then hon. member for Halifax, Mr. Macdonald—who was the parliamentary assistant to the Minister of National Defence—and to Walter Tucker, who helped me a great deal when he was parliamentary assistant to the Minister of Veterans Affairs.

I am fighting the case of the soldiers who cannot expect any justice from the pension

commission or from the allowance board. One day I decided to send a motion to the Clerk of the House, but unfortunately it was not signed, and according to the rules it did not appear on the order paper. The motion called for the abolition of the pension commission and the allowance board. So long as the soldiers get no benefits from these boards, what is the use of paying big salaries to these men who give relief by a dropper to the soldier?

I will ask the minister to consider the remarks I have made in the friendliest spirit to him, but I have not the same spirit with regard to these boards and commissions. They are there to earn a big salary and to do nothing. They are all alike, from Melville down. The other day when I saw him, with all his decorations, I thought of the poor devils who have such a great struggle and who cannot get any help. We have to write and write again, but we never receive a decent answer from the silly and selfish bureaucrats. I hope that there will be reform in due course and that the members who sit on the committee will be ready to defend the case of the soldier instead of lying down before such awful bureaucrats.

Mr. Speaker: Is is the pleasure of the house to adopt the motion?

Mr. Ross (Souris): On division.

Mr. Speaker: On division.

Motion agreed to on division.

[*Later:*]

On the orders of the day:

Mr. Robert Fair (Battle River): I should like to address a question to the Minister of Veterans Affairs. Is the minister in agreement with the tirade of the hon. member for Temiscouata a few minutes ago against the war veterans allowance board and the Canadian pension commission?

Hon. Hugues Lapointe (Minister of Veterans Affairs): In answer to my hon. friend's question I may say that I do not subscribe to the remarks made by the hon. member for Temiscouata. I do not subscribe at all to the personal remarks he directed against some members of the commission nor to his remarks as to the work done by the pension commission and the war veterans allowance board.

Mr. Pouliot: I hope the committee will be fairer than the hon. member.

CAPITAL COST ALLOWANCES

STATEMENT AS TO DEFERMENT OF DEPRECIATION FOR INCOME TAX PURPOSES

On the order for motions:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, in his discussion of the budget the Minister of Finance (Mr. Abbott) stated that the Minister of Trade and Commerce would make a statement on deferred capital cost allowances, and at the conclusion of his budget speech the minister tabled a copy of order in council P.C. 1778, dated April 10, 1951, which altered the regulations affecting capital cost allowances under the Income Tax Act.

The purposes of these changes in the regulations is to defer capital cost allowances for a period of three years beyond the date of acquisition; that is a total of four years, except in certain specified cases. As the Minister of Finance explained:

> What we need is a stiff financial deterrent that will affect particularly the businessman who is considering the kind of investment which is attractive, not because of its long-term soundness but because it can be written off out of the expected high profits of the next few years, at a time when he expects the rate of corporate income tax to be abnormally high.
>
> To provide this deterrent it is proposed to defer for a period of four years the right to charge depreciation on all capital assets acquired after April 10, 1951, excepting certain classes of assets defined in the regulations and certain additional kinds of assets when certified as eligible by the Minister of Trade and Commerce.
>
> Under the proposal, the right to charge depreciation as an expense is deferred, not cancelled or even diminished. For example, $10,000 of ineligible assets acquired after April 10, 1951, will earn no depreciation for tax purposes during the next four years; but in 1955 it can be transferred by the depreciable asset account at its full original cost. If it is a type of asset that can be written off in say ten years, it will be written off in 1955 to 1964 instead of in 1951 to 1960.
>
> The deterrent will particularly affect the businessman whose decision to make a capital expenditure is strongly influenced by the expectation that he can write off a large fraction of his cost at a time when both profits and tax rates are abnormally high, particularly if it is a kind of investment with uncertain profit-making possibilities six or eight years hence. In other words it will compel the businessman to give primary attention to the long-term prospects of proposed capital expenditures, and, if outside financial participation is required, lenders will also take this view.
>
> There will, therefore, be a stiff deterrent on projects of uncertain long-run value and also on capital expenditures on frills, gadgets and generally "dressing up" offices, stores and buildings. This deterrent should reduce the competitive scramble for scarce materials and equipment and thus place less strain on direct controls. Such materials and equipment will tend to go to those who can make the best long-term use of them. Bidders who are anticipating short-run quick profits will tend to withdraw from the market.
>
> One further advantage is that the government will not be telling anyone that he cannot do this or that. What will happen is that a financial penalty will be put, in the short run, on those who go ahead with less essential expenditures.
>
> These revised depreciation regulations will go into effect immediately and will apply to all capital assets acquired after April 10, 1951.

That is the end of the quotation from the budget speech.

Current capital cost allowances will continue to be available on all property acquired up to and including April 10, 1951. Determination of the date of acquisition will be made by the Department of National Revenue in accordance with its usual practice in such cases.

With respect to property acquired after April 10, 1951, current capital cost allowances will be allowed to individual farmers, fishermen and professional men. Current allowances will also continue to be available to all taxpayers where the property acquired falls into any of the following categories set forth in schedule B of the income tax regulations:

Class 1. This class covers such properties as bridges, canals, culverts, dams, et cetera.

Class 2. This class covers such properties as pipe lines and certain plant connected with the production or distribution of electrical energy, gas and water.

Class 4. This class covers properties of a railway system, a telegraph or telephone system and a tramway or trolley bus system.

Class 9. This class covers such properties as radar equipment and radio transmission equipment.

Class 10. This class covers automotive equipment, gas or oil well equipment, mining machinery equipment and some other items.

Class 12. This class covers certain articles that have a limited life and can be depreciated entirely within a year.

Class 14. This class covers certain patents, franchises, concessions and licences.

As I have said properties which fall into any of the foregoing classes can be depreciated in the normal way and will not be subject to certification by the Minister of Trade and Commerce.

Similarly, current capital cost allowances will be available without certification with respect to all residential properties, that is, houses and apartment blocks, and with respect to all properties which replace those that have been destroyed by fire, flood, wind, lightning or other act of God.

I now come to those properties acquired after April 10, 1951, which will be eligible for current capital cost allowances only if a certificate is issued by the Minister of Trade and Commerce. These fall into two categories: (1) a property acquired for the fulfilment of a defence contract or subcontract or for a purpose which contributes to the defence of Canada; (2) a property acquired by a taxpayer for carrying on certain businesses.

Let me deal first with properties which are acquired for defence purposes. Hon. members will, I think, readily understand the reason for this provision. The government does not wish to discourage in any way capital expenditures which will enable Canadian industry to build up its productive facilities to meet Canada's defence needs. Moreover in some cases the investment may have a use limited to the defence period, and it would be inequitable to defer capital cost allowances for four years.

Taxpayers who have defence contracts and who find it necessary to acquire properties in order to fulfil defence contracts or subcontracts should apply to the capital cost allowances division of the Department of Trade and Commerce for the necessary forms and information. Before a certificate is granted, it will be necessary for the taxpayer to give evidence that the defence contract cannot be fulfilled unless the property in question is acquired.

Certificates may also be issued with respect to properties acquired by the taxpayer which in the opinion of the Minister of Trade and Commerce contribute to the defence of Canada. This provision is included to enable the minister to give a certificate for projects which, though not undertaken for the fulfilment or specific defence contracts or subcontracts, are nevertheless important as a means of increasing supplies of some basic material or commodity or of supplying some essential service. Such certificates will be issued only in exceptional cases.

In the second category is a group of basic industries listed in the order in council. Broadly, the industries covered include primary industries, industries engaged in the processing, including smelting and refining, of raw materials, and enterprises providing a utility or hospital service.

The policy in this category will be to issue certificates of eligibility for properties acquired by the taxpayer that are necessary to the carrying on of these businesses. Certificates will not be issued, however, if the property acquired is primarily used for the purpose of hotel or office use, commercial service, finance, wholesale trade, retail trade or renting for other than residential habitation.

Taxpayers who fall into the list of businesses included in this second category should apply to the capital cost allowances division of the Department of Trade and Commerce for forms and other information.

Before concluding this statement I should like to add just one comment, and that is that in administering these regulations neither the Department of Trade and Commerce nor any other department of government is making a decision as to whether or not any particular capital expenditure should be made.

That is for the taxpayer to decide. As my colleague the Minister of Finance said, " . . . the government will not be telling anyone that he cannot do this or that."

These regulations are another aspect of the government's policy to combat inflation. They are designed to reduce the competition for scarce materials and equipment, and thus to place less strain on direct controls.

PRIVILEGE

REFERENCE TO REPORT IN WINNIPEG "TRIBUNE" ON APRIL 10

Mr. J. S. Sinnott (Springfield): Mr. Speaker, I rise on a question of privilege. On the front page of the Winnipeg *Tribune* of April 10 I noticed an article which is headed "Sinnott Spanked." I want to say that I was not spanked, and that I believe the man who wrote this article possibly did not read *Hansard* in the right way. As reported at page 1768 of *Hansard*, when I made reference to the hon. member for Winnipeg North Centre (Mr. Knowles), this is what I said:

I see him in his seat now, and I would not do this if he were not here.

Further down on the page Mr. Speaker is reported as follows:

Mr. Speaker: Order. I see that the hon. member for Winnipeg North Centre (Mr. Knowles) is in his seat.

What I object to, Mr. Speaker, is this. In the press report we read:

Speaker Macdonald interjected that while Knowles was not in his seat and had not objected to the remark, he himself did not think the words "public enemy" should be applied to a member of the house.

My point of privilege is this. I do not attack an hon. member when he is not in his seat. It is plain enough in *Hansard* that the hon. member was in his seat when I made this accusation.

Mr. Knowles: Mr. Speaker, may I just say that I was in my seat but that I felt no concern about the remarks of the hon. member.

AERONAUTICS ACT

AMENDMENT TO PROVIDE FOR REGULATIONS COVERING THE ZONING OF AIRPORTS

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 197, to amend the Aeronautics Act.

Mr. Graydon: Will the minister explain?

Mr. Chevrier: The object of this bill is to amend the Aeronautics Act so as to permit the minister, with the approval of the governor in council, to make regulations covering the zoning of airports. Because of industrial, commercial and residential construction that has taken place around airports, it has now become necessary to control the height, use and location of buildings and structures in the vicinity.

Mr. Graydon: The minister speaks about the zoning of airports and the properties around them. Would that not be a matter of consultation and arrangement among the dominion government, the provincial governments and the municipalities in the areas concerned?

Mr. Chevrier: This legislation is clearly within dominion jurisdiction. It has first of all been submitted for approval to the government's legal counsel—the Department of Justice—and they have approved the wording as it will eventually come before the house.

Mr. Graydon: Does it apply only to buildings that are on dominion government property? If it does not, then I fancy the minister must be acting outside the jurisdiction of the federal power.

Mr. Chevrier: That will be a matter to discuss, I think, when we come to second reading; but in any event it does go beyond the scope of federal construction. It seeks to provide regulations for the protection of aerial navigation, and it is clearly within the decision of the privy council.

Mr. Drew: Do I understand that it will be within the authority of the bill as it is introduced, if it becomes law, to declare that certain zones, not actually taken over as dominion government property or the property of any agency of the government, can be used only for some particular purpose which would not involve the construction of buildings dangerous to aircraft in and out of the airport in question?

Mr. Chevrier: Well, the control is not over the buildings themselves; the control is over the height and the location. It will not affect property or civil rights, but it will affect obstacles that might impede safe aerial navigation, such as chimneys and other high structures, antennae and the like.

Mr. Graydon: I am sorry, Mr. Speaker, but may I ask one more question? The matter is one of urgent importance to us in the Malton area. Will this interfere with residential building programs which are in progress in a section such as Malton where there is an acute shortage of housing?

Mr. Chevrier: If they are a sufficient distance away from the airstrips it would not affect them in any way whatsoever.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN WHEAT BOARD—MEMBERS OF ADVISORY COMMITTEE ENGAGED IN WHEAT PRODUCTION

Mr. Argue:

1. What are the names and addresses of the members of the advisory committee to the Canadian wheat board?

2. What is the main occupation of each?

3. What members are presently engaged in the production of wheat in Manitoba, Saskatchewan, Alberta or the Peace river area of British Columbia?

Mr. McIlraith:

1. F. H. Clendenning, president, Empire Shipping Co., Vancouver, B.C.; C. E. Hayles, president, Canadian Consolidated Grain Co. Ltd., Winnipeg; J. C. A. Nijdam, president, Continental Grain Co. (Canada) Ltd., Winnipeg; D. I. Walker, president, Purity Flour Mills Ltd., Toronto; J. Theo Roy, Board of Trade building, Montreal; R. C. Brown, managing director, The Country Guide, Winnipeg; L. Hutchinson, director, Alberta Wheat Pool, Calgary; J. H. Wesson, president, Saskatchewan Pool Elevators Ltd., Regina; J. A. McCowan, Summerberry, Sask.; F. Pettypiece, Auld, Ontario; P. Farnalls, Halkirk, Alberta.

2. Indicated above, except in the case of Mr. J. Theo Roy, who is an eastern feed grain dealer, and Messrs. Farnalls, Hutchinson, McCowan and Pettypiece, who are producers. Messrs. Brown and Wesson are also producers.

3. Messrs. Brown, Farnalls, Hutchinson, McCowan and Wesson.

NIAGARA FALLS, ONT., VETERANS HOUSING PROJECT

Mr. Coldwell:

1. Is there a veterans housing project situated on McRae and other streets in Niagara Falls, Ontario, which is operated by Central Mortgage and Housing Corporation?

2. If so, when the veterans were originally settled in this project, were they informed that the houses would not be available for sale for ten years?

3. Has this policy been changed?

4. Did Mr. W. W. Scott of the Central Mortgage and Housing Corporation inform the city council of Niagara Falls on February 6, 1950, that the homes in this project would be sold only to the present tenants and that if these tenants refused to buy they would be permitted to continue to rent?

5. Are tenants in this housing project now being forced to move in order that their homes may be sold to anyone who is able and willing to buy?

6. What is the present policy of Central Mortgage and Housing Corporation with respect to the houses in this project?

Mr. Maybank:

1. Yes.

2. No. The agreement between the city of Niagara Falls and Central Mortgage and Housing Corporation provided that the houses could be sold any time at the discretion of Central Mortgage and Housing Corporation subject to payment of a stipulated amount for each building lot on which a house was built.

3. Answered by No. 2.

4. Yes. This being the policy at that time.

5 and 6. The tenants have first priority to purchase. Vacant houses are held vacant for sixty days if necessary, for sale. A tenant who is unwilling to purchase will be requested to move to alternative housing owned by the corporation if an acceptable offer has been received to purchase the house occupied by such a tenant.

POULTRY INDUSTRY—NEWCASTLE DISEASE

Mr. Wright:

1. What has been the total number of poultry destroyed to date as a result of the outbreak of Newcastle disease in the province of British Columbia?

2. What is the rate of indemnity and the amount paid?

3. What was the first policy of the department for the eradication of this disease?

4. Has this policy been changed, and if so, on what date, and for what reason?

5. What number of birds have been given vaccine treatment?

6. Has this treatment been discontinued?

7. What investigation was made by the Department of Agriculture as to the effectiveness of this treatment before using it?

8. Has this treatment been used successfully on a major scale in any other country?

Mr. McCubbin:

1. 588,801.

2. (a) See schedule on next page; (b) $859,423.58.

3. Eradication by destruction of all birds on infected premises, followed by a thorough cleaning and disinfection.

4. No. Policy supplemented July 17, 1950, by use of killed vaccine. On February 14, 1951, the Doyle-Wright vaccine was substituted for the killed vaccine for the purpose of establishing mass immunity in the infected area.

5. 531,786.

6. No.

7. The Animal Diseases Research Institute, Hull, Que., investigated and thoroughly tested, by treatment of many birds, all vaccines before they were used by the department.

8. The Doyle-Wright vaccine presently in use in British Columbia is being used extensively by the British authorities in Egypt. Reports concerning its value are not yet available.

2(a).

DEPARTMENT OF AGRICULTURE

Production Service—Health of Animals Division

GUIDE TO CURRENT MARKET VALUES OF POULTRY AND EGGS—effective October 1, 1950

—	Commercial					Chickens—Pen Ped. & R.O.P. Females		Pen Ped. Turkeys	Chickens Individual Ped.		Ind. Ped. Turkeys
	Turkeys	Capons	Chickens M.	Chickens P.	Chickens C.	Pullets	Cockerels		Pullets	Cockerels	
Eggs,—											
Chicken, Hatching				.07		.30			.62		
Chicken, market				.04							
Turkey, hatching	.38										
Goose, hatching	(.20)										
Duck, hatching	(.10)										
Age— 1 day	.75		.15	.30	.07	.60	.60	2.00	1.25	1.25	2.50
" 1 wk	.95		.19	.34	.11	.64	.64	2.20	1.29	1.29	2.70
" 2 wks	1.10		.23	.38	.15	.68	.68	2.35	1.33	1.33	2.85
" 3 wks	1.25		.27	.42	.19	.72	.72	2.50	1.37	1.37	3.00
" 4 wks	1.40	.30	.31	.46	.23	.76	.76	2.65	1.41	1.41	3.15
" 5 wks	1.55	.39	.35	.50	.27	.80	.80	2.80	1.45	1.45	3.30
" 6 wks	1.75	.41	.39	.54	.31	.84	.84	3.00	1.49	1.49	3.50
" 7 wks	1.95	.47	.43	.58	.35	.88	.88	3.20	1.53	1.53	3.70
" 8 wks	2.15	.53	.47	.62	.39	.92	.92	3.40	1.57	1.57	3.90
" 9 wks	2.35	.63	.55	.71	.48	1.01	1.01	3.60	1.66	1.66	4.10
" 10 wks	2.55	.74	.63	.80	.57	1.10	1.10	3.80	1.75	1.75	4.30
" 11 wks	2.75	.85	.71	.89	.66	1.19	1.19	4.00	1.84	1.84	4.50
" 12 wks	2.95	.96	.79	.98	.75	1.28	1.28	4.20	1.93	1.93	4.70
" 13 wks	3.15	1.07	.87	1.07	.84	1.37	1.37	4.40	2.02	2.02	4.90
" 14 wks	3.35	1.19	.95	1.15	.93	1.46	1.46	4.60	2.11	2.11	5.10
" 15 wks	3.55	1.31		1.25	1.02	1.55	1.55	4.80	2.20	2.20	5.30
" 16 wks	3.75	1.41		1.35	1.10	1.75	1.75	5.00	2.55	2.55	5.50
" 17 wks	4.00	1.52		1.45	1.18	1.95	1.95	5.25	2.95	2.95	5.75
" 18 wks	4.25	1.63		1.55	1.26	2.20	2.20	5.50	3.75	3.35	6.00
" 19 wks	4.50	1.74		1.65	1.34	2.50	2.50	5.75	3.75	3.75	6.25
" 20 wks	4.75	1.84		1.75	1.42	2.80	2.80	6.00	4.20	4.20	6.50
" 21 wks	5.05			1.85	1.50	3.00	3.00	6.30	4.65	4.65	6.80
" 22 wks	5.35			1.95	1.58	3.30	3.30	6.60	5.10	5.10	7.10
" 23 wks	5.65			2.05	1.66	3.65	3.65	6.90	5.55	5.55	7.40
" 24 wks	5.95			2.15		4.00‡	5.00*	7.20	6.00*	7.50*	7.70
" 25 wks	6.25			2.15		4.00	5.00	7.50	6.00	7.50	8.00
" 26 wks	6.55			2.15		4.00	5.00	7.80	6.00	7.50	8.30
" 27 wks	6.85			2.15		4.00	5.00	8.10	6.00	7.50	8.60
" 28 wks	7.15			2.15		4.00	5.00	8.40	6.00	7.50	8.90
" 29 wks				2.15		4.00	5.00		6.00	7.50	
" 30 wks				2.15		4.00	5.00		6.00	7.50	
" 31–35 wks				2.10		3.85	4.60		6.00	7.50	
" 36–40 wks				2.05		3.70	4.20		6.00	7.50	
" 41–45 wks				2.00		3.55	3.80		6.00	7.50	
" 46–52 wks				1.95		3.35	3.40		6.00	7.50	
" 13 Mos.				1.85		3.15	3.00		6.00	7.50	
" 14 Mos.				1.75		2.95	2.60		6.00	7.50	
" 15 Mos.				1.70		2.75	2.15		6.00	7.50	
" 16 Mos. and over				1.65		2.50	1.65		6.00	7.00	
			R.O.P. Approved Females					10.00			12.00
			R.O.P. Approved Males					15.00			17.50
Breeder turkeys	9.00	(January to March).									
	6.00	(April)									
	5.00	(May)									
Ducks and geese	4.55										

* Must carry R.O.P. or Crown leg bands.
‡ Must carry official leg bands.
Beltsville white turkeys—25 per cent reduction in value over one day old.

MARATHON CORPORATION—EXPORTS OF WOOD

Mr. Thatcher:

1. Did the Marathon corporation of Ontario pay export duties of any kind in each of the years 1948, 1949 and 1950?
2. If so, on how many cords of wood in each of the above-mentioned years?
3. What was the amount of such payments in each year?

Mr. Sinclair: The federal government does not levy export duties on wood exported from Canada.

OKANAGAN FLOOD CONTROL

Mr. Jones:

1. In what years was money voted for the project known as the Okanagan flood control?
2. What amount was voted each year?
3. What amount was spent each year?
4. What progress has been made to date with this project?
5. When is the project expected to be completed?

Mr. Fournier (Hull):

1. 1948-49, 1949-50, 1950-51.

2. 1948-49, $75,000; 1949-50, $500,000; 1950-51, $480,000.

3. 1948-49, nil; 1949-50, $20,771; 1950-51, $10,977.82.

4. Surveys have been made to determine the extent and type of work to be done on the project. Plans and specifications have been drawn up, but so far it has not been possible to proceed with the work due to objections raised by the fisheries department of the state of Washington.

5. Tenders will be called as soon as the state of Washington signifies that it is satisfied. It is estimated that the project will take three years to complete after the contract has been awarded.

POSTAL SERVICE—CALGARY OFFICE—EMPLOYMENT OF VETERANS

Mr. Harkness:

1. How many men have been hired by the Post Office Department in Calgary, during the past six months?
2. How many of these men are veterans of either the first or second great war?
3. How many of these men are still employed with the Post Office Department?

Mr. Langlois (Gaspe):

1. 12.

2. 3.

3. 6.

LABOUR CONDITIONS

REPORTED REQUEST OF HOLLINGER COMPANY FOR PERMISSION TO EMPLOY DISPLACED PERSONS

On the orders of the day:

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I should like to give the answer to a question asked yesterday on the orders of the day by the hon. member for Charlevoix (Mr. Maltais).

(Translation):

The hon. member inquired whether the Hollinger North Shore Company requested that refugees be admitted to Canada for employment in its plants.

I must inform the hon. member that the Department of Labour received no such request, nor does anything indicate that this company intends to place any request for the admission of non-Canadian workers. If, perchance, any such request were made, it would first, like any other application of this nature, be submitted to the offices of the national employment service in the district concerned, and throughout the country if necessary, to make sure that no workers are available locally to fill the jobs. Only after those usual precautions had been taken could a request of this nature be given attention and favourable consideration.

(Text):

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF TRANSPORT

471. Departmental administration, $1,199,818.

Mr. Coldwell: I should like to say a few words about the report of the royal commission on transportation, which was discussed to some extent the other evening.

I think that the members of the board, the Hon. W. F. A. Turgeon, Dr. H. F. Angus and Dr. H. A. Innis, did a very fine job indeed for Canada when they made this inquiry and wrote their report. The report to a very large extent vindicates the position taken in this house by those of us who criticized some of the decisions of the board of transport commissioners, and also vindicates the attitude of the seven provinces which objected to those decisions and asked for the establishment of a royal commission of inquiry.

With some opinions in the report I find myself in disagreement, but they are minor considerations compared with the major recommendations of the report. I noted with a good deal of interest that the commission referred to the request which has been made from various quarters in the country for legislation which would prevent a recurrence of the regrettable dispute and the regrettable strike which occurred last summer. I noted with considerable interest that the royal commission recommended that no special legislation should be passed for the handling of railway disputes and the prevention of strikes or lockouts. It went on to

say that legislation of that kind would be highly provocative and in practice ineffective —in other words, that we should continue the traditional method enjoyed by labour and management through the years, namely, collective bargaining.

Some of us who took that view last year were subjected to considerable criticism here and there across the country. Indeed, those of us who had the temerity to say that, after the long months of negotiation which ended in failure to achieve a settlement, the railway unions were justified in the regrettable action they then took, can find, I think, both in the report of the royal commission and in the report of the special commissioner or arbitrator who dealt with that railway dispute, some consolation for the, in some respects, abusive remarks directed toward us last August and September.

So as to link the matter up, I wish to place on record a paragraph of some significance in Mr. Justice Kellock's report:

> By September 1, 1950, the wage rate-cost of living relationship of the railway worker had deteriorated from the 1948 level to such an extent that 10·2 cents per hour was then required to restore that relationship.

In other words the seven cents asked for—by the railway unions—was already exceeded by 3·2 cents.

> And this margin, it would appear, will likely continue to be augmented.

That margin of course has continued to be augmented. It is indeed regrettable that strikes have to occur; but at the same time, when we find the justification outlined in the report of the arbitrator in the railway dispute, it can readily be seen why such action becomes necessary. I am glad to note the royal commission states that we should continue to rely upon the traditional methods of collective bargaining and not upon legislation referring particularly to employees of such public services as the railway.

I agree with the commission that it is unfortunate that railway freight rates for quite a number of years now have been a matter of public controversy, and unless action is taken, in some respects along the lines suggested in the report of the royal commission, we shall continue for a long time to come to have these regrettable discussions and disputes, and these feelings of justifiable dissatisfaction in various parts of the country. There will also be the feeling, as there has been in that part of Canada which has been my home for a good many years, including the constituency I represent, that there has been both unjust treatment and unjust discrimination against large sections of the country, both the far east and the far west.

[Mr. Coldwell.]

In justification of the criticism we have made in the house from time to time I would point out that the royal commission indulges in some criticism of the board's decisions since world war II. Those are decisions we have criticized adversely and at times severely in the house. The report says:

> The board seems to have treated the application purely from the revenue point of view and without considering the ability of different commodities to bear the increase.

I think that has very largely been the bone of contention. Incidentally it contrasts the attitude of our board of transport commissioners with that of the interstate commerce commission in the United States, pointing out that the American board, which has similar functions, did take into consideration some factors other than purely revenue factors, and that in their decisions there had been numerous exemptions from the horizontal increase right across the board about which we have complained in this country.

Quite properly in this connection the royal commission points out that special consideration must be given, both by the parliament of Canada and by any authority set up by parliament, to the long haul traffic, and particularly to the traffic in primary commodities. We have long argued in the house that the railways should not be considered purely from the point of view of revenue-producing institutions or organizations. The Canadian Pacific railway in particular was built to cement confederation. Indeed, one of the fundamental factors in the confederation agreement, particularly with British Columbia, was that a railway would be built to unite the far western province of British Columbia with the central and eastern provinces of the new Canada. It was on that consideration that British Columbia entered confederation. In other words, the railway was the bond of steel that joined the country together, considered not from a revenue-producing or economic standpoint only, but also as a political factor in the uniting of this great country we now know as Canada.

One can understand that the railways themselves are loath to approach the problem from the point of view I have just indicated. The royal commissioners pointed out —and I say the House of Commons should see that the suggestion is carried out—that the board of transport commissioners must approach the problem from what, for the want of a better term, I shall describe as the political point of view, or the point of view of the political welfare of the entire Dominion of Canada.

Then in connection with rate structure they say, as we have said in the house on

many occasions, that we must have some equalization of treatment in the matter of freight rates. Indeed, it would appear that from the evidence given before the royal commission they came to the conclusion that that point of view was now generally accepted in all parts of Canada. In other words they felt that our friends in eastern Canada now recognize, with the rest of us, that these injustices and discriminations must be removed, and that there must be more equality in the rate structure of our country than we have had up to the present time. Therefore I am much in agreement with that part of the report. I think the recommendation as to the treatment of rates across the country is based on sound reasoning.

The commission point out that British Columbia in some respects enjoys a competitive rate because of the water haul by the Panama canal, but that certain cities in western Canada, particularly Edmonton and Calgary, have been discriminated against. They show that the rate on canned goods from eastern Canada to Vancouver is $1.40 per hundred pounds, because of the competition, as compared with a rate of $2.65 to Calgary or Edmonton. They recommend that a new system of rating should be adopted which would bring the rate to the Alberta cities down to $1.87 per hundred pounds. They recommend that the rates to intermediate points between the east and British Columbia should never be more than one-third greater than the transcontinental rates to or from the Pacific coast. It seems to me that that is one of the wisest and fairest recommendations in this report.

Mr. Low: At least it is closer to reason.

Mr. Coldwell: It is getting closer to what we should have in the way of a rate structure. It does tend to remove at least some of the injustices that are found in the present rate structure. What we need is a rate structure that will treat all citizens of Canada, wherever they may live, as justly as it is possible to do under prevailing conditions.

I am not going into a discussion of competitive rates generally, or the proposals in the report of the commission in regard to them. I have no doubt that soon or later the Minister of Transport (Mr. Chevrier)—at least I hope so—will be bringing down legislation to implement some of the good recommendations in this report.

I notice that the commission does not recommend the public ownership of the Canadian Pacific railway. Some time ago we urged in this house that public ownership of the Canadian Pacific railway should be considered. During the war many of the securities issued by the Canadian Pacific, and indeed many of its shares, were held in the United Kingdom. Under wartime legislation in Great Britain those securities and shares were picked up by the government and marketed in order to get dollar exchange.

We were most anxious, as we are still, that the Canadian Pacific railway shall not pass into the control of the nationals of even the friendliest of foreign countries. That kind of thing has been going on. I still think that when we had the opportunity we would have been wise to ensure to the Canadian people the ownership of this great transportation facility. However, that was not done, and the report of the royal commission does not recommend that it should be done now. Indeed, it rejected the plea that it should be done.

May I just note in passing that the plea for the public ownership of the Canadian Pacific railway came from Prince Edward Island. That province produced some strong arguments as to why this railway should be publicly owned. My own province of Saskatchewan did not make a representation in the same sense as the Liberal government of Prince Edward Island.

Mr. Brooks: Prince Edward Island is the only province through which the Canadian Pacific does not run.

Mr. Coldwell: That is right. While I have been criticized for saying it, I repeat that if and when this railway does come under the ownership of the people of Canada, as I believe it will ultimately, personally I would not be in favour of creating a single authority for the operation and amalgamation of the two great railroad systems. I believe that they should be competing in giving service with one another, just as it has been found advisable in the United Kingdom, and in some other countries where industries of the same type are publicly owned, to have separate management and administration, in order that one unit of the industry in one area may become a yardstick for another unit of the same industry in another area. I wanted to refer to that because it is something I have talked about in this house for a very long time.

The commission recommends an amendment to the Railway Act to empower the board and direct it to maintain a revised statistical procedure so designed as to provide the requisite data for the purposes of its duties. During the course of the presentations by the various provinces to the board of transport commissioners I was told that there was a sad lack of statistical material available, and

that they had neither the staff nor the facilities to do the job they were expected to do under the legislation. I was told that by counsel who appeared before the commission, and particularly by some of the expert accountants who were engaged in the presentation of the pleas of the various provinces before the board of transport commissioners. I notice that the royal commission directs the attention of the house and the minister to the necessity of an amendment to the Railway Act to empower and direct the board to have the facilities available to enable them to do the kind of statistical job that is necessary in connection with problems of this kind.

It is noteworthy that two of the recommendations in the report are of great interest to two particular parts of Canada, because there is legislation dealing with both of them. No one wishes to disturb the maritime freight rates structure; and by the same token I was pleased indeed to see, in spite of representations by the railways, that the royal commission recommends no interference with the Crowsnest pass rates. We in western Canada regard the Crowsnest pass agreement as one of the agreements vital to the economic welfare of our part of Canada and indeed all Canada. We feel that we have paid in full for the right which is embedded in that agreement and in the validating legislation of this House of Commons. Some of us can remember very distinctly the attempts that were made after world war I to set aside the Crowsnest pass agreement. We remember the long struggle, lasting until 1925, to prevent any interference with that agreement; and we regretted and still regret that we lost some advantages when the legislation was amended, I think in 1925 or thereabouts. But as it remains today it is of such vital importance to western Canada that I am delighted indeed to see that the royal commission recommended that the Crowsnest pass agreement should remain under the control of parliament and not be turned back to the jurisdiction of the board of transport commissioners, as the railways requested should be done.

I was also pleased to see that the royal commission took up the argument which is sometimes advanced that these Crowsnest rates inflict some burden upon the rest of Canada. The commission did not substantiate that contention. Indeed they pointed out that other parts of the country enjoyed certain advantages which quite offset any advantages given under the Crowsnest agreement. Consequently they recommended that these rates should not be made to bear any part of general freight rate increases. As I say, we are pleased indeed that the royal commission confirmed the point of view many hon. members from western Canada, regardless of political affiliation, have advanced in this house from time to time.

I think one of the most interesting sections in the report is that which deals with the unproductive haul across northern and western Ontario, between Sudbury and Fort William. In that connection they have a proposal which I think this house would be well advised to consider very carefully, because it is the most constructive proposal I have seen along these lines during the years I have been in parliament or since this matter has been under discussion. They propose that this unproductive area from Sudbury to Fort William be considered on exactly the same basis as the canal system of Canada, which joins the great lakes and is the responsibility of all Canada. They propose that this long haul should be considered in exactly the same light, and that the annual maintenance costs—they make it clear that they are not talking about the operating costs—of that part of our railway system should be borne entirely by the federal government. They estimate that this would relieve the freight rate structure to the extent of something like $7 million annually, and they anticipate that this would be an effective measure of relief in the case of westbound traffic passing over this area which they call the bridge between east and west. I think that proposition would be fair to the railways and beneficial to all Canada. I believe it should be carefully considered and, if that consideration is favourable, approved by this house.

As I said before the report does not recommend any other legislation regarding railway disputes, strikes, lockouts, and so on. Another part of the report which I think should be carefully considered deals with the methods suggested for meeting the growing trucking competition. As a matter of fact I think everyone realizes that the truck is here to stay, and that it can perform a very useful function within our transportation system. While local trucking is under provincial control, there is no doubt that the house and the government, through legislation, can exercise some control over interprovincial and international trucking. What seems to be happening is that in many instances the lighter, more profitable traffic that might have been hauled by the railways has been picked up by the trucking and bus companies. As a result the railways have been denied a large and profitable traffic they might otherwise have had. If this continues without consideration and without perhaps some supervision, more and more we are going to find the railways left with coal, lumber, wheat and other heavy

commodities, with the lighter and more profitable traffic handled almost exclusively by trucks and busses. I am not suggesting by any means the elimination of the trucking industry. As I said, I believe it performs a very useful function within our transportation system. I am suggesting, however, that the time has come when the minister and this house should consider the best ways and means of treating the trucking industry fairly and at the same time regulating it so it will be supplementary or complementary, whichever expression you like better, to the railway transportation system which must always be, within foreseeable time, the basic transportation system of this country, just as the fathers of confederation regarded it when confederation was achieved.

There are many other important matters dealt with in the report. I notice that the commission recommends the establishment of one central board to supervise our entire transportation system instead of the board of transport commissioners, the air transport board, and the Canadian maritime commission. That is one board instead of three. They say such a board would be able to undertake the kind of co-ordinated control that in these days is essential to the efficiency and welfare of the various groups and interests engaged in transportation, and for the protection of the public of Canada.

There is not a great deal more that I wish to say at this point. I do think that the minister will find he has a considerable amount of support in this house for the main recommendations made by the royal commission. If I may speak personally, I believe that the time has arrived when the recommendation for a national transportation commission, dealing with all forms of transportation which could come properly within the jurisdiction of such a commission, should be carefully considered by the minister and by the government. As the minister knows, I have held that view for a long time. The more I study the railway problem in Canada, the more I have been convinced that if we are going to have the kind of rate structure that will be satisfactory to all Canada, even if we have these changes that are recommended by the royal commission, if we are going to maintain our basic transportation system, then we have to view the transportation problem not from the railways' standpoint, not from the viewpoint of the trucking industry or the aeroplanes or the ships or whatever you have, but from the point of view of the entire industry and the economic effect of that industry on the welfare of Canada. When I say "welfare of Canada", we have now of course to consider also the interests of Newfoundland, as well as the interests of the nine provinces who were interested in this problem when it came before the house so acutely two or three years ago.

I want to say again that I believe the royal commission did a splendid job for Canada. The commission members are to be congratulated. The main recommendations of the report I believe are of such a nature that this house would be well advised to give early consideration to them, and to enacting legislation to bring into effect, as soon as we can, those that we feel are in the interests of Canada.

Mr. Larson: Will the hon. member permit a question?

Mr. Coldwell: Yes.

Mr. Larson: Would the hon. member care to tell the house exactly how he would propose to manage the railroads, if both railroads were owned by the federal government? Would he cut out duplicate services?

Mr. Coldwell: Mr. Chairman, you will note that in discussing this several years ago I said that ownership of the Canadian Pacific might come to us if we acquired its securities then held in the United Kingdom instead of allowing them to pass into the hands of citizens of the United States, and that then we would have to consider that problem. I say I believe the day will yet come when the railways will be nationally owned. Economic circumstances will ultimately force that on the people of Canada, because sooner or later the people of Canada will decide that they should not subsidize a private railway company.

I said that when that is done I personally would not be in favour, as I see it now at least, of setting up one great corporation to operate the railways as one great system. The recommendation of the commission is to set up a controlling body over these various phases of transportation. I would say that, at least until that has been tried, no further step might be necessary.

The hon. member asked me how one would administer the two railways. I would say, keep each under an administration somewhat similar to the administration you have today, that is separate administrations answerable, as is the Canadian National, for their operations to a committee of parliament. I have forgotten the last question I was asked.

Mr. Larson: If the two railways were united it would appear that, in the interests of economy, all duplicate services should be discontinued.

Mr. Coldwell: I did not suggest the uniting of the two railways. As a matter of fact,

when you speak about duplication of service, let us bear in mind that the parliament of Canada granted charters to these railroads to build where they are today. Along these routes that were granted, the people built towns and villages. I believe that in any consideration of the railway problem the interests of these towns and villages must be of primary consideration to us. To take up lines through certain territories because they are duplicated would create hardship on many hundreds of people. This parliament or provincial legislatures allowed the railways to go there, the duplication occurred, and this encouraged the building of towns and villages along those routes. We must not penalize the people who settled those parts of the country in good faith.

Mr. Johnston: I should like to say a few words on this report, because in the past I have had something to say about transportation. I believe it can be fairly said that the report has covered a large field, and that the members of the commission have done an excellent job. They have spent a good deal of time on it, I think in all about two years. In general the recommendations which the commission have made should commend themselves not only to the members of the house but to the people of Canada as well.

There are some exceptions that I would take to that, however. One of the good things which the report contains, one of the outstanding things, is the recommendation that the government subsidize the bridge between eastern and western Canada. I believe that is designated as the part lying north of the great lakes. We often refer to it as no man's land. I do not see how that problem could be dealt with in any different manner than that recommended by the commission. There is a large area of about four hundred miles between Sudbury and Fort William in which little production is taking place. There has been some improvement in that area due to the building of industries, such as the paper industry, and that will alleviate the distress to some extent. But certainly some assistance must be given to the railways if that large area is not to be considered a hindrance to the progress of western Canada. I believe we can all agree that that is a good recommendation.

The report refers to the amalgamation of the railways, to which the hon. member who preceded me has made some reference. I believe there are not many people in Canada who would support the amalgamation of the railways. The commission definitely recommends against that. My own view is that, while the report says there is not a monopoly existing between the Canadian Pacific and Canadian National Railways, there is what they term a duopoly. I looked for that word in the dictionary, but I could not find it. The solicitors for the railways gave a definition of it, and it is so close to monopoly there is not much room for argument. I believe the condition which exists with regard to those two railways is quite close enough without any further amalgamation. The commission recommended that the Crowsnest pass rates remain the same and for a good reason, I think, namely that the Crowsnest pass agreement was part of the terms of union of the provinces of Canada. That is necessary in order to maintain that long haul for grain. Incidentally, that reference was made at page 274, where the commission states that it was in the terms of union. It is not necessary to read the citation, but it may be found at page 274.

Then the commissioners make reference to the Maritime Freight Rates Act, which reference is also to be found at page 274, and recommended that it be left as it is. With that recommendation I think we all agree. Then on the same page they make reference to the canal system as follows:

> The construction in central Canada of an extensive canal system which became toll free, built at a cost of about $328 million and maintained at government expense.

I think the canal system is necessary to Canada and I am not in disagreement with the report when it suggests that that system be continued. That canal system has been a great advantage to central Canada and I should like to see more rapid progress made with regard to the deepening of the St. Lawrence waterway in order to permit ocean-going vessels to go right up to the head of the lakes. That would be a tremendous improvement and advantage having regard to long freight hauls to various parts of this country. But it must not be forgotten that the fact that there was in this country a canal system maintained at the expense of the federal government—and that means maintained at the expense of all of Canada—certainly assisted in the development of central Canada, Ontario and Quebec, in maintaining low rates of transportation.

I have made some reference to that matter at this moment because I want to deal with it at greater length a little later on. I was also interested in and agreed with the recommendation in the report that labour disputes should not be interfered with but that they should be handled under the Industrial Relations and Disputes Investigation Act. I think that is something which should continue to operate as it has in the past. Generally speaking, I think that the Industrial

Relations and Disputes Investigation Act has functioned satisfactorily.

I want to turn my attention now to the chapter which deals with trucking transportation. With some aspects of this report I do not agree, and I think the minister is quite well aware of that fact. I do not agree with them for obvious reasons. While the commission's report itself does not suggest, in so many words, that the federal government take over the control of trucking transportation in Canada, it does that by inference. The trucking industry in this country seems, to me at least, to be of paramount importance.

Mr. Chevrier: Mr. Chairman, I am afraid I must disagree with the interpretation placed upon the recommendation of the commission. The commission recommends no such thing by inference as the taking over of the trucking industry.

Mr. Johnston: It suggests that the federal government make a further and more extensive investigation into transportation by truck as between provinces. Those are not exactly the words used, but they are so close to it that there is no difference in the meaning at least.

Mr. Chevrier: All the commission does is to recommend the amendment of the Railway Act so as to cover regulation of international and interprovincial trucking.

Mr. Johnston: If I can just lay my hands on the section here, I will read it to the minister. I will find it a little later on. I cannot just lay my hand on it at the moment. I remember quite well that it was the last sentence of one of the paragraphs. I will run across it in just a moment. I will bring it to the minister's attention later on. As he has said, they do not recommend specifically that the federal government take over control of trucking transport but in my view they were coming fairly close to it, by inference anyway.

The canal system in central Canada has the same effect as the trucking industry would have in western Canada. The commission is explicit about that. They say that because of the canal system in central Canada and the trucking system in that same part of the dominion, there have been much lower traffic rates than there would have been otherwise. They say, in fact, that while the highways are under provincial jurisdiction, trucking transportation has an international effect. At page 275 they have this to say:

> Under Canada's constitution, control over highway traffic is, in the main, vested in the legislatures of the provinces. The provincial governments have expended large sums of money on road construction and gradually the country is being provided with a network of good roads. Now the federal government is co-operating with the provincial governments in the construction of the "trans-Canada highway" which will link the provinces of Canada from the Atlantic to the Pacific with a suitable route for motor transport.

It is true, as the report indicates there, that the provincial governments have spent large sums of money on the construction of proper and decent highways. But that result has come about only in the last few years, and I am going to venture this statement: Had it not been for the financial and the industrial improvement in the province of Alberta, that province would never have developed the remarkable system of highways that it now has and which it is continuing to develop. Because of the provincial government's better standing financially and industrially, we are now beginning to have a greater truck system there, and that is competing materially with railway transportation. That is one of the reasons why today the railway companies and the other vested interests, who are appealing strongly to the government to put transportation under federal control, are greatly concerned because of this competition in trucking. It is remarkable to note in the report that it has been owing largely to the centralization of trucking in central Canada and the competition from the canal rates that Ontario and Quebec have been able to improve their industrial and financial standing to the detriment of the other parts of the country. It is not much wonder, Mr. Chairman, when you read this report over carefully, why the railways and some of the large vested interests of this country have been so bitterly opposed to the free competition of truck transportation. At page 277 of the report they have this to say:

> Special mention was made of the desirability of bringing trucks within the same control and regulation as the railways. And here a great obstacle lies in the way. By far the largest part of truck traffic is intra-provincial, and most of this intra-provincial traffic consists of private trucking, that is trucking done by individuals and commercial firms in the handling of their own articles of merchandise. Only a small percentage is trucking for hire. All this intra-provincial truck traffic, both private and for hire, is beyond the jurisdiction of parliament, and this fact presents a barrier to co-ordination and integration of highway and railway services.

There is one point, Mr. Chairman, where, by reference, the thought is left for the trucking industry to be put under federal control. The minister may not agree with it, but the commission points out very carefully that intra-provincial trucking, that is trucking within the provincial boundaries, comes within the jurisdiction of the provinces without question. But they point out

that when it comes to interprovincial trucking there is going to be difficulty to have co-ordination, and they recommend a one board commission to handle all this transportation.

I said a moment ago that the situation in Ontario and Quebec, because of the trucking competition and the canal competition with the railways, has led to prosperity in those central provinces. Therefore the railways and certain vested interests in this country have used a great deal of pressure to bring the trucking transportation under the board of transport commissioners. If we turn to page 286 of the report we find that Dr. Angus gives some views on it. At the bottom of the page in section 10 he says:

> A rate structure, once established, is an important factor in determining the economic location of industry and any change in an established structure is likely in the long run to affect the location of industry by making some enterprises vulnerable to competition.

That is exactly what happened in Ontario and Quebec. Because they had this competition with the rate structure it resulted in a great deal of prosperity for that section of the country. We are not for one moment objecting to prosperity in Ontario and Quebec, but I am pointing out that that was the fact, and the very fact that the board of transport commissioners and the railways worked together held back the progress of western Canada and the maritimes. And they did it knowingly. Let us not misunderstand that. They did it knowingly, and yet throughout these years the people of the maritimes and the people of the western provinces have appealed in this house and outside to get some fair rate structure established across this country, but to no avail. This report is the first evidence we have ever had of any attempt to be fair in the rates as between eastern and western Canada. The report goes on:

> There are, therefore, vested interests—

Notice this. It bears out exactly what I have said in this house for the last two or three years on this question:

> There are, therefore, vested interests opposed to any substantial change and insistent that, as a matter of national policy, it should be avoided or neutralized.

They go on:

> At the present time a substantial change is taking place in the Canadian rate structure. As in other countries, trucks (whether operating as carriers for hire or owned by shippers) have deprived the railways of much of the revenue which they had previously derived from the carriage of commodities of relatively high value for relatively short distances. The loss in revenue has to be made good from traffic which is not vulnerable to truck competition and, therefore, principally from the carriage of relatively low valued commodities for relatively long distances. In Canada, more perhaps than elsewhere, the result has been to impose a serious burden on the economies of outlying regions.

There is no doubt in the suggestions of Dr. Angus that the policy which has been laid down by the board of transport commissioners has resulted in rank discrimination against the western provinces particularly as to the advantage of industrial expansion and finances as well. It was rather noticeable to the commissioners that neither Ontario nor Quebec presented a case before the commission. That is understandable. Whether they did so by intent or not, I am not prepared to say, but they were certainly conspicuous by their absence. They already enjoyed the lowest freight rates of anywhere in this country, and only those who are most concerned and who have been deprived of the benefits of those low rates presented their views before the commission.

Let me again draw your attention to page 296 of the report. They put it in a very concise form here, and I think it should be put on the record:

> The eloquent silence of Ontario and Quebec in rate cases and in the hearings of this commission points to the effectiveness of truck and water competition in keeping down rates in the St. Lawrence region.

That is very definite. I continue:

> More extensive and better highways bring an increase in the density of traffic, greater diversification of industry, lower interest rates on capital . . .

Let me draw to your attention, Mr. Chairman, the fact that that is a very important consideration in the development of industry, which has always been lacking in the western provinces particularly, and I presume in the maritime provinces as well. I continue:

> More extensive and better highways bring an increase in the density of traffic, greater diversification of industry, lower interest rates on capital, and even greater extension and improvement of highways. Ability to escape from the full impact of increases in railway rates accentuates the burden of these increases on other regions and compels these regions to concentrate on highway construction as a means of escaping from the burden of higher short haul rates and long haul rates.

That is one of the conditions that have compelled those outlying regions to go in for greater development of hard-surfaced highways. They did not do it for the fun of it. That is a sure thing. Now that we are getting to the point of getting some decent highways—we hope to get a trans-Canada highway soon—the railways and other vested interests are becoming somewhat concerned about who is to control the transportation on those highways. Mind you, these highways are being built by the provinces, and not by any grant of the dominion government, with

the exception of the trans-Canada highway. The commissioners go on in the same paragraph:

> Inability to escape the increased burden of higher rates on long haul rail traffic limits the financial strength and restricts the diversification of industry in these regions.
>
> The effectiveness of truck competition in the St. Lawrence region by weakening the financial resources of other regions, limits their possibility of escape from the burden of higher railway rates by means of road construction and motor vehicles.

If the railways can control freight rates through the board of transport commissioners by bringing trucks under the control of the board, then Ontario and Quebec can continue to dominate Canada's field of industry and finance. They will continue to use the maritimes and the prairie provinces as a market for their manufactured goods.

I think that statement is fully borne out by what this report says. So it is not fair and it is not honest and it is not according to facts for anyone to say that there has been no discrimination between east and west. Probably I should make it more definite and say between central Canada, that is Ontario and Quebec, and the western part of Canada. I am more mindful of the western provinces because it is that part from which I come. However, those from the maritime provinces can get up and make their views known. I do not think we would differ much from them because they are in exactly the same industrial and financial position as we are. We have contributed substantially to the advancement of central Canada; it is now time they did a little contributing toward other parts of Canada.

When I refer to the construction of the trans-Canada highway may I say that I am glad to see it progressing. I have been endeavouring to keep up with the times in the development of that highway, and I can say that the western provinces are developing their share just as quickly as their finances will permit them to do so. I have seen very little development in Ontario in the region between Sault Ste. Marie and Fort William. It is true that there is a good deal of development between Sudbury and Sault Ste. Marie, and from here to those points. In these regions good roads are being constructed; I was over them no later than last fall.

However, it does not make any difference how good the road is to Sault Ste. Marie; if the link between that point and Fort William is missing, what good is it? Anyone who has travelled over the Canadian Pacific Railway has noted, upon looking out of the window, that sections of well-graded gravel road ten to fifteen miles in length have been constructed, but there has been nothing done to join these sections. This was a terrific waste of money. Do not tell me that was by accident, because I know it was not. That was done years ago to prevent the construction of the trans-Canada highway. Provinces do not build those sections of road at an expense of from $75,000 to $100,000 a mile, and then leave them standing; of course they do not—unless they have very good reasons for doing so.

The provinces concerned are going to have to put up a fight in this field. Some of them are already doing so. I know of only one province that stated before the commission they were prepared to turn the control of trucking over to the federal board, and that was Saskatchewan. I believe they went so far as to say that they would turn over to federal control their internal trucking along the main line. Alberta does not take the same view, nor did any of the other provinces. They can see clearly what has been holding back the progress of those provinces.

Indeed, at page 297 of the report we find this:

> The province of Alberta has intimated that it will not give licences for trucks controlled by the railway.

I have come to that part which a while back I indicated to the minister I would read. It is found in the latter part of the second paragraph on page 297, where it says:

> Higher interprovincial rates are justified in part by necessity for example in purchasing double licence plates but they present obstacles to trade between provinces and favour intraprovincial trade.

And this is the sentence to which I referred:

> It is of concern to the federal government to institute machinery which will collect full information on the extent of interprovincial trucking.

I said by inference that meant they were more or less favouring further investigation into this problem with the hope probably that it would be taken under federal control and co-ordinated under this one board.

Mr. Chevrier: Would the hon. member permit me? He is reading from the memorandum on transportation by one of the commissioners.

Mr. Johnston: Yes.

Mr. Chevrier: I, in my interruption a moment ago, was dealing with the recommendations in the report. That, I suggest is the only matter with which we can be concerned, namely what the commissioners recommended. That is in the first part of the report. The hon. member is reading from observations, and they can be taken only as such.

Mr. Johnston: The other quotation I read was from the recommendations of the commission itself.

Mr. Chevrier: But it did not support your view.

Mr. Johnston: That is a matter of interpretation. I think I said a moment ago that I was referring to the submissions of Dr. H. F. Angus and Dr. H. A. Innis. This is from Dr. Innis' submission. One of my colleagues has just asked me to ask the minister if he is in favour of it. I do not think the minister need answer that because he has made it clear on other occasions that he is definitely in favour of having trucking brought under federal control.

I think I should put on record the fact that there are vested interests involved. These vested interests of which I was speaking are referred to at page 278 of the report and they include the Canadian Manufacturers Association, the Ship-by-Rail Association, the Dominion Joint Legislative Committee of the Railway Transportation Brotherhood, and the Canadian Congress of Labour. But the International Brotherhood of Teamsters and the Canadian Automotive Transportation Association are opposed to federal control. I should have added the name of the minister to the list of financial interests who were concerned, because he would appear to fall in the same category.

As will be seen, the provinces must meet quite an array of artillery, when we find the minister himself in agreement with the policy of placing trucking under the board of transport commissioners. I certainly hope however that the minister will change his view, and I would suggest that the words of Dr. Angus and Dr. Innis, two members of the commission, should have some influence with the government when deciding policy. I believe when the government examines the report carefully and the remarks made by these two gentlemen, aside from those of the chairman, Mr. Turgeon, it will come to the conclusion that it would not be in the interests of Canada to place truck transportation under the board of transport commissioners.

At the present time we have been operating under what one of the solicitors for the railways said was not a monopoly but a duopoly. If we put through this other thing we will have a triopoly. I do not know how many more "opolies" we will get as a result. But, as one member suggests, we certainly will have a monopoly. As far as transportation rates are concerned, it will be more than that, we will have a dictatorship.

If you have all these transportation systems under the one board it is safe to say that while the board will not be made up of the same personnel as the present board it will be quite similar and we will have similar results. Those results have not been good. They have not been for the benefit of Canada. There should not be a complete monopoly of the transportation systems of this country under any one board.

If the government believes in free enterprise, as it says it does, then we should have free enterprise and free competition.

Mr. Byrne: Would you let the railways set their own rates?

Mr. Johnston: The railways have been setting their own rates, do not make any mistake about that. You have only to refer to the last increases which they asked for and got. The government had something to do with that. That is the objection to having all these transportation systems under the control of one board. Free competition and free enterprise will have no chance to operate. Therefore I am against the suggestion which I think is made in the report of having transportation by truck under the control of any board or commission.

Mr. Darroch: Mr. Chairman, chapter 5 of the report deals with matters which are of national or local concern, and for a few minutes I should like to deal with a matter of local concern to my constituents. On pages 135 and 136 reference is made to the segregation of passenger and freight revenues and expenses. It was suggested to the commission that any deficit in passenger rates should not be charged to freight rates, but at page 137 of the report the commission recommends:

> The freight and passenger services are essential and if the passenger fares cannot be raised to produce sufficient revenue to enable the passenger traffic to pay its own way the freight traffic must bear the burden. The two services are so interrelated that segregation is not practical.

After reading this conclusion by the commission, we in our section of Ontario are rather perplexed. During the last couple of months the management of Canadian National Railways have been interviewing the heads of municipalities and suggesting that certain passenger services which are now in effect in that section of Ontario should be discontinued. They propose taking off two passenger trains that run from the divisional point at Palmerston in my riding to Kincardine and to Southampton. In other words, they propose taking off four trains a day on each of those lines.

It has been proposed to the municipalities that in substitution they will inaugurate three distinct services which will be wholly dependent on gas, rubber and road conditions. They propose to carry express and mail by trucks,

and passengers by busses. I feel that those who are making those recommendations overlook a condition peculiar to our section of the country, that is the road conditions which are created by our weather. As I say, these three services will be dependent upon gas and rubber, which commodities may be in short supply before too long, although we hope that will not be so.

However, the greatest obstacle is the road conditions. I know the type of road condition that is created by the weather in that part of the country because I have lived there all my life. I cannot see how they will be able to keep traffic moving under the conditions which we have at times. I noticed an article in the newspapers yesterday under the dateline Palmerston, April 10, which reads:

> Road conditions on local roads have bogged down part of North Wellington district high school buses, and have stalled traffic over a Wellington county road used as a short cut to Harriston from Palmerston.

That is not an isolated instance because the same condition pertains between Palmerston and Southampton, and even more so between Palmerston and Kincardine. The greatest part of the road that it is proposed to use is a county road. I am quite satisfied that other counties are as much concerned with road costs as is the county of Wellington. At the January session of our county council they decided to set aside one mill for road and bridge improvement, but I notice that in the April session last week they decided that in view of heavy taxation they would forgo that charge and this year they will not be spending that mill. Other counties are finding the burden of keeping up county roads just as heavy as the county in which this proposed service will operate. We are to have four express trucks, four mail trucks and four busses using these county roads.

The railroad company does not propose to stop its freight service. In other words, it will still use these two lines for freight and therefore the roadbeds will have to be kept up. I cannot understand why this additional burden should be passed on to the municipalities when the railroad roadbeds are still to remain. That is something that the people in this part of the province find it hard to understand.

Then there is the employment situation which will result if this proposed change takes place. Palmerston is a divisional point and it has a substantial wartime housing project. Ninety per cent of the houses are occupied by veterans who are employed by Canadian National Railways. If the proposed change goes into effect these men will have to change their place of residence—I do not say they will be out of work because no doubt the railroad can give them employment elsewhere—they will have to move to other divisional points in order to continue working. That means that these men will lose their equity in their houses and the municipality of Palmerston will be faced with the necessity of carrying on where they have left off.

This town has been built around the railroad and as there is no other industry this will mean quite a serious burden. I do not think anyone will argue that the railroads in that section of the country have not suffered a loss of considerable passenger traffic. One reason for this is the fact that many people own their own automobiles, but quite a substantial group of people in these communities use a bus line that is operating there. This service is rather uncertain and cannot be considered to be completely dependable by any stretch of the imagination. They run one bus up and one bus down per day on each of the roads I have mentioned.

In his closing remarks the hon. member for Rosetown-Biggar referred to the fact that many communities had been built up on the promise of railroad service. I am thinking of a conversation I had last Saturday with an elderly gentleman in my village. We were not talking about the railway; he just happened to come along and speak to me. He told me that if he lived until May 29 he would be 80 years old, the same age, he said, as the railway track. That just shows how long that service has been in operation.

I think quite a substantial amount of this passenger traffic could be regained by the railways if the management and labour would sit down and talk over the matter. From my own observations in and around Palmerston and other places affected I believe that if the service were made more attractive, perhaps by using smaller units of some kind, we could continue to carry on almost as in the past. With the weather we have in that part of the country I do not see how trucks and busses can hope to give the kind of service that has been given by the railways; I do not think it can be done. If I may say so, I believe in the past railways have been rather delinquent in not keeping up with the times. Passing through the villages, towns and cities in our part of the country you will find that one of the most unattractive buildings in the community will be the local railway station. The bus companies dress up their depots. At the moment I am thinking of the two cities in western Ontario with which I am most familiar, Guelph and Kitchener. The bus depots there

are bright buildings with individual chairs, cheerful surroundings and lunch counters. If you go into the Canadian National depots in those cities, however, you find them to be dark, dingy places with hard benches and nothing else. I am sure that if the service were made more attractive more people would use the railways.

Then I believe more advertising should be done. On the afternoon of Easter Sunday I noticed a train running on our line, that is the Southampton line. The track runs right past our farm, and I could see how many people were on the train. I did not know there was going to be a train that afternoon, and I do not think ten people in the village, other than those connected with the railway, knew a train was going to be operated. I was in the village that evening and several people said that if they had known a train would be operating they would have been glad to use it.

So I believe it should be suggested to the Canadian National that they do not take this matter to the board of transport commissioners for approval but that the whole matter be reviewed with the idea of improving the present system. I am quite sure it can be done. I feel that the people of this section of the country, which is one of the most prosperous rural districts in Canada, have a right to expect at least a continuation of the present service, if not an improvement in it, from a government owned and operated transportation system.

Mr. Chevrier: I think the hon. member will expect me to comment on the statement he has just made concerning the proposed withdrawal of certain trains on the Palmerston-Kincardine line and perhaps another line which he mentioned. The hon. member has brought up a matter which of necessity concerns the railways from time to time; namely, the unprofitable operation of certain lines. That is evidently what is happening in the area to which the hon. member refers. I am not nearly as familiar with the circumstances as he is, but it may be that the delinquency he charges on the part of the railways arises from the fact that the people are not using the railways. I am reminded of a delegation that came to see me some years ago, not long after I took over responsibility for this department, to protest the withdrawal of certain trains. Upon questioning them it was discovered they had travelled here by bus, not by train. If people in certain areas follow the practice of travelling by bus or in their own cars instead of using the trains, then certainly the people should not be surprised if sooner or later the railway companies make application to the board of transport commissioners for the withdrawal of those trains.

The point here is that the operation is unprofitable because the public are not using the service. The only alternative is for the public to patronize the line. Neither the Canadian National nor any other company can withdraw a service without the approval of the board of transport commissioners, and in this case I understand the application has not been made as yet. I think the Canadian National Railways have followed the obvious policy of attempting to meet the wishes of the people by discussing with certain public bodies and municipal corporations in the area a method of co-ordinating transportation by operating a portion of the service by rail and a portion by truck. Whether or not it is possible to meet the wishes of the people in the area I am unable to say; but I know those people on behalf of whom the hon. member speaks will have a perfect right to protest the withdrawal of these trains before a public board when the application is made, and give reasons why the service should not be curtailed or withdrawn. I can assure the hon. gentleman that these representations will be given careful consideration by the board.

The hon. member also suggested that the position be reviewed by the Canadian National Railways before the application is launched. I understand that review has been or is being made at the moment, and I am hoping that ways and means may be found to co-ordinate the services rather than withdraw them entirely.

Mr. Hatfield: I do not agree with the findings of the commission in regard to the Maritime Freight Rates Act. I do not think the maritime provinces get any advantage at all from that act, though the government is paying the railways some $9 million. The special rate on the Canadian National only applies as far as Diamond Junction or Levis. I do not know how far it goes on the Canadian Pacific. Can the minister say the point on the Canadian Pacific to which the 20 per cent applies?

Mr. Chevrier: The select territory is set out in the definition section of the Maritime Freight Rates Act, which I can get for the hon. member in a moment.

Mr. Hatfield: The select territory is defined in the act. As far as the Canadian National is concerned it is defined as being as far as Diamond Junction. The Canadian Pacific does not go into Diamond Junction. If you are shipping a car of potatoes from New Brunswick to Toronto the increased rates

beyond Diamond Junction take away all the benefits we receive from the Maritime Freight Rates Act. Freight rates have been increased so much that the maritime provinces have been almost put out of business. If east and west cannot ship their goods into central Canada, where the markets have been built up, what are the east and west to do?

The royal commission did not seem to do us much good. They turned down all the requests of the people who appeared before them. They turned down a request that the Maritime Freight Rates Act be extended to include movements to Toronto and Windsor. They turned down the request that the amount be increased to 30 per cent instead of 20 per cent. I do not believe the maritimes have had any advantage from that 20 per cent which was given in about 1926, I think it was, when the act was made effective. I believe that has all been taken away from us now, although the government pays about $9 million into the railways. I believe the railways build up the rates beyond Diamond Junction to cover the 20 per cent by which they have had to reduce the rate before Diamond Junction. I should like the minister to look into that situation, because I think the government is paying out money for nothing.

I should like to find out whether the maritime provinces are getting any advantage out of the Maritime Freight Rates Act. When I went into business we were shipping potatoes to Montreal for 17 cents per hundred. The rate is now 41 cents per hundred, with some other charges added. We have been talking about controls. The bag into which we put 75 pounds of potatoes has gone up 20 cents in the last six months. We used to pay 17 cents. You talk about increasing the cost of living. The increase in the freight rates and the increase in the cost of containers for the potatoes means that a bag of potatoes is costing about 50 cents more than it did a few years ago. The Minister of Trade and Commerce was trying to blame the producer for the increase, but it is not the producer; it is the freight rates. You cannot increase the freight rate and increase the cost of the containers while keeping the price to the consumer at the same level. I should like the minister to look into this situation.

At the time of confederation, when the Intercolonial railway was built, the maritime provinces were promised low freight rates into the markets in central Canada. No attention has been paid to that promise. At the time the Maritime Freight Rates Act was put into effect the rate on potatoes from Prince Edward Island and New Brunswick to Montreal was about 28 cents per hundred. It is now 41 or 42 cents per hundred. I believe the rate is built up beyond Diamond Junction. I do not know where Diamond Junction is, but I believe it is near Levis somewhere. I do not know where the point is on the Canadian Pacific, although they get the advantage of this 20 per cent too. I do not know whether it is St. Johns, Quebec, or Sherbrooke, because the Canadian Pacific does not follow the north shore as does the Canadian National. I should like to know from what point the Canadian Pacific is getting paid the 20 per cent. The government is paying the bill and we derive no advantage from it.

Mr. Chevrier: Perhaps I might be allowed to reply to the hon. member for Victoria-Carleton at this stage. It is true that the main representations by the maritime provinces, with reference to the extension of the select territory and the increase in the subsidy, were not received with approval by the commission. But the representations were carefully studied by the commission, and it is also true that they were made by an important and large group of interests in the maritime provinces. The commission felt that it should not, for the reasons given in the report, extend the select territory, nor should it increase the 20 per cent to 30 per cent.

But the commission did accept one of the main requests of the maritime provinces, and that was in regard to the complaint that horizontal rate increases were burdensome on them, and had a detrimental effect upon the Maritime Freight Rates Act itself. After investigation of that complaint, the commission felt that there was a great deal to be said for it, and recommended to the board that hereafter it should not grant horizontal increases across the board, but that the increases should be granted in the manner in which they were granted originally by the board after it was established back in 1903.

Mr. Diefenbaker: What was the original plan, to increase in districts and areas?

Mr. Chevrier: That was one plan, and there was another plan which was given in detail in the report. Prior to 1914, I believe, the plan was one which increased the rates in western Canada less than in central Canada. I think there was, as well, a basis for a percentage increase in the eastern provinces.

Mr. Hatfield: The railways have not followed the terms of the act. They have not kept separate accounts up to Diamond Junction or any other place. They are supposed to keep those accounts.

Mr. Chevrier: I am telling my hon. friend now that one of the main complaints of the maritime provinces was given effect to. Then, when he asks about a comparable point on the Canadian Pacific to Diamond Junction, if my hon. friend looks at section 4 of the act he will find it sets out a list of the preferred movements affecting the various railways.

Mr. Diefenbaker: Mr. Chairman, I agree with what the hon. member for Rosetown-Biggar said this afternoon, that the Turgeon commission did a particularly good job. I am more than pleased to be able to say that, because for many years the chairman of that board practised law in my own city of Prince Albert, and started his political and judicial career there. I know the member for Rosthern recalls the days when Mr. Turgeon first came to Prince Albert, established himself there and started his record of public service which is continuing.

Mr. Hatfield: He was born in the east.

Mr. Diefenbaker: As the member for Victoria-Carleton says, he really had a good start having been born in New Brunswick.

I intend to make one or two observations about this report. First, I think that it does bear out many of the criticisms that have been made over the years, and in particular during the last two years, respecting horizontal increases in freight rates and the detrimental effect they have in so far as western Canada and the maritime provinces are concerned. I remember when, a little less than a year ago, the debate on this subject took place in this chamber. At that time I pointed out the injustice that was being done by reason of this horizontal increase in freight rates. It struck at western Canada—Manitoba, Saskatchewan and Alberta. The horizontal increases resulted in the unfair, discriminatory rates of 15 per cent, as they then were, finally being increased to 21·78 per cent. Certainly no one, in reading the report, can do otherwise than conclude that the only hope for the building up of a united Canada is in the removal of the discrimination that has been in effect in respect of freight rates.

I feel that, at the earliest possible date, the government should bring before parliament legislation that will implement many of the recommendations of the commission, in so far as they are generally acceptable to hon. members in all parts of the House of Commons. So often in the past, Mr. Chairman, when royal commissions have made their reports, those reports have been unused and have found their way into the archives. Having regard to the opinions expressed in this chamber last June by the minister, I trust that this is one report that will be implemented at the earliest opportunity, with a view to removing the existing discrimination and the injustice to the maritimes and to the western provinces under which those areas have laboured over the years.

Some mention was made today of the extension of the authority of the board of transport commissioners. My friend the hon. member for Bow River seemed to be under the impression that the report recommended not only that railway, steamship and air transport be placed under the board but trucking transportation as well. I do not read the report in that way. In fact, the majority opinion indicates that there was a full realization by the board that trucking was a matter, generally speaking, of provincial jurisdiction and that it could in no way be controlled by the federal authority.

I feel that it would be to the public interest to extend the power of the board of transport commissioners to cover not only railway transportation, but sea transportation and air transportation. There is no reason why the board, as it is at present constituted, should not be able to discharge those responsibilities. The chairman of the board, Mr. Justice Archibald—and a most distinguished judge he was—is today discharging his responsibility in a judicial and acceptable manner. I feel that the power of the board should be extended.

I mention this phase of the matter, and I hope I shall be pardoned for doing so. On more than one occasion I pointed out that, having regard to radio, it was unjust that the Canadian Broadcasting Corporation should act in a judicial capacity in matters of dispute as between the private stations and the Canadian Broadcasting Corporation. In other words, the C.B.C. is in a position of being not only a competitor but also a judge in its own disputes. When and if the authority of the board of transport commissioners is extended to cover the three modes of transportation—railway, sea and air transportation—I think at the same time consideration should be given to giving it authority to supervise the question of jurisdiction and to settle disputes as between public and private authority in connection with the Canadian Broadcasting Corporation.

Mr. Coldwell: Will the hon. member permit a question?

Mr. Diefenbaker: Yes.

Mr. Coldwell: What about international and interprovincial trucking?

Mr. Diefenbaker: My hon. friend mentions international and interprovincial trade.

Mr. Coldwell: Trucking.

Mr. Diefenbaker: I meant trucking. As a matter of fact, the line between what is

international trade and what is interprovincial trade is difficult to draw. The courts have endeavoured to do it in the United States. The interstate commerce commission has found it almost impossible to arrive at a common basis upon which to determine what is, in fact, trucking within the state and what is interstate. For that reason I believe that to add to the jurisdiction of the board of transport commissioners the power to determine rights and to decree responsibility in reference to trucking would cause a great deal of legal argument and result in no final determination, having regard to the difficulties of differentiating between what is provincial and what is federal. Indeed, that consideration I think is pointed out on more than one occasion in the report. At page 277 we find these words:

> Special mention was made of the desirability of bringing trucks within the same control and regulation as the railways. And here a great obstacle lies in the way. By far the largest part of truck traffic is intraprovincial, and most of this intraprovincial traffic consists of private trucking, that is trucking done by individuals and commercial firms in the handling of their own articles of merchandise. Only a small percentage is trucking for hire. All this intraprovincial truck traffic, both private and for hire is beyond the jurisdiction of parliament, and this fact presents a barrier to coordination and integration of highway and railway services.

In answer to my hon. friend, I point out that the opinion of the chairman of this commission is that of a renowned man of judicial experience; and he expressed, as did the commission, the gravest doubts as to the possibility of bringing trucking under the board. Then again at page 278, after reviewing the difficulties that had been experienced with the provinces in agreeing to any change in the constitution to meet that situation, the following appears:

> This attitude of the provinces gives no ground for the hope that central, uniform control and regulation of all transportation, including provincial transportation, is realizable in the near future.
>
> Notwithstanding the existence of this barrier of provincial opposition, it will be well to state briefly the views expressed on the subject.

Then here are set out the views of various groups, such as the Canadian Manufacturers Association, the Canadian Congress of Labour, the International Brotherhood of Teamsters and so on.

I feel that if the matter of trucking and the jurisdiction over it were placed in the hands of the transport board, it might be exceedingly difficult for that board properly to discharge its responsibility in view of the question as to the jurisdiction of the board so to do.

I welcome this report, first because it at least recommends the removal of discrimination in freight rates. It does not refer directly to discrimination but it recommends equalization of freight rates which indeed is just another way of saying the removal of discrimination which we in the western provinces, as well as those in the maritimes, have suffered from over the years.

If we are to build up this country and develop our natural resources one of the first things that must be done is to equalize freight rates. In the western provinces we have infinite natural resources that could be developed. Manufacturing industries could be established there. Sites for power development are available in the province of Saskatchewan, but industrialization cannot be achieved until such time as there is an equalization of freight rates. The injustices of the past in this direction have gone a long way to deny industrial development not only to the western provinces but also to the maritimes.

Now, sir, I think that all hon. members—and I say that without regard to party consideration—will appreciate the recommendation for the continuance and the maintenance of the Crowsnest agreement. There never was any demand that I know of for many years for the removal of those advantageous rates in so far as the grain products of the prairie provinces are concerned, but it is well that the matter was discussed and that evidence was given respecting it, and that the authority of this commission is behind the maintenance of those rates.

There is one other matter to which I should like to refer. In the introductory paragraph to chapter 17 the commission sets out the broad outlines of Canada's national transportation policy. It set them out as follows. It said that the national transportation policy had its inception in:

> (a) The construction of the Intercolonial railway to enable the provinces of Nova Scotia and New Brunswick to market their products in central Canada;
>
> (b) The construction of the Canadian Pacific railway to unite British Columbia with the rest of Canada;
>
> (c) The agreement to establish and maintain continuous communication between Prince Edward Island and the mainland of Canada;
>
> (d) The terms of union with Newfoundland providing for the taking over of the Newfoundland railway and steamship services and the entrustment thereof to the Canadian National Railways, and the agreement to maintain a freight and passenger steamship service between Port aux Basques and North Sydney.

This matter will be dealt with by my colleague, the hon. member for St. John's West. Then the chapter goes on to deal with the various steps that have been taken in developing our railway system. Among other things it deals with the construction of the Hudson Bay railway and the development of the port

of Churchill. I am going to say a few words now regarding that. I realize that during the past year there has been more extensive use of the Hudson Bay railway than for a period of several years, but there is still lots of room for improvement in that connection. I feel that greater encouragement should be given to the utilization of the facilities at Churchill.

During the last few days many hon. members have visited Churchill and have seen something of the potentialities inherent in the developments that have taken place there during the past year. Churchill harbour has moved 6,700,500 bushels of wheat to overseas markets, and the ships on their voyages to Churchill have brought in 3,400 tons of merchandise. The savings on freight to the western farmer on the wheat shipped by way of Churchill amounted last year to $810,000. Greater use should be made of the facilities there at the present time.

The situation with regard to damp wheat in the western provinces is a serious one. The elevator at Churchill has a capacity of 2,500,000 bushels and a drier capacity of 20,000 bushels a day. These facilities should be used now in order to save millions of bushels of wheat that otherwise is in danger of being destroyed as a result of the condition in which it is.

The use of those facilities can no longer be excused on the ground of dangers to transportation and high insurance rates. The insurance rates have been reduced. The use of those facilities today, if given the encouragement that I should like the Minister of Transport to give to the shipment of wheat in that direction, would mean a very great saving to the western farmer. Certainly, the facilities have not been used to any extent at all since 1935. Last year's shipment of some 6 million bushels is merely a drop in the bucket when compared with the use to which those facilities could be put.

The wheat board is an emanation of the crown. There is no reason why the wheat board, in endeavouring to secure, as it should, the largest possible return for the farmer, should not be utilizing these facilities. I do make an appeal to the minister, as hon. members have on other occasions, for greater encouragement of the use of those facilities; for in that way we in the western provinces will be enabled to overcome some of the handicaps resulting from our geographical position, and will be able to assure to the farmer the greatest possible return for his products.

Just one other matter and I am through. Our position geographically is that we in the western provinces find a gap of five hundred or six hundred miles in northern Ontario, which has the result of greatly increasing the freight rates and the cost of the commodities that are shipped in to the western provinces. That so-called gap is an economic gap between the east and the west. It is one that should not be detrimental to the people of the western provinces. That gap is a part of confederation; it is part of our geographical position. When the time comes to determine the question of freight rates, so far as the western provinces are concerned, the government of Canada should give a subsidy in order to cover the extra cost of transportation in that five hundred or six hundred mile gap to the end that we in the western provinces will not be discriminated against because of our geographical position. The problem is, how to overcome it. It is one that has received the support of the government of Saskatchewan; it is one that has received the support of the leader of the Liberal party in Saskatchewan; it is one that has received the support of the leader of the Progressive Conservative party in Saskatchewan, and I think generally of the western provinces. There is no reason—

Mr. Smith (Moose Mountain): And of the Liberal members at Ottawa.

Mr. Diefenbaker: Yes; I was not taking anything away from the Liberal members in Ottawa. There is no doubt that they give it support, and if they will just exercise—I will not say restraint, because sometimes they exercise too much of that—enthusiastic support, both publicly and in caucus for this, I am sure—

Mr. Chevrier: They have.

Mr. Diefenbaker: They have? I am glad to hear that. Enthusiastic support from them up to the present moment has not warmed the heart of the minister sufficiently to bring it into effect. I only hope that they will continue the warming process. I will join with them in it to the end that something be done to remove the injustice that arises in consequence of that gap. We are united on that. There is no political difference between us. The hon. member for Moose Mountain knows that we are united in that. Fairness demands it. I should like to see the minister go further than to say, as he did a moment ago, that representations have been made. I would rather hear him say that every possible support will be given by him to the end that this injustice of geography will not be detrimental to us in the western provinces in future years.

This report is one worthy of a great commission presided over by an outstanding

public servant of the western provinces. I sum up what I have endeavoured to say, first, that I am in agreement with the commission that discrimination must end and that equalization of freight rates must take place; and secondly, that the Crowsnest agreement shall not be interfered with. Then, thirdly, I suggest a subsidy from the country as a whole to remove the detrimental effects of the gap in northern Ontario which, up to the present time, have operated most unjustly in connection with the development of the western provinces industrially and have meant higher costs for the commodities our people have to buy. Fourth, I would bespeak the active support of the Department of Transport in the making of representations to the wheat board for the utilization of the Hudson Bay railway to a far greater extent than at present.

One has some realization of the saving there would be to the farmers of the western plains when he realizes that on 6,500,000 bushels there is a saving in freight rates of $810,000. The use of the facilities even to the extent of 35 million bushels, which I am informed is quite possible, and would require very little extension in the facilities now existing at Churchill, would mean a tremendous saving to the farmers of western Canada.

Those, sir, are in general the representations I make to the minister at this time, coupled with my support for adding to the duties of the board of transport commissioners responsibility over maritime and air transportation, and the Canadian Broadcasting Corporation. The board is now semi-judicial, having at its head an outstanding judge and as its deputy chief a member of the bar of more than ten years' standing. My suggestion is that consideration be given by this board, not only in the interests of the assurance of equity and justice as between the broadcasting corporation in its public capacity and the private radio stations, but also with the thought that by bringing these together under one board which is large enough and has the available talent to discharge its responsibilities considerable economy would thereby be effected and we would have as well the assurance of judicial consideration of many of the problems this board is singularly fitted to survey.

Mr. Chevrier: Mr. Chairman, may I deal with just one or two of the matters brought to my attention by the hon. member for Lake Centre. I was pleased to hear him speak so highly and so eloquently of the chief commissioner, the Hon. Mr. Turgeon, and of the report itself. I think the fact that he speaks in such a vein about the report, rather than in a critical manner, is under all the circumstances most helpful.

However, when he deals with the matter of the gap I am sure he has not read the statement I made in the house the other evening in reply to a question by the hon. member for Vancouver-Quadra, because at that time I did say what the intention was. I said in effect that a committee had been established in the Department of Transport to deal with draft legislation covering the subject of equalization, and that I was hopeful that it would be possible to implement this legislation at the present session of parliament.

Mr. Diefenbaker: Does that include a subsidy for the gap?

Mr. Chevrier: I said one went with the other; but I made it clear, because I wanted to be fair with the house, that I had to bring before my cabinet colleagues the draft amendments concerning the legislation before final decision could be taken. Because there are not only the eighteen or twenty sections referred to in the first part of the report which one must consider, but there are a number of other sections in the Railway Act as my hon. friend knows, which must be taken into account when one is considering what the relationship of those sections will be to the eighteen or twenty amendments recommended by the commission. So that I think my hon. friend need not have any apprehension, so far as that part of the report is concerned. I have no authority to go any further. But I do say the government is quite sincere in giving effect to the first part of the report at least.

The hon. member did speak also of his concern with respect to the port of Churchill, and asked me to give attention to the greater use of the facilities in that area. I would remind him that it is not the responsibility of the minister to direct traffic to one port rather than to another. It is his responsibility to see that when traffic moves the facilities are available to handle it.

I think the national harbours board and my predecessors in the Department of Transport have always taken the view that it is for the responsible authorities in the various national harbours, municipal or otherwise, to promote trade toward those ports. What we did do in the Department of Transport however, in connection with the port of Churchill, was to extend the season of navigation by seeing that greater aids to navigation were provided, and seeing that more loading and unloading facilities were there in the event of traffic coming to that port. Also there was the not unimportant factor of reducing insurance rates. True, as I said in the house, that

is a matter over which we have no direct control. But we did bring to those in the United Kingdom who are responsible for establishing those rates representations which I believe had the effect of reducing them.

I can assure the hon. member that we will continue to give to harbour facilities and railway facilities the best possible attention, and to encourage the movement of wheat outward through Churchill, as well as the movement of other cargo. But unless the shippers in the United Kingdom and elsewhere decide to move commodities through the port, I do not think there is any authority in the Department of Transport which I would have to direct them to use one port rather than another.

Mr. Diefenbaker: What did the minister mean by the use of the word "encourage"?

Mr. Chevrier: We might encourage traffic by bringing to the attention of the Hudson Bay Railway and Canadian National Railways authorities the fact that it is possible to move greater quantities of wheat through Churchill, and the fact that there are elevator facilities there to handle large quantities.

The hon. member referred to the fact that we had moved more than 6 million bushels last year. When one takes into consideration the fact that the movement through Churchill has been more than doubled in the last five or six years, I think it is some indication of our intention to see that these facilities are used to their fullest extent.

I do not want to delay this, but I do want to say I was interested in the attitude taken by the hon. member for Lake Centre and also that of the leader of the C.C.F. party with reference to the co-ordination policy outlined in the report. The position they take is diametrically opposed to that taken by the member of the Social Credit party who spoke this afternoon. I think the interpretation placed by the hon. member for Lake Centre upon the recommendation is the proper one. I think what the chairman and the commissioners had in mind was that there should be control or co-ordination of water, air and railway transport through the board, but not control of trucking, be it interprovincial, international or intraprovincial. I do not think that was in the minds of the commissioners.

I may have been mistaken, but I understood the other evening that the hon. member for Vancouver-Quadra was opposed to the co-ordination policy as recommended in the last part of the report.

Mr. Green: In so far as the Canadian maritime commission was concerned. I am very dubious about the transport board trying to handle the job of that commission.

Mr. Chevrier: There seemed to be some apprehension in his mind with regard to that policy. While the position taken by the hon. member is somewhat different from that taken by the hon. member for Lake Centre, I am glad that these opinions and views are coming out in the house.

I had forgotten to reply to one point raised by the hon. member for Victoria-Carleton. I indicated to him that he would find in a certain section the point on the Canadian Pacific opposite to Diamond Junction. That is to be found in section 4 of the act, and the name of the place is Boundary.

Mr. Ross (Souris): Mr. Chairman, I should like to add my congratulations to those expressed by other hon. members to Mr. Justice Turgeon and the members of the commission who generally speaking have made a very excellent study of and report upon this complex problem. Congratulations are certainly due to the chairman and the commissioners.

The hon. member for Lake Centre quoted from page 277 of the report which refers to authority to be vested in the commission. At the bottom of the page it is stated:

> The seven provincial governments which united in asking for the appointment of this commission were questioned on this matter. Of the seven, six stated that they would not agree to divest themselves of their exclusive jurisdiction over intra-provincial motor transport.

I think those words are important. I happened to be one of those who were fortunate in being permitted to visit Churchill by air this past week end. It was a most educational and instructional trip from many points of view. We were taken through the elevator there and we saw the modern equipment they have for the drying of damp grain at the rate of some 20,000 bushels a day. After the information I obtained there I find it almost unbelievable that these facilities have not been used to a greater extent.

I have placed a question on the order paper in connection with the amount of damp grain of the 1950 crop that has been moved there for drying and cleaning, and also what has been moved to Fort William. I was told that there had not been any damp grain from the 1950 crop moved into Churchill. I know that this matter is not under the jurisdiction of the minister, but I do want to point out that I think there should be greater co-operation among the departments of government.

If there has been one problem faced by the wheat growers of the prairies that is

more difficult than any other, it is the handling of this damp and tough grain. We have this modern equipment at Churchill with only a small part of the storage capacity occupied, and it does not seem to me to be ordinary business sense that more damp grain has not been moved there. I am sure the producers of western Canada will be shocked to learn that this modern equipment which is owned by the government is not being utilized at all.

I have spoken on transportation before and I am vitally concerned in the Crowsnest pass rates. I have asked that they be not interfered with and I am happy to know that a recommendation has been made that they should not be interfered with.

Several speakers have referred to the 400 or 500 mile gap between Sudbury and Fort William, to which reference is made in the report. That is a very barren stretch of country, as all of us who have to travel it to come down here know. Generally speaking, I think the taxpayers should be called upon to subsidize the haul over that stretch. It is essential in the interests of both eastern and western Canada that there be no division in this great nation of ours. It is essential that services are kept operating over this gap of barren country, but the cost of operating these services should not be entirely borne by the producers of either the west or the east.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Ross (Souris): Mr. Chairman, when we adjourned for dinner I was discussing the long haul between Sudbury and Fort William, what a dormant section of the country that was, and saying that in my opinion that haul should be subsidized in the interests of both western and eastern Canada as recommended in the report of the royal commission. At page 287 of the report, among the observations by Dr. H. F. Angus, I find this:

> Amalgamation has few friends. Various forms of joint operation have been carefully considered and condemned. It is true that the estimate of the future earning power of the Canadian National Railways made by its officials at the hearings was so low that a weary taxpayer might have wondered if a lease to the Canadian Pacific Railway on mutually advantageous terms would have its attractions. The alternative of state ownership of all railways has merits which have commended it to most modern states. But economy of operation, though physically possible, is not among these merits. As an immediate practical policy in Canada both these alternatives can be dismissed.

Then there is a short paragraph at page 129 of the report itself which I should like to read:

> The majority of the provincial representatives and of the representatives of other bodies who appeared before this commission favoured the continuance of the present system of two large railway organizations, with the necessary corollary that the Canadian Pacific Railway must be allowed to live and to operate as a privately owned railway.

It is rather significant that even in this report the Canadian Pacific Railway was used throughout as the yardstick. There was quite an article in the Winnipeg *Free Press* of December 29, 1950, entitled "The west and freight rates," part of which reads:

> At the outset of this latest railway campaign for higher freight rates it is in order to state the position of the west. Since October, 1946, when the railways broke a truce of a quarter century by asking for a horizontal increase in rates, there has been a sharp conflict between seven provincial governments and the railways. The provinces concerned are the three maritime and the four western provinces. This dispute, however, has turned upon whether or no the Canadian Pacific Railway which, by common consent of all the railways, the transport board and the federal government, is the yardstick in the fixing of rates, required the increases in freight rates sought from the transport board. The west joined the maritimes in saying "No." But no distinctively western argument was advanced.

Further on the article states:

> Documentary proof of the foregoing will not be required by all who have followed the freight rate cases before the transport board beginning with the western rates case taken by the Winnipeg board of trade in 1911. But as a reminder attention is directed to the following figures, drawn from exhibits filed with the transport board. These figures cover the net earnings of the C.P.R. from 1907 to 1925 and 1936 to 1945 inclusive—29 out of a period of 39 years. Ten years are missing because the transport board refused to issue the necessary order to have them produced. These missing years, however, would only buttress an already impregnable case. In studying the figures, it should be borne in mind that the Canadian Pacific handles more than twice as much freight on its eastern lines as on its western lines:

	Canadian Pacific Railway Net Earnings	
	Eastern Lines	Western Lines
1907-11	$43,500,000	$ 91,500,000
1912-16	60,000,000	152,500,000
1917-21	81,000,000	174,500,000
1922-25	56,000,000	101,500,000
1936	5,855,663	17,455,448
1937	10,013,518	13,728,729
1938	3,319,735	17,432,731
1939	5,949,860	22,573,960
1940	14,058,900	21,580,538
1941	16,951,233	29,006,363
1942	20,885,093	27,302,596
1943	19,544,002	29,667,565
1944	11,537,387	31,622,277
1945	13,090,407	22,963,927
	$361,705,798	$753,334,134

So great is the discrimination against western Canada that with half the traffic the C.P.R. has consistently made more than twice the profits in the west than in the east.

In facing this new campaign by the railways for higher freight rates the west must see to it that any further increase in rates is not loaded solely upon western Canada. Yet that is exactly what will happen if the transport board orders horizontal increases in standard rates which because of water, highway and other competition will be meaningless paper increases in the central provinces but will be real hard-cash increases here in the west.

And in taking this position, it should be clear that the west will not be asking state assistance for the railways by way of subventions, bonuses, or subsidies of any kind. The west as the foregoing figures prove has more than paid its way in freight rates and may be forgiven for believing that other sections of Canada should at least pay their way.

Irrespective of any need which may be proved by the railways, there can be no justification for raising freight rates in the west until the effective rates—that is the rates which are actually paid—in Ontario and Quebec have been brought up to the level of the rates in the west.

This question of a horizontal increase in freight rates and the injustice done thereby to western Canada and the maritimes was well covered this afternoon by the hon. member for Lake Centre. Without taking more of the time of the committee, I should just like to sum up what I said before the dinner hour by congratulating Mr. Justice Turgeon and the members of his commission. They certainly put a great deal of work into this investigation and brought in what I think is on the whole a very fair report. I want to repeat what I have advocated in past years, and say that I agree with the commission recommendation that the Crowsnest pass freight rates should be left under the statute. I have already asked that subsidization be provided for this bridge from Sudbury to Fort William. It is a long haul of between four and five hundred miles through an area that does not produce much traffic.

I want to repeat what I said before the recess concerning the Churchill road, and the fact that the government owns a splendid storage grain elevator at the port of Churchill. There are facilities there for storing approximately 2·5 million bushels of grain. This week end I learned that in the port of Churchill there is only a small percentage of the storage space occupied. There is great modern grain drying machinery in that elevator which has not been used at all this year according to the officials there. When you consider that it has a drying capacity of 20,000 bushels per day, I think that could have been a great help with some of this damp grain that is still lying in the open fields in the prairie provinces. Had it been moved to that port, and that equipment utilized, much of it might have been saved.

During the Easter recess I sat in the Manitoba legislature and heard the minister of agriculture for that province state that there was approximately a million bushels of damp grain still in the province of Manitoba. I imagine there is more than that in Saskatchewan which has not been moved yet. You can imagine how important it would have been to utilize that drying equipment at Churchill.

This brings up another matter which was mentioned the other day, and that is the matter of a box car controller. I know the minister rather chastised the member for Assiniboia over the question he put on the order paper.

Mr. Chevrier: No, about a statement he made in the house which was erroneous.

Mr. Ross (Souris): I was going to say that I am not in a position to substantiate or contradict the statement he made or the statement made by the Minister of Transport. It would seem to me, as I have already pointed out, that the facilities and equipment at the port of Churchill, owned by the government, for drying this damp grain, could have been utilized if cars had been provided. This grain may become a loss to the producer, because the chairman of the grain commission has pointed out that if the grain cannot be gathered up and dried before the warm weather, he is fearful it will become a total loss to the producers. It is probable this loss could be avoided if a box car controller were appointed. I do not know how worthy that argument is, because I have not the other facts to buttress it. If there is no other reason for not moving this damp grain to Churchill, a box car controller could have supplied the cars to move it under the supervision of the Minister of Trade and Commerce, under whose supervision the transport of grain rests. I am not blaming the Minister of Transport, because I know it is not his responsibility.

I wish to say once again what a fine job the Turgeon commission has done, and to compliment the members of the commission for their work.

Mr. Ferrie: I should like to say how pleased we are to find that the minister has taken this report to heart and is appointing a committee to consider that portion of the haul that we in western Canada call no man's land. I am not going to prolong this debate by saying anything more about the commission's report.

There are one or two things that I should like to bring to the attention of the minister. In 1948 the seven provinces made a lot of representations about freight rates. During that period some remarks were made concerning preferential rates to certain bodies. As a result western Canada lost two very

important preferentials. One was a preferential that we had ever since railroading began in western Canada. Even in the old Mackenzie-Mann days, when they were very much in arrears, they gave us that preference because they knew it was a benefit to the railroads to have the farmers sow good seed. We have now lost the preferential rate on the transportation of registered seed and seed grain. I would ask the minister if he would take this into consideration. Last year in western Canada the railroads did not lose any money, they made a profit of approximately $9 million. In eastern Canada they lost around $12 million. In asking for this preferential rate on seed grain, we are not asking for something that is going to be harmful to the railroads, but something that is going to be of benefit to them, as well as to those who are producing the great grain crop. This rate on registered seed will be of benefit to the railroads by reason of the extra bushels that are grown by the producers of that class of grain.

Just leaving that, I should like to mention one other preferential rate which we lost, and that was on the movement of registered livestock. By some means or other that preferential rate was lost last fall. We could not establish it. We have tried, time and time again, to get this preferential back, but we cannot do it. I am appealing to the minister to do something if he possibly can to help the registered livestock industry in Canada. They produce a lot of registered stock, in both eastern and western Canada, and this exchange that goes on is of great benefit, not only to Canada as a whole but to the railroads individually. Will the minister kindly take this into consideration when he is arranging some of the meetings with the railroads.

Mr. Knight: Mr. Chairman, in deference to the minister I had intended to reserve my remarks until item No. 491 on the Hudson Bay railroad was called. Since the member for Lake Centre, the member for Souris, and some others have said something about it, I thought I might as well say what I have to say now. I have always, of course, been interested in this railroad and in this port. I was interested in it before I came to parliament, and naturally my interest has increased over the last five years.

In 1945, the first year I came to parliament, my friend and former colleague, Mr. Moore, the member for Churchill, introduced a resolution, one of those useful private resolutions sometimes termed academic but nevertheless at times productive of results, in that they promote the desired cause in the country or bring some pressure to bear on the government which, sometimes after a long period of years, adopts the thing as its own and introduces the legislation we desired in the first place.

Mr. Knowles: Hear, hear.

Mr. Knight: My friend the hon. member for Winnipeg North Centre (Mr. Knowles) says "hear, hear" and with good reason because I understand that for some years before I came to this house he had been introducing private members' bills with regard to income tax exemptions for union dues and certain professional fees. He has continued to introduce them. I had the pleasure of backing him up in that attempt with regard to teachers; and now in the budget announcement the other night we are told that henceforth union dues and teachers' professional fees are exempt.

I think that these private members' resolutions are a good institution. Some of my Liberal friends, referring to my own resolution on education, were shall I say unkind enough to say that these private members' resolutions are a waste of time.

The Deputy Chairman: Order. I think the hon. member should make his remarks relevant to the item now before the committee.

Mr. Knight: I accept your rebuke, Mr. Chairman, and shall proceed to talk upon the matter in hand. I was led off my subject, and I shall come back to the exact point. Mr. Moore, the former member for Churchill, introduced into this house in October, 1945, one of those useful private members' resolutions. The resolution asked for the consideration of the federal government to giving all the encouragement that they could muster for that route and for that port. On that particular occasion the resolution was not talked out but was allowed to come to a vote. There was a favourable vote of 105 to 24, as recorded at page 1110 of *Hansard* of that date. On that occasion the Minister of Trade and Commerce used the following words in regard to the Churchill route, as reported at page 1109 of *Hansard* of October 15, 1945:

> I feel that in post-war years the port will develop as far as its physical limitations will permit, and I can assure the house that the government will make every effort to see that that development is pressed actively and vigorously.

There are degrees of vigour and there are degrees of activity. I want to say that on the whole I wish to pay tribute to the dominion government, to the minister, to the Department of Transport and to some outside organizations for the interest and the encouragement which they have given to this particular matter. I would include the provincial government of Saskatchewan

which has been active in that same good cause. The Hudson bay route association is of course well known for its work in that regard. I think of Mr. Frank Eliason, a man who, I was going to say, has grown weary in well doing, but he will never be that; I will say rather that he is growing old in well doing and is now somewhat broken in health. I think that those of us who come from the province of Saskatchewan, and particularly from its northern part, should pay special tribute to that man who has given his whole life in the cause of co-operation and of agriculture in the province of his adoption. To Mr. Streeton too, who is the chairman of that active organization, one should pay a tribute and to that old-timer, Mr. MacNeill, who has come down here on several occasions. While I mention those delegations, I should like to thank the dominion government for the fine reception that they gave to those western adventurers who came down to follow in the path of other pioneers with somewhat similar names who have brought honour in the opening up of the western part of this country. Then there is Mr. Hansen, the director of trade services at Regina, Mr. Graham Spry, who is trade commissioner in London for the province of Saskatchewan, and who is in England working in the same cause and to whom some tribute should be paid.

As I said, the people of the prairie west are interested in this route, and the people of my own native city are not disinterested. You have to live on the prairies a while before you realize to what extent there is a fascination for prairie dwellers in the sight of water. Some of my friends who have come from the city of Winnipeg will perhaps not agree with me in that regard, but in Saskatchewan we like water, and we like to think that we have in that central part of Canada, a proper port of our own, which may be available to us.

Many have visited that port in the last several years. Many have taken advantage of the excursions which have been arranged. Many have gone up there. The other day many hon. members went up by the invitation, I understand, of the Minister of National Defence. I was not able to take advantage of that opportunity, but I had been there two years before.

To come to the matter of the route and the port itself, as I say, I pay tribute to the encouragement given by, I think, every organization concerned. I think that the route has been an unqualified success over the last year or two. In 1950, twenty ships entered that harbour and in that year some 6,700,000 bushels of wheat were exported and 3,400 tons of merchandise were imported. Those amounts, particularly with regard to imports, are still too small. The smallness of the import is probably due to the lack of knowledge on the part of the British exporting firms as to the savings they could make by using that port. In the matter of British cars—those little cars we see upon our streets—the saving amounts to from $35 on the smaller type to $60 on the larger.

The city of Saskatoon is the main distributing centre for goods in northern Saskatchewan. The wholesalers and distributors there are particularly anxious that the port should succeed in order that they may make available the savings upon the goods, so that those goods may be distributed more cheaply through the area which they serve. There has also been formed a western import and export company, a name which sounds a bit familiar. Its business is to drum up business through that port to the city of Saskatoon and the other northern cities.

The figures that I have given report progress, and I can report progress in other directions also. We are told that the commonwealth shipping committee is nowadays adopting a much more friendly attitude towards the insurance of vessels going into Churchill. The marine insurance rates have been lowered by 35 per cent, and I think that we may look forward to the day—and some of us may see it—when the marine insurance rates into that port will be equal to those into the port of Halifax or the port of Montreal. May I say that there never was any real reason for those high rates except, on the part of those who issued them, a lack of knowledge as to the safety of that particular route.

Down through the years we have had statements as to the safety of that port. I am going to quote from a statement made by a sea captain who used it. In a letter which he had addressed to Mr. Hansen, director of trade services at Regina, he said in part:

> I should like to go on record as stating that the passage from the U.K. to Churchill is every bit as safe as the voyage from Britain to Montreal or any other St. Lawrence port.
>
> Perhaps indeed it is safer. The weather on the northern route is not any worse than that encountered on the way to the St. Lawrence. While some fog will be met, it usually clears within an hour or so and consists only of patches. It is certainly no worse than the fog often encountered off the Newfoundland banks.

There is another interesting little quotation that throws some light on the same situation, and that is in regard to the length of the season. The length of the season, sir, has always been a sore point with shippers coming into that port. It has always been felt that the insurance companies kept themselves very very safe indeed as to the length

of the season which was covered by the insurance rates. This is from a ship's captain who had just come through the strait. He says:

> Regarding the length of the season. As you know, on our first trip to Churchill we lay off Cape Chidley at the eastern end of the strait for 2½ days because our insurance would not allow us to enter the strait before 0001 hours on August 5. The weather during these two days perfect—calm sea and unlimited visibility. The *N. B. McLean* said we could proceed any time, but because of insurance regulations we could not.

Does it not seem very silly that in beautiful weather, and a calm sea, with no ice in sight, ships have to lie outside for two days simply because there is no flexibility in the insurance season. But in this regard too I have progress to report, because there has been a lengthening of the insurable season, actually by ten days. July 26 instead of August 5 is now the beginning of the season. It is felt by many people that the season could run until the end of October.

As to the port of Churchill itself, some of the people of whom I am speaking saw the place for themselves the other day. There has been an improvement there over the last five years which is almost unbelievable. There has been an improvement in the townsite itself. Those of us who were interested in this throughout the years have been complaining because the Manitoba government was not prepared to sell lots in the port of Churchill. It is not very much encouragement to build a house if one cannot own the lot on which he wants to build. The only way you could do it before was to take a twelve-months lease. Surely that is a very unsatisfactory way to proceed, particularly if you were going to make a substantial investment. Therefore once again I am pleased to report progress and thank the Manitoba government for what they have done in that regard. The Manitoba government has now made it possible for people to own their lots. The military establishments near that town of course have promoted business. Their existence is at least a matter of public knowledge. Their presence there has promoted business and all year round activities. There are churches, schools, and so on. I want to say that from the point of view of the route and the port itself, the building up of permanent residence there is an important part of its promotion, because the people who have handled the wheat cargoes have had to be imported from Montreal or from some other port. They have had to be brought in for this particular work. Surely that was an expensive business. But if in that northern country we could have such developments as would provide a permanent population with a reasonable hope of earning a year round living, then we could take from that permanent population the necessary labour to handle the machinery of the port and assist in the loading of the ships.

The hon. member for Souris has expressed some doubt as to his own figures which he gave a little while ago relating to drying of grain at Churchill. I can assure him that they were quite correct. I asked a question which will be found at page 1266 of *Hansard* of March 15, 1951, as follows:

> What is the wheat bushel storage capacity of the elevator at Churchill?

We are not interested in that part of the question at the moment, but we are interested in this one:

> What is the drying capacity of that elevator in terms of number of bushels per day?

May I say, sir, that I was startled when I received the answer and was informed that in that plant—and it is a magnificent plant, one of the finest grain elevators in the world—it was possible to dry from 15,000 to 20,000 bushels per day of 24 hours, depending on the moisture content. I almost refused to believe that, but these are the official figures. That, sir, is remarkable, and if that machinery had been operating full blast since the first combines were turned into the fields of Saskatchewan last fall, by this time it would have dried some proportion of the grain which is now lying damp or tough in the farmers' granaries or in elevators in the province of Saskatchewan. That would have been a tremendous help. Who is responsible for that plant and that machinery lying idle I do not know, but I think it should have been in operation since the end of the crop year. What an accumulation of grain we might have had lying in storage in the Churchill elevator, because there is ample room for it there. The capacity is 2,500,000 bushels. According to the answers I received, the number of bushels of wheat in the elevator is something under half a million bushels, in fact, 463,000 bushels. Had other grain been dried and stored there it would be at least in position for shipment. There is not the excuse this year that there was in former years that there was a keen demand for this wheat in Europe, and that it was necessary to have it in position where it could be shipped during the months when Churchill was not in operation. There is no such reason as that now. There is going to be a carry-over of this wheat whether we like it or not, and unfortunately there is going to be a carry-over of wheat which is not going to be in good condition. If it were dried and stored there, at least we would have it in position for the first ship

that steamed through the straits the first month of the new shipping year in 1951.

I have pleaded before, and I plead again, for the co-operation of the government, the railroad, the wheat board and the wheat pools in regard to the promotion of shipping through that port. My plea has been, and for five years it has been, that we should give the port a chance. If this thing is worth doing it is worth doing right. And if we would for one year ship 15 million bushels of wheat to that port, a thing which could easily be managed, we would take off the shoulders of the taxpayers of this country any burden which they are carrying at present in regard to the port of Churchill.

I notice that this year the deficit is down by $150,000 according to item 491 of the estimates. That is all to the good. It has been argued by people who know, and I am convinced it is so, that if through that port there could be put 15 million bushels of wheat, the port and the railroad would not cost the taxpayers of this country one single cent, there would be no deficit. There are others who believe that 20 million bushels or 25 million bushels could be shipped through that port. I am not an expert, and I will not say, but I repeat that 15 million bushels would pay the necessary bills, and there is no shortage of wheat in the preferential area. It has been estimated by those who know that in that country, which would be applicable to the preferential rates, 65 million bushels of wheat is the average crop there. If we cannot handle 25 million bushels we can surely ship 15 million or 20 million. I am sure that, now when there is lots of wheat available, this is the time for us to try the experiment and give the route a chance to prove itself. When I speak this way I am not speaking altogether in the interests of Saskatoon. I am not speaking only in the interests of the northern farmer but rather in the interests of the nation; because the present deficit must be paid by the taxpayers of the whole nation.

As I said, the route is of national importance. There is of course the strategic factor into which I shall not go at this time. But I do believe the amount of care the government has given the port in the last year or so is not unconnected with its knowledge that the port of Churchill in certain contingencies might be a very useful place to have, indeed.

There are other things that may be shipped from Churchill as well as wheat. We were greatly disappointed a year or so ago when, after arrangements had been made to ship 10 million feet of spruce out of that port, a rise in freight rates precluded any such shipment. So much for exports.

As to imports, we feel that many more could be handled, if perhaps there were a little better organization so that the loading of wheat and the unloading of imports could go on at the same time. The minister has told us that one of his cares and responsibilities in regard to the port is to see that the proper equipment is there. Here is one thing I suggest he might look into.

Westerners do not like all this talk about dumping duties, when it comes to the matter of encouraging imports to Churchill. When we are told that we may impose dumping duties against, for instance, British motor cars, hundred of which were imported through Churchill last year, we do not like that sort of talk. I have had several complaints in the city of Saskatoon from firms who have told me that they had to cancel orders they had placed for British linoleum, and for that very same reason. The linoleum had been ordered for delivery through the port of Churchill and over the Hudson bay route, but the orders had to be cancelled.

One other point, and I shall have finished. I would refer to the matter of shipping feed grains to the maritime provinces as something in which I have been interested, and particularly in this connection. I shall speak only briefly on the matter, because I do not want to detain the house too long. I do believe however that most of the difficulty in connection with feed grains, particularly in the matter of the poor quality of those grains sent to the maritimes, is a matter of storage.

If the people in the maritimes, through their co-operative institutions, could buy quantities of good clean western grain, ticketed as No. 5 or 6, as the case may be, and all of a certified standard and with a certain weight per bushel, so that they could know what they were getting, and if in the maritimes they had storage elevators built into which that grain could be put and out of which it could go for grinding and distribution by their own organization, they would have grain of standard quality a supply of which they could always be assured.

Under present circumstances it is difficult for the maritime farmer to know what he is getting when he buys feed grain in, shall we say, the city of Halifax. I have always said that if government built or co-operatively built storage facilities were available shiploads of this feed grain, certified according to grade, could be shipped to the maritime provinces by the sea route during the time when the Churchill route is open. I think an intercoastal trade of that sort could be built up for the general benefit of not only the farmers in the west, who would have a market for

their grain, but also of the maritimers who would have a source of suitable feed. So much for the subject of feed grains.

I believe this brings me to the conclusion of what I have to say in the matter. Once again let me pay tribute to the effort of the government and to the encouragement it has given us and other people. I am glad to say that this is not a political matter. I am pleased to say, too, that Mr. Moore's resolution was never a political resolution. I believe the hon. members I see before me who represent the Liberal party in Saskatchewan can, and I know they will, join with me and with the hon. member for Lake Centre who spoke this afternoon in support of the route. I believe that so far as we in Saskatchewan are concerned, we will present a united front in this important matter.

Mr. Browne (St. John's West): Mr. Chairman, I wish to speak on two matters dealt with definitely in the report. I have given them a good deal of consideration, although I cannot say I have studied other matters as thoroughly.

The representations made to the royal commission by the Newfoundland government and by other bodies from Newfoundland were directed to two paragraphs in the commission, as follows:

(a) To review and report upon the effect, if any, of economic, geographic or other disadvantages under which certain sections of Canada find themselves in relation to the various transportation services therein . . .

(b) To review the Railway Act with respect to such matters as guidance to the board in general freight rate revisions, competitive rates, international rates, etc., and recommend such amendments therein as may appear to them to be advisable.

Amongst other things, the Newfoundland government sought lower freight rates and improved facilities at North Sydney, which is the terminus in Nova Scotia, and Port aux Basques, which is the opposite terminus in Newfoundland, and on the North Sydney to Louisburg Railway. They also wanted absorption of the handling charges for shipments to Louisburg when the port of North Sydney is closed in the wintertime because of ice, and a car ferry to operate between Port aux Basques and North Sydney. They also wanted a free port to be established on the south coast of Newfoundland. Some hon. members may not be familiar with the expression "free port", but it has been mentioned in Newfoundland politics for twenty-five years. The idea of a free port is a port where goods can be exchanged between nations without the collection of any customs duty. It was desired by the government that this should be established at bay d'Espoir on the south coast of Newfoundland which is an ice-free port. It also wanted a military road to be built between Gander airport and bay d'Espoir.

The first question which was brought up has been dealt with by the board of transport commissioners with the pleasing result for Newfoundland that they won their case. The improved facilities are being dealt with to a certain extent under the estimates now before the house. I understand the car ferry is being built at the present time. A large amount of money has been voted for the improvement of the docking facilities at Port aux Basques and at North Sydney.

The other questions with respect to a free port and the military road were not approved. There are certain general considerations in connection with Newfoundland I should like to draw to the attention of the committee. They arise through the transformation of our economy brought about by confederation. Perhaps hon. members are not sufficiently aware of that tremendous transformation. Before 1949, when we had our own government, Newfoundland traded with the whole world. We could impose duties in respect of Canada, the United Kingdom or the United States, or any other country, just the same as Canada does. We were bound only by international agreements such as the empire preference agreements of 1932 and the like.

But with confederation, and becoming part of Canada, we dropped almost all our import trade from other countries, and our trade was switched to the nine provinces of Canada. That meant that the direction in which the trade moved changed as well. St. John's, which had been an international port with shipping from all parts of the world, immediately showed the effects of confederation because ships did not come there in the same numbers. Instead of the traffic coming by water it began to come by land through North Sydney in Nova Scotia, across the narrow strip of water to Port aux Basques, and then around the island in a semi-circle over the Newfoundland railway. The railway could not handle the traffic.

Before confederation trade with Canada consisted of about $55 million of imports into Newfoundland and about $8 million to $10 million of exports to Canada. Since confederation trade with England and the United States has declined greatly. It has been said that trade with the other nine provinces of Canada now amounts to $100 million in the one direction, and $10 million in the other. The great bulk of this trade is being carried by the railway with the result that there have been tie-ups on several occasions. It

was necessary to instal new facilities to handle this traffic both at North Sydney and at Port aux Basques.

This seems to me to be a most undesirable state of affairs because the trade used to go to St. John's, the capital of the island with 60,000 population. As this traffic is not coming in now by water many longshoremen are faced with a shortage of employment. It means also that large quantities of goods must be carried 550 miles across the island and then distributed from St. John's. Everyone knows that the cost of moving goods by rail is generally much higher than it is to move goods by water.

During the one day that I sat on the railways and steamship committee last year I brought to the attention of the president of the Canadian National Railways the desirability of operating steamships between Halifax or Montreal and St. John's. The Minister of Transport cleverly guided the discussion into other channels and stated that I was trying to bring up the question of rates. That was only incidental. I notice that one of the representations made to the royal commission by the Newfoundland board of trade dealt with that subject. I should like to draw attention to the representations made, which in some respects coincide with what I said last year. On page 143 of the report the board of trade is quoted as having suggested the following remedies:

That the following alternative steamship or car ferry routes be provided:

(a) From Campbellton, N.B., to Corner Brook for all movements between Corner Brook and Bishop's Falls (necessitating the building of a spur about 300 feet long from the pier at Corner Brook to the railway);

That would eliminate much handling by the railway. The next suggestion was in connection with traffic for the Avalon peninsula. The population of the Avalon peninsula is about 130,000, whereas the population of Newfoundland is 350,000. The area of the Avalon peninsula is about one-sixth of the area of the whole island. It would seem that it would be desirable to have a great deal of the traffic brought to St. John's, which after all is the chief commercial emporium of the island. The second suggestion was as follows:

(b) Traffic for the Avalon peninsula should be moved by water from Montreal, Halifax and North Sydney to St. John's, Newfoundland, and, to accomplish this object, the Canadian National Railways should use the Admiralty property on the north side of the harbour at St. John's and build a spur about 600 feet long from the main line; and

(c) The railway should provide two railway car ferries, able also to carry 30 or 40 automobiles, one on the west coast and the other on the east coast.

I do not know whether the Minister of Transport has given any thought to that sensible suggestion. There is a network of roads running out of St. John's, but at Port aux Basques there is only a very narrow road presently being built which will go up through Stephenville and then on to Corner Brook. The hope of attracting many tourists into that section of the country is extremely small although I admit that the great sporting rivers are located there. The historic and oldest settled part of the country is on the Avalon peninsula and obviously it would be a wise provision to have a car ferry running from Halifax or Montreal to St. John's.

Last year I was unable to have my car carried from Montreal to St. John's because the boat was filled. I had difficulty at Halifax and could get it carried only on deck. There seems to be a great deal of traffic offering at Montreal and Halifax and there would appear to be room for another steamer on the route. If the country is going in for tourist trade it will be necessary to have a boat capable of carrying motor cars between Halifax and St. John's.

Another recommendation was that St. John's be made a national harbour. I am aware that that deserves a great deal of consideration, but certainly the facilities are there for the handling of much more traffic than is presently being handled. It is much more suitable than Port aux Basques, which has only a small harbour that is difficult to approach and besides supports only a small population.

Most of the disabilities from which Newfoundland is suffering, it seems to me, are due to the haste with which the terms of union were settled. The rather obvious things were attended to, but many incidental matters were neglected. As a result they had to be brought to the attention of the royal commission on transportation by the government. The majority of these matters had to be passed on to the Canadian National Railways, the Minister of Transport or the Canadian maritime commission because the royal commission was unable to deal with them. As a result the country was put to a great deal of expense and anxiety.

As I pointed out at the last session, the country has had to pay about $4 million in extra freight rates that should not have been charged. When these matters were brought to the attention of the royal commission they said, "We cannot do anything about these things. The terms of union made provision for the traffic to go through North Sydney and Port aux Basques and we cannot do anything further about it." The same answer was given in connection with many other matters that were raised before the royal commission.

I notice that reference is made to the fact that improvements are going to be made in the railroad. I do not believe there are many refrigerator cars on the island and if agriculture is to be fostered it will be necessary to provided refrigerated space.

There is another matter with which I should like to deal in a way different from any of the speakers who have preceded me. This matter has not been dealt with in the same way by the royal commission. I refer to the question of highway and railway transport. There is an important social principle involved in this question which is not generally apparent and I should like to take a few minutes to discuss it. I would remind hon. members that transportation has developed through the years from the ox-cart travelling over ploughed fields or country lanes and the stage coaches to the point where steam was invented and we had the industrial revolution.

By pooling the resources of a great number of people railroads were built with great rapidity and as a result tremendous industrial progress was made. With the development and invention of the internal combustion engine it became possible to reverse this process. Instead of great companies operating railway systems on fixed lines you can now do almost the same work on the highways. So I say it has become possible to reverse the trend in the capitalistic system and bring about a better distribution of ownership by encouraging the private operation of motor vehicles of various kinds such as busses and trucks.

I notice that the report of the royal commission deals with privately owned trucks, those owned by individual truckers and those owned by large companies who transport their own goods in their own trucks, and finally those trucks which are for hire. The commission reports that the number of trucks for hire is very small in relation to the total number of trucks. It was my information that in the business of transporting goods on a commercial basis there are many truck companies operating at least one hundred or perhaps several hundred trucks, and that is the sort of thing I feel should be regulated. I believe there is a need for someone, whether the federal government or the provinces, to regulate the number of trucks a company may own. It is not very often that we hear any discussion in this house about the restoration of private ownership. Today I was very pleased to hear the leader of the C.C.F. party advise the minister to be very cautious about permitting the railways to go into the trucking business. I think that was wise advice. I would not like to see the railways go into the trucking business, because with their large capital and the government behind the Canadian National, at any rate, it would be possible for them to put a large number of people out of business.

This is a very important principle, although some hon. members may think it ludicrous. It is desirable to have as many owners of trucks and busses as possible, to have men own their trucks and earn a living with them. If you have a company with six hundred trucks operating a trans-Canada transportation business it is possible that within a short time it may become almost as powerful as the railway itself, or at least the most powerful transportation organization in the country other than the railway. That is something I want to bring to the attention of the minister, though it is not necessary that he should do anything about it at the present time. It seems to me that problem looms on the horizon. Looking at the report of the Canadian National Railways and reading the remarks of the president in that report and elsewhere, it seems to me the head of that company is looking with an anxious eye at the competition he is experiencing on the part of truck companies. He seems to be rather afraid that this competition is becoming too much for him, and that he will have to go into that business himself. I do not suppose it would be so bad if it were confined to local transportation near the terminus of a railway; but if the C.N.R. should go into long distance trucking and compete with private truckers I think it would be a bad thing for society.

This is a principle I believe the minister should keep in mind. I am sure in the long run it will be found to be in the best interests of the people of Canada if the railways do not go into highway transportation and if that transportation can be regulated so that no great trucking corporations will be permitted.

Mr. Argue: I am going to direct the main part of my remarks this evening to the report of the royal commission on transportation. With other hon. members who have taken part in this debate I too am pleased with many, in fact almost all, of the findings of that commission. It is certain that railways are vastly important to all parts of Canada. We on the prairies are particularly dependent on railways to move our products to market and to bring in most of the goods we consume.

Before dealing with the report itself I want to deal briefly with one transportation matter I have raised on various occasions in this house. I refer to the many gaps in the railway lines in Saskatchewan. My

hope is that while little has been done in the past, a great deal may be done in the near future to bridge these gaps. I would refer to the gaps mentioned in a resolution I placed on the order paper some time ago, between Neptune and Radville, Minton and Big Beaver, Mankota and Val Marie, Neidpath and Swift Current, Willowbunch and Assiniboia, Cardross and Dunkirk. A few years ago, I think about 1946 or 1947, the Minister of Agriculture said in this house it was his understanding that as one of its first branch line projects after the war the C.P.R. intended to complete the gap between Mankota and Val Marie. I only hope that company will finally get around to bridging that gap.

As has been said by other hon. members, when the report of the royal commission was brought down we were pleased to see the recommendation that the Crowsnest pass rates on grain should be left untouched. We on the prairies who depend upon the production of grain for the greater part of our income feel that these rates are important to us, and that the statutory provisions dealing with them should not be changed. I believe the report of the royal commission substantiates the position taken in this house by members from the prairies, from British Columbia and from the maritimes on many occasions in the past when they contended that there was in fact discrimination in freight rates as between various parts of Canada. I am sure it was pleasant to all those hon. members to see that the royal commission recognized that discrimination, by recommending an equalization of freight rates.

We are pleased also to see something in the report dealing with the recapitalization of the Canadian National. It seems to me that sufficient regard has not been given the huge funded debt and the watered stock of the C.N.R., and I believe a further scaling down should have been recommended. Nevertheless these recommendations if put into effect certainly should improve both the financial and the competitive position of our publicly owned railway. This whole report is built around the need of an equalization of freight rates as between all parts of Canada. The present discrimination has existed for many years. There was discrimination in 1948 before the 21 per cent horizontal increase in freight rates. With each of the four horizontal increases in freight rates granted by the board of transport commissioners in 1948, and since there has been a further accentuation of that discrimination. I say it is indeed important that all possible steps be taken to remove discrimination as it exists between various areas.

[Mr. Argue.]

The 45 per cent increase in freight rates, which was the final result of these four separate increases, means that the discrimination now is much greater than it was some three years ago.

I wish at this time to quote from page 61 of the report concerning one of the conclusions in regard to horizontal increases. Paragraph No. 4 reads:

> The remedy does not lie in the prohibition, statutory or other, of horizontal increases, but is in the hands of the railways themselves.

It goes on to say that the railways should bring in proposals for varying percentage increases on different commodities, and flat instead of percentage increases where these are more suitable, and maxima in appropriate cases in cents per hundred pounds or other unit. Special attention should be given to long haul traffic, and rates on basic or primary commodities. Then it says:

> But if the railways do not approach the task in this way, it ought to be the duty of the board to see that they do so.

It is my opinion, Mr. Chairman, that it has been the duty of the board in the past, as well as the duty of the board now, to take all possible steps to get all the necessary information to ensure that whenever an application comes before the board for an increase in freight rates, whatever increase may be granted, it does not further increase the existing discrimination. On the other hand, any increase should be granted in such a way as to decrease discrimination, and eventually remove it.

On page 126, speaking of equalization, the report says this:

> . . . the problem is one peculiarly for the board to resolve finally after the general freight rate investigation and after all parties who may be affected by the proposals have had an opportunity of being heard.

According to the report the problem of the equalization of freight rates is one for the board of transport commissioners after they have completed the general inquiry on freight rates, and after they have heard proposals from all who may be affected. Mr. Chairman, the general freight rate inquiry came about as a result of an order in council passed by the government on April 7, 1948. The royal commission was set up by order in council of January 11, 1949. The point is that the royal commission was set up after the government had instructed the board to undertake a general inquiry into freight rates. The royal commission has completed its work, and its report is published. Do we now have to wait, before we get any concrete action towards the equalization of freight rates, until the board of transport commissioners complete a report that they have already had three years to

consider? I hope that something in the legislation to which the minister referred the other night will result in the board of transport commissioners dealing with this question of discrimination at an early date and not two or three years hence. I hope it is dealt with in such a manner as to remove that discrimination.

The report of the royal commission has this to say on page 271, in respect of certain criticisms that have been made regarding the board of transport commissioners. The report says:

> In the main it would seem that the following criticisms of the board are worth recording here, in the expectation that this will lead to an improvement in this procedure for the future, and have been justified by the facts.

I want you to note that according to this statement these criticisms which are outlined have been justified by the facts. Here is criticism No. 1:

> That, in the circumstances of the long delay in disposing of the thirty per cent application made in 1946, the board ought to have granted an interim increase in proper time. On the other hand, however, it must be pointed out, in this regard, that the railways did not ask for such an increase;
>
> 2. That the board accepted the assumption that all could be justly and reasonably increased by the same large horizontal percentage increase, regardless of length of haul, the nature of the commodity or the ratio of the freight to the value of the article. This is an unwarranted assumption;

It was an unwarranted assumption according to the royal commission for the board to have increased rates on a horizontal percentage basis. Criticism No. 3 reads:

> That the board did not itself obtain, or compel the railways to file with it, proper statistics concerning traffic movements so as to enable it to determine which articles could bear greater or lesser increases in rates;
>
> 4. That the board has not paid sufficient attention to the classification to ascertain 'that articles are properly classified to meet changing conditions;
>
> 5. That the board has not over the years kept close enough supervision over competitive rates. It will be sufficient in this regard to refer to the conclusions on this subject to be found in the section on competitive rates in this report;
>
> 6. That the board has not in the past twenty-three years taken steps to bring about equalization between rates in the west and in the east; and
>
> 7. That the board has not paid proper attention to the effect of increases in rates on long haul traffic.

Mr. Chairman, those criticisms which the royal commission says have been justified by the facts completely substantiate the contention of western members that the board should not have, in making these four awards, increased the rates in a horizontal manner which further added to the discrimination that existed at that time. The royal commission has suggested certain changes in the set-up of the board of transport commissioners. Those suggestions appeal to me as being reasonable. If they are implemented, I do not know whether they will result in the board becoming competent to the extent it is able to get rid of discrimination, but certainly any changes are worth trying. I would suggest that the change which advocates the appointment of board members on a permanent basis rather than a ten-year basis would seem justified, and perhaps the government should implement it. The whole point, as I see it, is not that the report is not a good one in that it does not deal with the question of equalization and horizontal increases. The report recognizes the injustice of horizontal increases of rates that are already discriminatory. But I hope that we shall not have to wait another two or three years or more for the board of transport commissioners to conclude its general inquiry into freight rates before the actual equalization may be finally accomplished.

The other night the minister, in his statement, could not assure the house that during this session amendments would be brought down. He said that discussion was being had with regard to them by a committee of his department and that he had taken the matter up with certain of his colleagues; but I hope that whatever amendments the government has in mind to deal with the question of discrimination will be brought down during the present session. We on the prairies have waited long enough for the removal of discrimination. We do not want to wait until some future session for these amendments to be brought in.

I was pleased to see in the report the suggestion that a $7 million subsidy should be paid by the government to help the railways to maintain that section of them between Sudbury and the head of the lakes. I hope that such a subsidy will be paid by the government. I trust that it will do a great deal of good in removing discrimination. But I want to point out that $7 million in the budget of the Canadian National Railways or of the Canadian Pacific Railway—and it would have to be apportioned between the two of them—is not a large percentage of the income of either system. It is probably something less than one per cent of the total income of the two railway systems. If all we get out of this report, or if all the action the government will take is the payment of that $7 million, I doubt that that will have any great impact on the matter of discrimination.

I know that this problem of attempting to equalize freight rates across Canada is a difficult one. I am sure it is difficult; otherwise the board of transport commissioners, in making their awards, would have made the freight rates equal. Whenever you get a

difference in freight rates because of competitive rates in central Canada and higher rates on the prairies and elsewhere, and then get the railways in a position where they need an increase in revenue, in a situation like that it is extremely difficult to bring the competitive rates up sufficiently to provide for that increase and hence to assist in equalization. Even with all of the good recommendations of the royal commission, I do not think freight rates in themselves can be equalized without exception throughout Canada unless something more is done. Instead of a $7 million subsidy only, I say that the federal government should be prepared to subsidize the financial needs of the Canadian railways—both the C.N.R. and the C.P.R.—to whatever extent is necessary in order to provide equal freight rates throughout all parts of Canada. We on the prairies suffer because of a national policy which meant higher freight rates and tariff walls. I think the time has now arrived when the government should implement a policy which will, in fact, once and for all permanently remove discrimination and that the government should take into consideration the proposal set forth in the submission of the Saskatchewan government to the royal commission, namely, after all other steps have been taken to remove discrimination, to consider whatever subsidy is necessary in order that discrimination may be finally removed.

I notice that while the report does not recommend that the board of transport commissioners acquire the jurisdiction of handling truck traffic in interprovincial trade, nevertheless the royal commission suggests that parliament should consider dealing with the matter of truck competition in interprovincial trade. If the government would equalize freight rates throughout Canada, then I for one am all for the board of transport commissioners or some other government body having control over trucks in interprovincial trade. But until that time comes I shall view with misgiving any acquiring, by the board of transport commissioners or by any other government body, of control over truck rates in interprovincial trade. On the prairies we have no water competition. The truck competition that we have is relatively small, but nevertheless it is a growing competition. I am afraid that in some respects the railway companies are pricing themselves out of the market. Freight rates on automobiles from Oshawa and Windsor to Regina are apparently so high now that fleets of trucks can bring new automobiles into Saskatchewan at a considerable saving. I have here a bulletin put out by the Saskatchewan Motor Dealers' Association; and it refers to one truck dealer in Saskatchewan who saved $4,400 out of a total freight bill of $7,000, by bringing his trucks in saddle-mounted or by a piggy-back type of transportation.

If, in addition to the discrimination which already exists, the government should take control of the trucking industry in interprovincial traffic without first having removed discrimination, then that can only result in further discrimination against the prairies, British Columbia, the maritimes and those areas of Canada outside of the central provinces. Before any move is made to control the trucking industry I say that the first and the most important move is to undertake effective steps to remove discrimination and to bring about implementation of the suggestion in this report that equalization in freight rates should be accomplished. I hope the government will bring in during this session whatever amendments it thinks are necessary. I hope it will take whatever action is necessary to see that the board of transport commissioners conclude their general inquiry into freight rates and deal with this matter of discrimination and equalization which, in the final analysis, even under this report, is left to the jurisdiction of the board of transport commissioners.

Mr. Hatfield: Just before the dinner recess I asked the minister a question in regard to select territory on the Canadian Pacific railway and the Canadian National railway. I understand that the Canadian Pacific railway point is Boundary. Boundary is east of Megantic. That is not a comparable point with Diamond Junction. That is about 125 miles short of the point called Diamond Junction.

In New Brunswick a person shipping over the Canadian Pacific railway has less advantage than a person in New Brunswick shipping over the Canadian National railway. This point of Boundary should be changed to Farnham, Quebec. I see that the only recommendation the commission make is that section 6 of the act should be changed in regard to keeping a separate account so that they will conform to the present practice of breaking the law. I have never heard of a recommendation like that before. At present it seems that the railways pay no attention to section 6 of the act. I cannot find out how the accounts of the Maritime Freight Rates Act are kept. The government knows where the rates are in effect. It looks to me as though the shipper in Nova Scotia gets more advantage than the shipper in New Brunswick. The shipper in Newfoundland would get still more advantage.

In regard to export trade the act refers to shipments between Fredericton and Saint

John, and from Fredericton to Liverpool. The act defines freight between Fredericton and Saint John, New Brunswick. All the export freight originates north of Fredericton, New Brunswick, or practically all of it. There is practically no advantage whatever in this part of the act. I do not suppose that half a dozen carloads of freight originates in Fredericton, or between Fredericton and Saint John for export; therefore the shippers north of Fredericton have no advantage, and that is where practically 90 per cent of the export freight in New Brunswick originates.

I should like the minister to look into this. The act should be amended regardless of the recommendation of the commission. They do not do anything but recommend that the act be repealed so that the railways can conform with what they have done. They have broken the law all along since September 26, 1926, and the commission wants them to continue to break the law. That is all they recommend in the report. It is something like the flour milling report.

Now, with regard to trucking competition—

An hon. Member: Combination.

Mr. Hatfield: You are forcing trucking competition. The increase in freight rates is forcing every person into the trucking business. I agree there should be some dominion regulation with regard to trucking, but so long as you go on increasing your freight rates to the east and west, something has to be done. Ontario and Quebec have the advantages of the trucks and of the railways. They have all the advantages. Something has to be done in the east and the west so that they will have a decent rate into the central markets. So long as you maintain the markets in the two provinces of central Canada and you keep building up those provinces under the defence act, and in every other way, something will have to be done between the railways in eastern Canada and the railways in western Canada, and also something will have to be done about the trucks. I know the railways are going to put themselves out of business if they keep on increasing their rates.

There is a very bad trucking arrangement now between the provinces. There should be some uniformity in the regulations between provinces. You can carry so much on a truck in one province and so much in another province. When you get to the border of another province you have to change. In other words, in the province of Quebec you cannot operate a truck on Sunday. If a trucker picks up a load in Nova Scotia or New Brunswick and gets to the Quebec border on Saturday, he has to lay up over Sunday. The railways do not stop for Sunday. They are allowed to operate on Sunday. They go right on. The trucker has to stop and has to wait there until Monday morning before he can start off with his truck again. He has to wait until after twelve o'clock on Sunday night.

This week I had occasion to send a truck to Montreal for a piece of machinery. The piece of machinery could not be carried by freight; it had to be carried very carefully on a truck. We did not think it was advisable to put it in a railway car. That piece of machinery had to be hauled in pieces to the United States border on a small truck, on account of the regulations in the province of Quebec. Then it could be taken with a large truck from the border a distance of some five hundred or six hundred miles to its destination in New Brunswick. There are all kinds of different regulations. They have the same trouble in the United States. You can take a certain load over some state roads, and when you get to the border of another state you have to leave part of your load and come back and get it. There should be some regulation with regard to trucks, a federal regulation. So long as you keep increasing the freight rates you are bound to have trucking, and you are bound to have truck competition, especially east and west.

I should like the minister to take all these things into consideration. With regard to the Maritime Freight Rates Act, as it is now, after you get up to Diamond Junction boundary the rate is built up to take all the advantage of the 20 per cent that the maritime provinces get. Diamond Junction boundary on the Canadian Pacific Railway should be changed to Sherbrooke or Magog or Farnham, a comparable point with the Canadian National railway point. The Canadian Pacific railway shipper from New Brunswick should not be discriminated against.

Mr. Studer: I should like to join with others for a minute in welcoming this report. The west has been waiting for a report of this kind for many, many years. If its object of removing some of the grievances that the west has carried for these many years is fulfilled it will have accomplished what it set out to do.

I should like briefly to refer to two items. One is the recommendation of a federal subsidy to cover a portion of the costs between the east and west from Fort William to Sudbury. I think a tribute is due to the present leader of the opposition in the province of Saskatchewan. So far as my knowledge goes, he is one of the first men in Canada

to bring to our attention the need of a subsidy to equalize the rates between the east and west in that area.

Then, the other point to which I should like to refer is a reference to a railway in my constituency of Maple Creek. That reference appears at page 133 of the report, where the Fill-the-Gap association presented its report to the commission regarding the necessity that has existed in that area ever since the country was first settled. The pioneers in that country came there about forty years ago, one of the incentives being that they were promised a railway at that time. At the present time there is a railway, but there is a round-trip backhaul of about 200 miles. These people must suffer because of increased freight rates on their grain, increased rates on their livestock as well as other rates. Then they have to suffer the depreciation in the value of the livestock that has travelled that extra distance over a railway, slow as railways can be on some of the branch lines in western Canada.

It is not overestimating at all to say that hundreds of thousands of dollars have been lost by farmers in those areas because of the increased freight rates, and in my opinion the railway itself has lost large sums of money by this backhaul which could be eliminated by the completion of only thirty-five miles of line up the two branch lines and make it possible to ship livestock and grain direct.

As everyone knows, these people are twenty-five miles from the nearest railway. One can imagine the difficulties they encounter, particularly in wintertime, when they are locked in for months at a time without any access to those services which we in our modern civilization would ordinarily demand. They are long distances from doctors and the other amenities of life. These people have been in that position for so long that they have now adopted the attitude that unless something is done soon it will never be done. This subject has been discussed for so many years that they have abandoned hope of ever having that which was promised them at the beginning.

When one waits all one's life for a train it is as bad as waiting all one's life for those other things for which one has wished since boyhood. I believe the time has come when the people of that area might rightfully demand from the powers who control these railways either that the railway be completed, or that some alternative method be devised to alleviate the desperate situation there. Otherwise they will have to abandon hope absolutely. Therefore I would ask that the government, the Canadian Pacific Railway and the board of transport commissioners use their influence to contribute to some extent to the permanency of the district so as to fulfil, before it is too late, the expectations of the pioneers of that country.

Mr. White (Middlesex East): Mr. Chairman, I should like to say a word or two on the matter of transportation, and the various activities which come under the direction of the Minister of Transport. I shall say nothing whatever about the report of the royal commission on transportation. There have been a good many speeches on that already, and they have covered the field very well. I should like to support the remarks of the hon. member for Lake Centre.

At this time too I would extend my congratulations to the newly appointed parliamentary assistant to the minister. I had four points in mind with which I should like to deal. Perhaps I should have waited until they were called, but I thought if I dealt with them now we would save time later.

The first of these, one with which I have dealt before, is the discriminatory rate on soybeans from the western Ontario area to Toronto. The soybean growers pay the same rate as is paid on flaxseed. Yet it is just as easy to transport soybeans as to transport wheat or coarse grains. On the other hand I realize that the transportation of flaxseed is a different and more difficult matter. Therefore I would ask the parliamentary assistant to look into that matter.

Then, there is another sore point across the country, and particularly in my area, in connection with the collection of radio licence fees. Since putting a question on the order paper some time ago I have had a number of letters in protest against some of the things that have happened. In one instance a certain man had come to a neighbourhood and sold licence fees through the years. Last year however, either because the man had died or had got a better job, or for some other reason, he did not make the customary call. In consequence the radio inspector who was making a check penalized this man and a good many of his neighbours who, because they had been waiting for the annual call of the man in question, had failed to get their licences. The man had promised that he would come each year. They failed to obtain their licences, not because they were trying to evade the law but because they were trying to do business through their friend. Many people think that a radio licence is more a nuisance than anything else, and I believe much credit would come to the government if it were to abolish the licence altogether, and have done with it.

The next item with which I shall deal has reference to the fund set up for the elimination of dangerous crossings. I doubt whether the crossing to which I shall now refer is in need of a subway or overpass. However it is on highway No. 22 just east of Calamity Corners at London. Some years ago there was a serious accident at that point, upon which occasion the hon. member for Middlesex West approached the department. The superintendent of the Stratford division inspected the crossing and said, "Well, it is clear. There is good vision from all directions, and it would cost $4,000 to instal warning signals". Strange as it may seem several accidents have happened there. There is bush both east and west to the north of the highway, and apparently it is not as easy to see a train at that point as one would imagine.

The result was that on March 31 of this year four American tourists were killed at that crossing. I should think that $4,000 would be a small price to pay when one considers that already four lives have been lost, and that there have been other accidents as well. Now, with the building of the new high school at Arva, twice a day the school busses will have to cross that dangerous crossing. I am hoping, along with the hon. member for Middlesex West, who brought the matter to the minister's attention after another serious accident, that further investigation will be made, and that crossing signals will be installed.

Then there is the question to which I referred about three sessions ago, namely the improvement of the runways at London airport. I said at that time that apparently North Star aircraft could go anywhere in the world but to London. In these days, with the jet fighter aircraft longer runways will be required. I would hope therefore that the minister would take care of this matter, for the benefit of the London area.

Mr. Chevrier: May I comment on the railway grade crossing accident to which the hon. member referred? Not only has this matter been brought to my attention at this time, it was raised also by the hon. member for Middlesex West. It was a serious accident and the board of transport commissioners are conducting an investigation. The question of protection is one for the authorities owning or controlling the highway. If it is a municipal or county road, then the municipality or the county council would have to make application to the board to have some sort of wigwag or signal protection. I am sure that if the municipalities concerned were to do that, in view of the seriousness of the accident the board would give it careful consideration. My experience has been that where the cost is not too high the board as a rule grants the application.

Mr. White (Middlesex East): This is number 22 provincial highway.

Mr. Chevrier: Then the application would be made by the province.

Mr. Cardiff: Mr. Chairman, I do not intend to take up much of the time of the committee but I must express my disapproval of one thing that is taking place in my section of the country. This is an old settled farming district populated by people of English, Irish and Scotch descent, although there are also other nationalities. I consider this district to be second to none.

We are informed that our passenger train service is to be cut off completely for a distance of 82 railroad miles, which would be about 100 highway miles.

Mr. Chevrier: Where is this?

Mr. Cardiff: Between Palmerston and Kincardine. Kincardine is on the shores of lake Huron and at the end of the line, while Palmerston is the divisional point where you change to go to different parts of western Ontario. Tenders have been called for to provide a mail service by truck. I am informed that from 157 to 200 bags of mail are sent up this line daily which will give some idea of the number of people being served.

We are located in a snow belt and there have been times in my day and age when even the railroad was tied up with snow for as long as three weeks. It will be realized how difficult it will be to transport mail by truck. I am informed that these trucks will have to move on schedule and be at a certain place at a certain time. If the elements say you are not moving, you just stay in a snowbank and you may be there for days.

Many people will be thrown out of work, not only those employed on the railroad but those who carry mail from the station to the post office. The trucks will now deliver direct to the post office. This change will be rather severe on some of these men. Not long ago the government took over the Temiscouata railroad and I should like to ask the minister what was the operating loss on that road and what population is served by it?

There are at least 100,000 people being served by this line. I do not intend to discuss freight rates but I should like to tell a true story. You sometimes hear of people shooting the bull but last week I bought a bull and shipped him from Montreal to my home

town of Brussels. You should have seen the expressions on the faces of the expressmen when they had to lift the bull out of the express car. It will be seen what kind of mess our freight rates are in when I state that I was able to ship that bull cheaper by express than by freight.

This matter of cutting off the passenger train service is not a political issue because the hon. member for Wellington North spoke about this matter this afternoon. I was not in the chamber when he spoke but he must be affected and felt that there was something wrong because he is on the government side of the house. We do not want this service discontinued.

I understand that it is still intended to run one freight train a day, but they intend to take off the two passenger trains per day which are now operating. It will mean that these people will have no passenger train service at all and only one freight train a day. Express and mail will be handled by truck. If this matter was important to the hon. member for Wellington North, it is doubly important to me and even more important to people living farther up the line. We are about 40 miles from the end of the line.

As I say, we are in a snow belt. While the facilities for the removing of snow are much better today than they used to be, the fact remains that when you have a storm lasting nine days, which happens quite often, you just cannot move at all. I would ask the minister to take this change into serious consideration.

Mr. Chevrier: Mr. Chairman, I agree with the hon. gentleman that the discontinuance of a train or any service is of importance. This matter is so important that parliament decided in 1903 that services could not be discontinued or a service curtailed without a hearing before the board of transport commissioners. When the hon. member for Wellington North brought this matter to my attention this afternoon I indicated to him at some length just what procedure would have to be followed by the railway before it could stop the service.

The hon. member who has just spoken seems to be of the opinion that this matter is settled and decided, but such is not the case. An application will have to be made by the Canadian National Railways to discontinue the train service, and the municipalities affected, or individuals if they so desire, can protest and the board, which is a court of record, will determine the issue. I am sure that the speeches made by the hon. member for Wellington North and the hon. gentleman who has just taken his seat will be brought to the attention of the board of transport commissioners.

The hon. member asked some questions about the purchase of the Temiscouata railway by the government. The circumstances there are entirely different. The Temiscouata railway was a continuation of a line which the Canadian National Railways could take over. The population in that area is about 35,000 or 40,000. There were no operating results of the Temiscouata railway available, as I indicated to the house when the bill was brought down. If the hon. gentleman would take the trouble to look at that debate, which is now two years old, I think he will find all the information he wants.

Mr. Green: What profits have been made since the C.N.R. took it over?

Mr. Chevrier: If my hon. friend will ask that question next week when the railways and shipping committee is sitting and the president of the Canadian National Railways is here, I believe that would be the best way to pursue the matter. I think the answer will be that there are no separate accounts kept of the four various regions—prairies, Pacific, maritimes and central—that make up the national system.

Mr. Cardiff: I would draw the minister's attention to the fact that whether or not a decision has been reached they have already asked for tenders for the carriage of mail by truck. They have gone a long way if they do not intend to take off the trains.

Mr. Chevrier: I cannot be responsible for anyone asking for tenders. I can be responsible only for the matters under my jurisdiction, and I am telling my hon. friend that the Canadian National Railways must have the authority of the board of transport commissioners before curtailing the service. That is the practice.

Mr. Hansell: I want to say just one tiny word in respect to the report of the royal commission on transportation, and that word will be confined to one subject in which I am particularly interested. I have not read the report with meticulous care, but I have glanced through it quite thoroughly in an attempt to find whether or not the subject of coal subventions to railways was dealt with; and I have looked in vain. The only reference I can find to the matter is on page 85, where we are given information which of course we already know. I shall take a moment to read it:

Rates on coal were introduced in 1925 by arrangement with the federal government and reduced to $8 a ton in 1934 as an emergency measure to relieve unemployment in Alberta. At present the rate is

$8.40 of which the shipper pays $5.90 and the government $2.50. The normal rate from Drumheller to Toronto is $13.10.

That was all the consolation I found as I browsed through this report in an endeavour to find out what might be expected in future in respect to subventions on coal. I know, of course, that the actual payment of coal subventions comes under the Minister of Mines and Technical Surveys; nevertheless subventions are paid the railway companies for the movement of coal, and I had rather expected that something would be said about it in the report. I am particularly interested because of the present threat of higher freight rates, and the further threat of the removal of subventions. If this should be done I am afraid the coal mining industry of western Canada will fold up, that its days will be numbered. I am glad to see the Minister of Mines and Technical Surveys in his seat. He is one of the Alberta representatives, and I trust that he will view his responsibilities with such seriousness that he will attempt to keep the coal mining industry of Canada on its feet. It will not be kept on its feet if there is an increase in the freight structure affecting coal, or if coal subventions are removed. I say this to him now, and perhaps will have a little more to say when his estimates come before the house.

There is another matter I should like to take up with the minister, departing now from the report of the transportation commission. At times the coal mining industry of western Canada is seriously affected by a shortage of cars. I am sure the minister is aware of that situation, and perhaps it is not an easy matter to deal with. This is a serious thing because when there is a shortage of cars the coal mines close down and several thousand coal miners are out of work for perhaps several days until cars arrive on the scene. That is not a good thing, but it has happened many times over the last few years, to the detriment of the coal mining industry itself. In the first place the coal miners are laid off three or four days a week, although of course not every week. The other point is that even though they are not operating and actually mining coal, the mines have to stay open. The power plants have to be kept running; many of the staff, engineers and so forth, have to be at their posts, and this is an added burden upon the coal mining companies. This all results from the shortage of cars. I wish the minister would reply on this point, because it is serious and I do not want to have to wire or telephone or write to him when that happens. I would have to do it every week or two, and anyway it is not my business to do that. I emphasize the seriousness of the situation and beg the minister to do something to remedy it.

My particular interest in my constituency, of course, lies in the Crowsnest pass. The Canadian Pacific Railway runs through that pass; nevertheless the Minister of Transport, if his title means anything, must use his influence in respect to all transportation problems. There is one other small matter I want to bring up, though it does not affect my constituency and perhaps I should not mention it. Lately it has been my privilege to take a trip or two over the Canadian National between Edmonton and Ottawa. I am amazed at what I would term the deterioration of the roadbed of the Canadian National Railways in that territory. I know that you have to spend a lot of money when you begin reinforcing and repairing roadbeds. I do not know whether the minister has been over that road. I usually travel on the other railway because it is more convenient.

Mr. Chevrier: I go over it every year.

Mr. Hansell: I am pleased to note that the minister is alive to tell the tale. My only consolation as I was going over that railroad recently was that I had taken out three days' insurance at twenty-five cents a day. It was rather slim consolation, because they would only pay my estate $5,000. I thought the train was going to jump those tracks at any moment. The minister has been over the road, and he knows it. He must have eaten a meal on the railroad. I do not know whether the minister drinks—he must drink something. I shall challenge the minister to sit in the club car of that train anywhere between Edmonton and Ottawa, pick up a glass of gingerale and drink it without spilling it on his vest. If he can do that, he is a better conjurer than I am. When he eats his meals he must be careful or he will find he is feeding his ear instead of his mouth. I do not know if that situation can be remedied. I do not suppose a railway is going to spend several million dollars just to help the passengers drink gingerale, but the roadbeds are deteriorating and I believe something should be done.

Mr. Chevrier: May I be allowed to reply to the two points raised by the member for Macleod. I am sorry that I must tell him I have not been advised of any shortage of coal cars in western Canada. Over the last few weeks, months as a matter of fact, I have been advised of a shortage of box cars for the movement of grain. I am prepared to deal with that, but since it has not been raised there is no point in discussing it. I shall ask my officers if they are aware of any threatened shut-down of the mines

because of a shortage of cars. My experience over the years has been that we have always had a substantial number of coal cars in Canada, but that at certain times of the year we were short of box cars. Fortunately, at the present time, I believe the box car situation has remedied itself. I shall be glad to bring to the attention of the Canadian National Railways the condition to which the member for Macleod refers.

As I said a moment ago, I go to the western part of Canada and out to the coast once a year. I cannot recollect any experience such as that outlined by the member. However, I am sure he would not bring it up unless he was quite satisfied that the facts were as he alleges. I shall be glad to bring it to the attention of the officers of the railway.

Mr. Shaw: The minister indicated in the course of his remarks that he had not been asked to comment on the subject of grain cars. I would be only too glad to ask him at this moment to do so. Back in the part of Canada whence I come, the situation has been extremely critical. In my own town, for example, there are approximately seven elevators. Two months ago they were packed to the roof with 700,000 bushels of wheat, much of which was damp and tough. It was estimated that in that area there were approximately 500,000 bushels of grain still on the farms, much of it damp and tough.

I am fully aware of the problem with which the board is confronted in connection with not only drying that type of grain, but the sale of it. With the approach of warm weather, the situation is going to become even more critical. On top of that, of course, is the fact that many of these farmers, having been unable to sell their grain, are experiencing certain financial difficulties. I understand that the wheat board did consult with the railroads, urging that there be a better allocation of grain cars for the movement of this grain. This is what I observed in my constituency. Where we had two lines of railroad, the Canadian National and the Canadian Pacific, paralleling each other, both companies were moving in quite a number of grain cars. But on the line between Red Deer and Calgary for example, where we had no comparable competition, the Canadian Pacific appeared just a bit remiss in what I might call its duty in moving in these grain cars. I fully appreciate the problem, but I would ask the minister if there has been any appreciable change within the last month, and if not what these farmers might be able to expect in the way of relief from the current problem.

[Mr. Chevrier.]

Mr. Chevrier: As I indicated before, the situation, while it was rather serious some weeks ago, has bettered itself substantially, as I shall indicate in a moment. I believe the causes were, first, the switchmen's strike in the United States, and then the blizzard in western Canada which tied up a number of box cars in certain areas. Then again, there is always a heavy movement of paper and other export products from Canada to the United States. This shortage has led to protests from various bodies in western Canada as well as other parts of Canada.

The picture on April 9, as it has been handed to me, is as follows. I should like to put on *Hansard* the unfavourable position of box cars generally from February 16 to date, because it was at that time the position was the worst. On February 16, Canadian box cars on United States lines numbered 29,989; United States box cars on Canadian lines amounted to 13,544. Therefore, the unfavourable balance to Canadian lines was 16,445. A month later, on March 16, Canadian box cars on United States lines had reached the total of 31,682; United States box cars on Canadian lines numbered 15,530. The unfavourable balance to Canadian lines was 16,152. On March 30, Canadian box cars on United States lines numbered 31,725; United States box cars on Canadian lines amounted to 17,300. The unfavourable balance was 14,425. On April 8, 29,132 Canadian box cars on United States lines; 18,327 United States box cars on Canadian lines. The unfavourable balance was 10,805.

It will be noted from the above statement that there has been a reduction between the earliest date, February 16, and April 8 of some 800 box cars on United States lines. On the other hand there has been a substantial increase of United States box cars on Canadian lines, to the amount of 4,800, making a net improvement in the unfavourable position of Canadian box cars of 5,640 cars. On March 9, which was the peak in the interchange position, the unfavourable balance stood at 18,935. Therefore since that time an improvement of over 10,000 cars has taken place. A moment ago I said that the unfavourable balance as of April 8 was 10,805. The normal position is about 8,000 in Canada. We have therefore almost reached the normal position. That is indicated by a letter which I have in my possession from the chief commissioner of the Canadian wheat board dated April 9. I quote from it. It states:

I am pleased to advise that the improvement in Vancouver loadings is continuing and although we are on demurrage on some of our boats in Vancouver, if the railways will continue to step up their

loadings and will move the wheat quickly to Vancouver, we can cut down on prospective demurrage claims.

I am glad to advise also that the over-all car loadings are better. On Friday we had close to 1,000 cars loaded with grain in the whole of the western division, and on Saturday, 870 cars, the break-down by provinces being Manitoba, 121; Saskatchewan, 409; Alberta, 340; and the break-down between railways, C.P.R., 430; C.N.R., 428; N.A.R., 12.

Then he adds:

The following boats are either at Fort William or due at Fort William:

Now at Fort William: *Hochelaga, Coverdale, Ashcroft, Lemoyne, Stadacona, Hagarty.*

Due Tuesday: *Prescott.*

Due Wednesday: *Westmount.*

We expect these boats will load within a day or two, just as soon as they can get into elevators. This early opening is quite encouraging.

I think the position has bettered itself because of the two things which were done by the department officials and which I mentioned before, but more particularly because of the committees which were established among the railways, the shipping companies, the Department of Transport officials and others who were interested in the movement of grain. Those people had preliminary meetings; and because of the action which they took they were, I think, instrumental in bringing about a position which is almost back to normal, I am happy to say.

Mr. Nowlan: There has been a great deal of discussion this afternoon and evening with respect to the report of the royal commission on the freight rates structure. Much of that discussion has come from western members, and it might be expected that those of us from the east would also deal with this problem at some length. Certainly we have both suffered from the same disability with respect to the incidence of freight rates. The fact that possibly those of us in the east may not be quite as vocal as some of the western members in expressing their grievances with respect to this matter would not for one moment suggest that the load is any more easy to bear.

As I think the minister knows, we have in the maritime provinces, representing the various provincial governments and boards of trade, a freight rate commission which has given this matter considerable attention. I am advised by some officers of that commission that they are meeting now and over the week end and are giving further study to the report of this royal commission. Of course their findings or recommendations are not necessarily those which members of this committee generally or any one of them in particular would accept. But we all realize that this is a complicated and involved subject; and certainly, so far as I am concerned, I would prefer to have their analysis of the situation, and their criticisms and suggestions with respect to the report, before attempting to deal adequately with this matter before the house. I simply make that as an explanation for the reason why I at any rate am not attempting to deal with the report of this commission tonight. But I presume that at some time in the near future the minister's estimates will again be before us, and probably on the matter of the Maritime Freight Rates Act or some other item such as that we will then have the opportunity to discuss the report of the commission, having regard to its incidence in the maritime provinces. Certainly we have a tremendous interest in this problem. It is an old one as far as the east is concerned. The matter of the Maritime Freight Rates Act, to which the royal commission referred, has been of tremendous help to the maritimes in the past but that help has decreased, unfortunately, or diminished owing to the lessening of freight rates in Ontario and Quebec because of the competition of motor trucks and the other factors with which we are all familiar.

The hon. member for Cumberland was a member of the government of the province of Nova Scotia which first started the agitation for the old Duncan commission or the maritime rights commission. Out of that maritime rights commission came the Duncan report; and as a result of that report we obtained the Maritime Freight Rates Act. Certainly all of us in the east appreciate the work which was done by that commission and the leadership which was given to it by the hon. member for Cumberland and others. As I said, the effect or the benefit of the act is far less today than we should like to have it. Personally, I think the whole matter will have to be reviewed in the near future. Consideration should be given to amendments to the act. But as I said, I would not attempt to discuss this matter in detail now because I think we should first of all receive the benefit of all the advice we can get on that subject.

There is another matter to which I should like to refer briefly. It is one that is not covered by the royal commission at all but it is one coming under the aegis of the minister, although unfortunately there is no specific item in his department for it. Generally, it would come under marine services. It is the unfortunate fact that we at least in the east have not at this time—

and I do not believe those on the west coast have either—a coastguard service to be of assistance to those on the sea.

We had in the east last year a most unfortunate tragedy, and there have been many of them. The one of which I am thinking at the moment occurred last fall, when fishing boats were at sea. A tornado swept up the coast. The weather report had been given at midnight saying the weather was fine; and the men in the little boats largely went to sleep feeling that everything was all right. An hour later hurricane warnings were suddenly issued; but there was no one to tell the crews of those boats that the weather had changed so quickly and so dramatically. In the early hours of the morning the storm swept up and some of those boats were drifting for days. At least one of them was lost, with the loss of five of the crew. For three days one could hear the wireless telephone trying to communicate with someone, trying to get a rescue ship directed to their attention. Appeals were made to private ships. They went out. They in turn appealed to the United States coastguard service; and we owe a tremendous debt to the work of the United States coastguard. That service has always responded whenever we have called upon it for assistance. In this case they answered the call. One cutter was 91 miles away. This was after the boats had been drifting for twenty-four hours. They said, "We will be there in six hours". They came but still they could not find the boat. They called in another United States cutter, and we had two American coastguard cutters patrolling there for two or three days. Finally after a week one of these boats, which was lost, was found, with the bodies of three of the crew afloat in the cabin, partially submerged; they had been alive no one knows how long. But the boat had capsized and they were adrift and floating in the water in the cabin. If an adequate service had been available, that tragedy could have been averted. That is only one of many tragedies of the kind which occur along the coast line of the Atlantic and also, undoubtedly, on the Pacific. The only hope of averting them is to call for the assistance of the United States coastguard. I know that the search and rescue squadron of the R.C.A.F. has done a tremendous amount in connection with searching for missing boats, and we owe to the men of the R.C.A.F. a great debt for the work they have done. But aeroplanes, even Cansos and amphibians, cannot land in rough seas. They cannot find ships in a fog nor can they find small boats such as fishing craft and similar ones.

We have off the Nova Scotia coast today a tremendous tourist industry. We have the swordfishing industry, which is advertised all over the world, bringing tourists there in small boats by the score, going out in rough waters and trusting in time of trouble to the United States coastguard to come to their assistance. The minister might tell us that instructions have been given for co-ordination between the R.C.A.F. and other ships under his control, ships of the department of marine and probably cutters of the R.C.M.P. as well. If there have been instructions for such co-ordination, Mr. Chairman, it does not work, because there were no boats under the Canadian flag available for the episode off Woods Harbour for days after the tragedy occurred. I believe it was four days after the ship was first reported missing before the R.C.M.P. cutter got there, and the Americans had searched during that period of time.

I am not criticizing the men of the R.C.M.P. or others. We just have not got the ships available. It is no good to have co-ordination with a ship on the Northumberland strait if you need it for the Yarmouth light or vice versa. I suggest it is a reflection upon Canada that we are depending upon our United States friends in times such as these. I do think economically it is bad because the loss of life and the loss of property, and the threat of this loss hanging over the heads of the industry, fishing, tourist and otherwise, is an economic liability which could be and should be obviated in the future. I realize the necessity for economy and all the rest of it, but we also realize, sir, that even in times such as these it is necessary not to have too much economy if this country is to prosper as a united nation. We in the east, and probably the same thing is true in the west, think that this is a service which is deficient today. It is a service which we need. I am asking the minister and urging him and this government to give attention to it and that within the reasonably near future a coastguard service be created, which will be of real assistance to us and will help to maintain the traditions of the sea of which we are so proud in Canada.

Mr. Chevrier: The matter of a coastguard service for Canada was debated and discussed in this house at some length on at least two different occasions each year. The result of the discussions was that an interdepartmental committee, consisting of a number of representatives of government departments, was established to consider co-ordination of marine search and rescue services. The committee arrived at certain very definite conclusions, which were outlined later by

the Minister of National Defence in the house, since the responsibility was his, and is his hereafter. But since at the time it concerned the department over which I presided I feel that I should make some reply to the statements which my hon. friend has made, and which are not at all accurate.

The decision which was taken by the committee was that the R.C.A.F. be designated as the co-ordinating agency through its centres at Halifax, Trenton and Vancouver, and other government departments concerned were to co-operate fully with the R.C.A.F. That meant that the R.C.A.F. were given the task of co-ordinating the various government ships such as R.C.M.P. patrol boats, Department of Transport ships and Department of National Defence ships, in conjunction too with the air services branch of national defence. The R.C.A.F. is to set up a system of communication, with the other departments co-operating, so that casualties may be reported promptly. Necessary publicity is given to this search and rescue organization so that the public and interested agencies will know the appropriate action to take in the event of a casualty. Copies of this directive have been issued to each of the district marine agencies of the Department of Transport and to all other departmental ships concerned.

I have here a detailed list of those instructions. When the decision was taken and approved of, the Minister of National Defence made a statement in the house outlining the position. At that time he indicated a number of cases where government services had gone to the assistance of United States casualties, United States ships found in distress, and they were far more numerous, if my memory serves me correctly, than the cases where the United States coastguard cutters had come to the assistance of Canadians. I do not mean by that that there is no co-operation between the two. There is. But in case the committee should have the mistaken opinion that it is only the United States coastguard cutters that come to the assistance of our people, may I say that such is not the case.

Another feature of this is that in the Department of Transport at least clear and definite instructions have been given to our ships—and I am sure that obtains in other departments—that the moment they are advised by the R.C.A.F. of a casualty they are to leave their duties and go to the assistance of the ship in distress. I am not familiar with the case to which my hon. friend refers, but I can tell him this, that the committee that dealt with it gave it very careful consideration. They spent many months dealing with the problem. They heard evidence from persons interested on the west coast and from other interested departments, and came to the conclusion that the best method which could be adopted was that of co-ordination under the direction of the R.C.A.F.

Mr. McLure: It was not my intention to take part at any great length in the debate that has been in progress for quite a little while. But since it has been centred around the report of the royal commission on transportation, perhaps the committee might think that Prince Edward Island was a hundred per cent in favour of the report if I did not say something. I should like to draw attention to a few things with which I myself cannot agree.

Royal commissions are always very valuable in obtaining a great deal of information, and they are fact finding; but the unfortunate part of it is that when they present their reports to the government the government still has the right to ignore their findings and not to carry them into effect. I know that is true of a royal commission we had in 1926 which was known as the Andrew Rae Duncan commission. It brought in some excellent recommendations to the government, and I must say that it was a long time before we could get any government to implement those recommendations.

To my province of Prince Edward Island transportation is a vital thing. The union of Canada was formed on transportation. The upper provinces did not have any seaports. Their trade was growing. They looked around and inveigled New Brunswick and Nova Scotia into the union because they saw there two wonderful seaports, namely, that of Saint John and the best seaport on the Atlantic coast, Halifax. After that, in 1873, my province was courted into this union as well. The royal commission, as set out at page 171 of the report, gives the terms of confederation. It says this:

> Efficient steam service for the convenience of mails and passengers to be established and maintained between the island and the mainland of the dominion, winter and summer, thus placing the island in continuous communication with the Intercolonial Railway and the railway system of the dominion.

That is only part of the terms of confederation. That, to a certain extent, has been implemented in the last few years, by giving us certain daily communication by the different steamers we have had such as the *Prince Edward*, the *Charlottetown* and the *Abegweit*. But the royal commission should have gone a step further and given a full report of the agreement of 1873. For instance,

in addition to what I have already quoted, the following should have been added:

And such other charges as may be incident to and connected with the service which, by the British North America Act of 1867, appertain to the general government and as are or may be allowed to the other provinces.

That agreement was made some seventy years ago. Did the royal commission expect that Prince Edward Island would be satisfied with the conditions that existed seventy years ago, when one of the terms of union was supposed to have been equal transportation as appertains to the other provinces in the light of conditions as they changed from time to time? This is a question which it would take me too long to discuss tonight. However, there may be occasions later on when I can do so.

Another matter to which I should like to refer I have not been able to find in the report, but perhaps I have not been astute enough to get through it and to find the reference to it. The question is: Who has the right to set rates on ferry boats? This has always been a subject of contention and disagreement between myself and the smiling and genial Minister of Transport. However, I should like to find a suggestion from the royal commission as to who has that right.

When the excellent ship the *Abegweit* was turned over to the subcontractor of transportation, the Canadian National Railways, for purposes of operation, I raised the objection that she should not be turned over unless there was a proper agreement, and that agreement would be that the boat was to be operated under the terms of union of 1873.

This has been ignored entirely. When we joined confederation there were certain terms that have already been quoted. These are ignored by the subcontractors. I think it was still up to the government to see that we had a contract whereby, so far as Prince Edward Island was concerned, the boat would be operated according to the terms of confederation. However, that is another point upon which we can spend some time later.

Another matter with which I should like to deal is the Wood Island-Caribou ferry service. This is a system operated by Northumberland Ferries Limited, and it is one of the best transportation systems Prince Edward Island has. The company started in a small way, and the traffic has grown to the point where, today, they want larger boats for the accommodation of the service. I understand that a few days ago they presented a brief to the Minister of Transport and the government in this connection.

I do not think I should deal with the brief because I have no doubt that in connection with it certain promises, which in a short time will be made public, have been made. I do want to say, however, that the minister should be very careful to fulfil all the recommendations in that brief. The company is deserving of the very best treatment from the government. It has given a good service; and had it not been for the ferry service we would have been entirely isolated from the mainland at the time of the railway strike. As it was we were isolated because, through the mistake of someone—I do not know who it was, nor do I want to blame anyone directly for it, until we have a final report—the car ferry was tied up. Here was a boat operating on the king's highway, as it is known in the terms of confederation. They had no right to go on strike; the government should have ordered them to continue or to get out. Then we would have had communication at least by car and truck.

However, before the strike was over the government, or someone, found out they were in error and the service was opened. Meantime the Wood Island ferry rendered a great service to the province. As I said a moment ago, I hope the Minister of Transport will take into consideration the brief presented to him on behalf of the Wood Island ferry, setting out what the company desires to do to give Prince Edward Island a better service. By doing so he will confer a great benefit on the province.

Then I would refer to another matter, namely another ferry service in the west end of the island. I know if the hon. member for Prince were here he certainly would be agitating for that ferry service. It is another link in our transportation system, if it could be got under way within the next year or so, and would be of great service to the farmers in the western part of the province.

Although my time is limited, there is one other matter I should like to mention. This has to do with the little question that comes up once in a while, namely the matter of maritime freight rates. Generally speaking, those who deal with this subject are led to believe that a subsidy is given to the maritime provinces under the provisions of the Maritime Freight Rates Act. However, when one looks into the matter he will see there is no subsidy. I cannot find where it has been dealt with in the report at all.

For instance, from 1912 to 1926 freight rates in the maritime provinces increased by 92 per cent. During the same time general freight rates across the rest of Canada had increased by only 55 per cent. After the Duncan commission made a study of this freight rate question as it concerned Prince Edward Island and the maritimes they

brought in a recommendation that there should be equalization of rates and 20 per cent was granted.

That was not a handout or a subsidy, it was simply a matter of equalizing freight rates with the rest of Canada. When we had been paying a 92 per cent increase as against a 55 per cent increase for the rest of Canada, even the 20 per cent did not give us proper equalization. What we should have is another 20 per cent to give us any preference at all on the importation of grains and our exports of potatoes.

These freight rates have always been referred to by a number of people as a subsidy, whereas, as I have tried to explain, it is not a subsidy at all. It was due us. We were only getting equalization with the rest of Canada.

Mr. Knowles: I do not wish to hold up the item, but there is a point I should like to raise in connection with the Canadian National Railways. If the minister can assure me that I can deal with it on another item, I can wait.

Mr. Chevrier: I will give the hon. member that assurance now.

Mr. Knowles: Will the minister indicate the item?

Mr. Chevrier: Any one of the eight or ten Canadian National items.

Mr. Knowles: How about item 490?

Mr. Chevrier: That is all right.

Mr. Low: I was sorely tempted to talk at greater length on the commission report, but inasmuch as we are close to eleven o'clock I shall take only a few minutes to discuss one matter I have in mind. Before the natural resources were turned over to the provinces a number of settlements were established in northern Alberta. One of these was Fort Vermilion, which was located along the Peace river about 200 miles from Peace River town. A little later on another settlement by the name of Carcajou was settled.

The only way these settlers had of getting into the settlements or going out with their products was by river boat. Fairly substantial farms were established and the whole country became quite a producer of grains and livestock, as the minister probably knows. Very early in the history of that northland the Hudson's Bay Company established boat and barge transportation to bring in their own merchandise and to carry out the furs and other products they obtained in their trading activities.

Not long ago a competitor started running boats and barges up and down the river and continued in competition until last spring or summer. Civilization seemed to catch up with these people and then their troubles began. The rather rigid regulations governing river and marine transport were applied and this competitor to the Hudson's Bay Company could not continue operations. The main reason was the requirement that a qualified captain should be on the boats and that there should be proper passenger facilities even on boats that were carrying livestock. The Hudson's Bay Company did not increase their facilities. The result is that as late as August 1 last year close to 100,000 bushels of grain lay on the ground, covered with canvas or tarpaulins or whatever they could get, awaiting some form of transportation.

The situation became rather serious because the people could not market their livestock either. They are faced with an almost insurmountable problem because it takes quite a long time to build a road through that north country. There is no hope of a highway being built in time to serve this area. The new navigation season is about to begin and I was wondering if the minister could not bring to the attention of his departmental officers the necessity of looking into this matter to see if it would not be possible to relax the regulations and allow the private company to operate without having qualified captains and all these other things.

The men who have been operating up and down the river for 20 or 25 years know the river just as well as any captain could know it. They have never had any serious difficulty or any wrecks that resulted in loss of life or extensive property losses. That would seem to give assurance that by relaxing the regulations somewhat there would be no disaster. I ask the minister to look into the matter and see if he cannot help these people temporarily until such time as a better method of dealing with the problem can be found.

Mr. Chevrier: Yes, I will.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Tomorrow we would like to continue with the estimates of the Department of Transport.

Mr. Green: All day?

Mr. Chevrier: Yes. If we are successful in disposing of those we will take up Bill No. 196, respecting the Hamilton harbour commissioners, and Bill No. 197, to amend the Aeronautics Act. If we are so fortunate

as to dispose of those two bills, for the remainder of the time we will take up the estimates of the Department of Agriculture.

Mr. Green: We have not yet got the bill to amend the Aeronautics Act.

Mr. Chevrier: It will be ready for distribution tomorrow.

Mr. Green: We cannot very well consider it on such short notice.

Mr. Chevrier: If there is any demand for delay in consideration of that bill we can go on with the bill respecting the Hamilton harbour commissioners and then proceed with the estimates of the Department of Agriculture.

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

[The following item was passed in committee of supply]:

DEPARTMENT OF TRANSPORT

A—Department—

471. Departmental administration, $1,199,818.

HOUSE OF COMMONS

Friday, April 13, 1951

The house met at three o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Browne (St. John's West) be substituted for that of Mr. Adamson on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

PUBLIC WORKS

QUESTION AS TO CONSTRUCTION OF BRIDGE NEAR LLOYDMINSTER

On the orders of the day:

Mr. A. J. Bater (The Battlefords): I should like to direct a question to the Minister of Public Works. Have the governments of Alberta and Saskatchewan made representations to the federal government for assistance in constructing a bridge on the fourth meridian across the North Saskatchewan river due north of Lloydminster?

Hon. Alphonse Fournier (Minister of Public Works): My officials inform me that no such representations have been made.

INCOME TAX

OPENING OF REGIONAL OFFICE IN SUDBURY

On the orders of the day:

Mr. J. L. Gauthier (Sudbury): I should like to direct a question to the Minister of National Revenue, of which I have given him notice. When may we expect the announcement of the opening of the regional income tax office in Sudbury?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the opening of our new income tax office in Sudbury will take place about the middle of the summer, July or August. In any event I want to assure the hon. gentleman that it will be opened in time to collect the taxes which become effective July 1.

BUTTER

REQUEST FOR SETTING OF FLOOR PRICE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Agriculture. Is the minister in a position to say whether the government will meet the request of the Canadian Federation of Agriculture to set a floor price of 62 cents under butter in order to stabilize the market?

Right Hon. J. G. Gardiner (Minister of Agriculture): The government has not yet determined what the floor price for butter will be in the coming year.

(Translation):

POSTAL SERVICE

INQUIRY CONCERNING THE ERECTION OF A POST OFFICE BUILDING IN GRANBY, QUE.

On the orders of the day:

Mr. Marcel Boivin (Shefford): Mr. Speaker, in the absence of the Postmaster General (Mr. Rinfret), can the parliamentary assistant tell me whether he knows of the numerous representations I have made concerning the new Granby post office and, if so, can he tell me what the minister intends to do about this matter?

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): Mr. Speaker, the department has carefully noted the hon. member's representations. The estimates for 1951-52 include an item for $100,000 to be spent on the erection of a public building in Granby at the corner of St. Antoine and Principale streets, on the north side. Plans have been submitted to our department by the Department of Public Works. We have made some suggestions to that department and the Minister of Public Works (Mr. Fournier) has now received these alterations. It can therefore be presumed that the project will go forward as speedily as possible.

(Text):

LETTER CARRIER SERVICE TO RECENTLY ANNEXED PARTS OF OTTAWA—DIFFERENCES IN RATES WITHIN THE CITY

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I wish to direct a question to the parliamentary assistant to the Postmaster General. I realize that this will be more in the nature of a notice than a question, but I am bringing the matter up now in the hope that it will be dealt with as soon as possible. Notice of the question has been sent to the Postmaster General. Is it the intention of the Postmaster General to arrange for letter carrier delivery service to those parts of Ottawa which have been recently annexed to

the city, and to take such steps as may be necessary to remove the unjust differences in postal rates charged for the handling of mail in different parts of the city?

As I say, I leave that as notice, unless the parliamentary assistant is in a position to answer the question.

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): Mr. Speaker, in the absence of the Postmaster General may I say that notice of this question was handed to me as I was coming into the house, and I have just had the opportunity, during the proceedings up to now, to read it. However, if my memory serves me aright, a delegation from the city council met with the Postmaster General some time ago to discuss this matter and was informed that this section of the city did not quite meet the requirements of the department, particularly with regard to street names, proper receptacles for mail, and requirements of this nature. I shall be pleased to take the matter up again with the Postmaster General when he comes back to the city, and will then report to the hon. gentleman.

Mr. Drew: Just so that the matter may be dealt with on the broad basis on which I brought it to the attention of the Postmaster General, I would point out that the subject discussed by the parliamentary assistant is only one part of the subject that I brought forward. There are also the differences in postal rates within the city; persons within the city are compelled to pay penalty postage, on the basis of the natural assumption that the ordinary three-cent rate applies throughout the whole area of the city.

STEEL

DEFENCE PRODUCTION—QUESTION AS TO SUPPLY IN BRITISH COLUMBIA

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I wish to direct a question to the Minister of Defence Production. I regret that I did not have time to give him notice of it, and if he is not prepared to answer today, I should be pleased if he would do so on Monday. Has the minister been approached by the Sheet Metal Association of British Columbia complaining of the serious situation created in that province owing to the cutting off of steel supplies and the fact that there has been no defence production in British Columbia so far?

Right Hon. C. D. Howe (Minister of Defence Production): I know of no such representation, but I shall be glad to make inquiries and answer the question on Monday.

[Mr. Drew.]

DEFENCE EXPENDITURES

INQUIRY AS TO SETTING UP OF SPECIAL COMMITTEE

On the orders of the day:

Mr. F. D. Shaw (Red Deer): I should like to address a question to the Prime Minister. Has consideration been given to the setting up of a special committee of the house, comparable to the war expenditures committee which served during the war, but this time dealing with defence expenditures?

Right Hon. L. S. St. Laurent (Prime Minister): Consideration has been given to that question, and no final decision has yet been reached.

EXCISE TAX

BUDGET INCREASES ON CIGARETTES—RETAIL PRICES

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of National Revenue. In view of the fact that many vendors of cigarettes are today charging the new price on cigarettes upon which the extra excise tax provided by the budget has not been paid, will the minister give consideration to the desirability of having stamped on the excise stamp which is affixed to each package the exact amount of the tax that is being paid?

Hon. J. J. McCann (Minister of National Revenue): It has been found that many retailers increase the prices of existing stocks when taxes are raised. They consider what the replacement value of the goods is, knowing that they will have to pay the higher rates on such replacements. They also know that if and when taxes are reduced or removed, they are not allowed any credits for taxes paid on the goods they then have on hand, and they consider that the increase on current stocks offsets the loss they may take later on.

There is the further point that there is in the Excise Tax Act no provision for prohibiting or preventing this practice, which is quite prevalent in the lines of businesses affected, though some large retailers advertise that they will not raise their prices on existing stocks, and they themselves stand the loss on goods on hand when the taxes are reduced or removed; but they consider this to be good advertising.

I may say that we have large stocks of stamps on hand, and that it would probably be an unnecessary expense to change to the method suggested, namely, that of indicating the extent of the tax instead of indicating the

number of cigarettes on the package. But it is a matter which will be considered when the present supply of stamps is exhausted.

Mr. Diefenbaker: It would show the amount of the hidden tax.

Mr. McCann: I understand what the hon. member means.

Mr. Coldwell: I wish to ask a supplementary question. Has anyone informed any member of the government that the prices of cigarettes per package have been raised from 36 to 40 cents and from 45 to 50 cents? This increase is far in excess of the new tax which is roughly 3 cents and 4 cents.

Mr. McCann: That may be so and is so. But we have no way of regulating the price the merchant asks for his goods.

Mr. Coldwell: That is inflationary.

Mr. Charlton: I should like to ask a supplementary question of the Minister of National Revenue, in view of his answer to the question asked by the hon. member for Lake Centre (Mr. Diefenbaker). Does the same thing apply to candies?

Mr. McCann: The same answer can be applied to candy. A great many merchants have already announced that they have reduced the prices in accordance with the reduction in tax.

Mr. Abbott: They take whatever loss there is.

Mr. McCann: They take the loss themselves.

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF TRANSPORT

Canal services—

473. Operation and maintenance, $4,523,107.

Mr. Gibson: More or less on a question of privilege I should like to make a few remarks. I did not bring this matter up last night because it was getting close to eleven o'clock and I knew the minister was anxious to get the general item through. Can the minister give me an explanation of the anomalies that exist in the railway pass privileges for members of parliament? I understand that the passes of the members from Newfoundland are not affected, but on the other hand members coming, say, from Digby, Nova Scotia, to Saint John, New Brunswick, and from Vancouver to Victoria, or Victoria to Nanaimo, find their passes are not accepted on Canadian Pacific Railway steamships. I am wondering whether the minister himself, when he visits our coast, which he unfortunately does not get an opportunity to do often enough, will get a pass on the Victoria-Nanaimo or Victoria-Vancouver boat. I am also informed that the members of the legislature in Newfoundland have their own privileges. That may or may not be so. Is it true that they get pass privileges on the Canadian National steamship vessels operating to and from Newfoundland? If so, what part of the Railway Act entitles them to it? Are our passes valid on these lines under the same provision? If the minister cannot answer offhand, perhaps he will look into the matter and see how it stands and what changes could possibly be made. Of course there is the question of subsidies involved. Some of the Canadian Pacific steamship lines get substantial subsidies from the government. If that is the basis upon which it is worked, I should like to have it looked into.

Hon. Lionel Chevrier (Minister of Transport): The only anomaly that I am aware of is that concerning the movement outside of Canada, and it is on the line of the Canadian Pacific to the maritime provinces, part of which runs through the United States. The Railway Act clearly makes provision for free transportation to members of the House of Commons and of the other place in Canada. I think that goes for the rest of the question that the hon. member for Comox-Alberni raised. The Railway Act gives no authority for free transportation on steamships.

Mr. Gibson: Even if it is part of the transcontinental system?

Mr. Chevrier: Even if it is part of the transcontinental system. That would exclude a car ferry, such as the Prince Edward Island car ferry, which is considered a part of the railway system. If my hon. friend looks at the pertinent section of the Railway Act he will see that the privileges of members in this regard are set out in detail. It certainly does not include transportation on the steamships.

Mr. Gibson: On the other hand, one would think the steamship service from Digby, Nova Scotia, to Saint John, New Brunswick, would be included, because that is the only way in which the maritime members can get to their constituencies. I cannot swim to Vancouver, neither can the hon. member for Nanaimo. It must inevitably be part of our transcontinental system, and has always been recognized as such. The mere fact that it is a wholly-owned subsidiary and called by a different name should not obviate the responsibility of the

railway companies to recognize these passes. It is not a matter of great concern, but I am interested.

Mr. Chevrier: I can only be guided by what the act of parliament says. If the act were changed to meet that position, then of course the regulations would be put into effect to meet it; but as it is now, the position to which my hon. friend refers is not covered in the act.

Mr. Gibson: Many amendments are introduced every year. I wonder whether that would not be an excellent amendment to bring down. We might open the Railway Act for one day and introduce the amendment. I am sure the minister will have to do it one of these days.

Mr. Sinclair: Cut out the steamship subsidies.

Mr. Gibson: No; I think these are important. I have always believed that they were based on equity, and I am sure the minister would say that.

Mr. Stuart (Charlotte): There is just one question I should like to ask. The matter has been brought up before. There are several members here from New Brunswick and several in the other place, who are obliged to go through the state of Maine in order to get to Ottawa. To do otherwise you would be obliged to go around to Moncton on the Canadian National Railway, and it would take an additional day to arrive in the capital city. These members are obliged to pay what is called a fee through Maine. It amounts today to around $10. The minister has said that it is a regulation. There is one thing that I fail to understand. I can send these receipts down to the Canadian Pacific Railway office here in Ottawa and within a few days I will get a cheque for the amount that I have paid. If I have two, three or four receipts they will give me a cheque for the full amount. It looks to me like a lot of bookkeeping for nothing. At one time I lost three or four receipts, and I know other hon. members have done the same thing. I do know of one member from New Brunswick who at one time had a through-Maine pass.

I would ask the minister to look into the matter to see if it is possible to have the Canadian Pacific and Canadian National issue passes to cover such travel. There are only about seven or eight members affected. It is a nuisance. There is no revenue involved so far as the railway is concerned, because the member is reimbursed when he sends the receipts to the Canadian Pacific Railway office.

Mr. Chevrier: I have given this matter careful consideration once before, and I have come to the conclusion that unfortunately this cannot be done, because it is a part of a line over which neither parliament nor the board of transport commissioners have any jurisdiction. Parliament passed an act dealing with railways in Canada only. Similarly, the interstate commerce commission can confer no jurisdiction over United States lines in Canada, and unless there is a willingness on the part of the railways themselves to do it there is unfortunately nothing that can be done from this end.

Mr. Stuart (Charlotte): Just one other question, Mr. Chairman. Is the cheque that is given to me by the Canadian Pacific Railway office a donation by the Canadian Pacific Railway, or a donation by the federal government; or where does it come from? I can send my receipts down and in a few days I get a cheque. It is a Canadian Pacific Railway cheque on the Bank of Montreal. Is it a contribution by the Canadian Pacific Railway to me as a member of parliament, or what is it?

Mr. Chevrier: I would think that it is.

Some hon. Members: Shame!

Mr. Chevrier: I presume the attitude they take is that since under the terms of the act they cannot grant free transportation, they refund it in that manner.

Mr. Gibson: Under what authority does the Canadian National Railways give Newfoundland members the privilege of riding free on their ships?

Mr. Stick: We do not get it.

Mr. Sinclair: And not the British Columbia members.

Mr. Chevrier: Because of the continuity of operation between Nova Scotia and Newfoundland, in the same manner as there is continuity of operation between New Brunswick and Prince Edward Island so far as Prince Edward Island is concerned.

Mr. Gibson: There must be continuity of operation between Saint John and Digby, because, after all, the Dominion Atlantic Railway, which is a wholly owned subsidiary of the Canadian Pacific Railway, meets the train there.

Mr. Chevrier: No; the position is different, because one is a car ferry operated by the government through the Canadian National Railways, and the other service is operated by the Canadian Pacific Railway Company.

Mr. Harris (Danforth): Mr. Chairman, I could never understand why it was considered necessary to grant these extraordinary privileges. I sympathize with hon. members who come from remote parts of the

country to help us run the affairs of the country, but frankly I am of the opinion that the time has long since passed when his extraordinary right to travel on passes should have been done away with. The other day, for instance, there was reference to hon. members of this house travelling free to Churchill. Travel free, by all means, but let us have vouchers filed with those charged with administration of these matters, so that they may have entries in their bookkeeping system in respect of each and every one of us who exercises this particular privilege. Honour those vouchers by all means; but let us not in this institution, where we enjoy such great privileges and where we are permitted to spend so freely—and not always our own money—let us not spend too freely the money which comes from our taxpayers. Let those vouchers be scrutinized in such a way that those who send us here will feel satisfied that they are receiving true value for the amounts covered by the vouchers passed by those in authority.

Ten years ago I travelled in my hon. friend's part of the country on a train on which only one passenger had paid his fare: all the rest of us were on some sort of free ticket, some sort of pass.

Mr. Cruickshank: The Thursday train to Toronto?

Mr. Harris (Danforth): We carry these tickets in our pocketbooks. I felt ashamed to travel on a pass on that train, because my business at that time was not political. I was not on that particular day saving the nation; rather I was transacting personal business in my hon. friend's part of the world. I like him; he is a very fine gentleman, and I feel proud to be associated with him. But at that time I felt, as indeed I have felt for a decade since, that there was some doubt whether I should be travelling free on one of Canada's trains to do my own business.

Mr. Gibson: It does not bother the hon. member on week ends?

Mr. Harris (Danforth): I see over there one of the members from Vancouver, and I can say that I did the same thing in his part of the country, and felt equally ashamed.

The whole procedure of issuing free passes on a transportation system, whether it be rail to the Pacific coast, or the short-cut from Saint John to Digby, is questionable. One pays a few dollars extra to travel by that short-cut so as to save time. The procedure of issuing passes is something that should be looked into. We should try to find some method by which we can pay our own way to a greater extent, and not take so much for granted or accept so readily the free transportation made available to us by the Railway Act. By the provisions of that act we are permitted to travel hither and yon, often for purposes of statesmanship, but oftener for personal business reasons. We are altogether too free in this practice. I see that the minister is busy consulting his deputies; perhaps it is about something more important than I am saying.

I repeat that the time is ripe for cutting down the number of free rides on the merry-go-round, even though we do get a brass ring. It is not too late to cut down this privilege of free transportation afforded to many of our citizens who, while they are not permitted to ride free on busses or aircraft—and I express the hope that the privilege may not be extended to those means of transportation—do travel free on trains and steamships.

When I say this my remarks are not directed to our tenth province of Newfoundland. I realize they must travel back and forth, and I hope that anything I say will not in any way limit their ingress or egress. I realize that our tenth province is a long distance away. Yet when I sit in a train and see the widows of Brown, Smith and Jones who have free transportation I feel that the time has come when a few dollars should be spent to investigate this high privilege which is given to many people. Most of them deserve it, but about ten per cent of them do not. It is a privilege which we as members of parliament, as well as our wives, sons and daughters, grandsons and granddaughters and sweethearts, enjoy when travelling on trains and steamships, and it is a privilege which should be checked and wherever possible curtailed. It should not be abused.

I have seen the privilege abused for over thirty years—and I shall not go into detail in the matter, although I could if I were asked to.

Mr. McIvor: Would the hon. member be in favour of the cancellation of transportation privileges, so that only our expenses would be paid?

Mr. Harris (Danforth): Yes, and that vouchers should be supplied.

Mr. Sinclair: Turn in your pass.

The Chairman: Order. I would remind hon. members that the item under consideration refers to canal services.

Mr. Catherwood: I thought we were discussing the first item.

The Chairman: No; it was carried yesterday.

Mr. Catherwood: Then I have some observations to make on item 473. I should like to ask the minister a series of questions with regard to some of the canals in Ontario. Has the minister figures of the cost of maintaining and operating the Rideau canal? Are records kept of the number of boats of all descriptions passing through the canal, and if so, how many passed through in 1950 and in 1949?

Mr. Chevrier: The cost for the maintenance of the Rideau canal in these estimates is $368,565. We have a record of the number of boats passing through the canal, and I can get it for my hon. friend.

Mr. Catherwood: My next question concerns the Welland canal, in which I am more or less interested. Can the minister give the revenue derived from the operation of that canal in 1950?

Mr. Chevrier: I am afraid I shall have to get the figures for the hon. member.

Mr. Catherwood: From what sources is that revenue obtained?

Mr. Chevrier: It is mostly from the lease of lands and from the power development on the Welland canal.

Mr. Catherwood: In the public accounts of last year, $10,000 was provided for the transfer of lands and responsibilities in connection with the Welland feeder canal, and I understand that that amount was not used. Is there provision for a similar amount in the estimates this year?

Mr. Chevrier: The $10,000 was not used because an agreement was not effected between the township concerned and the department. It will be used this year if an agreement is completed.

Mr. Catherwood: What was the total revenue from all canals in Canada in 1950?

Mr. Chevrier: $1,100,000 and some odd.

Item agreed to.

Canal services—

475. To provide for expenses in connection with the St. Lawrence ship canal surveys and investigations, $10,000.

Mr. Green: This item has to do with the St. Lawrence ship canal. Will the minister indicate what effect it is expected the construction of this canal will have upon the transportation system of Canada? Yesterday representations were made by the legislative committee of the railway brotherhoods in connection with this proposed St. Lawrence seaway, and they used these words:

> We regard the value of the proposed seaway to Canada as theoretical, its cost very real, its need very doubtful, and its possible effect must be viewed with concern in so far as transportation is involved.

[The Chairman.]

As the minister knows, last evening I suggested that there should be a commission or other body set up to study this whole question of the effect of the construction of the St. Lawrence seaway upon the transportation system of Canada. It might be possible to set up a committee of this house to consider the question. So far as we know, little thought has been given to the subject; yet it would appear to be of the utmost importance, particularly in view of the fact that with this Turgeon report we are entering upon a new day in transportation. This would seem to be the time to consider the whole transportation picture, of which the St. Lawrence seaway will be a most important part. Can the minister give us a review of the effects upon our transportation system that are expected to follow when the St. Lawrence seaway is built?

Mr. Chevrier: The railway brotherhoods have always opposed the construction of the St. Lawrence seaway, and in their briefs to the government they have set down reasons why it should not be proceeded with. Unfortunately, because of the estimates that concerned the Department of Transport, I was not present yesterday when they made their presentation to the government. But I have read the brief, and it is not at all dissimilar to those which have been presented on previous occasions.

The railways in the United States have carried on quite a militant opposition to the project. At one time the opposition in Canada was perhaps not unlike that in the United States, but I believe it has changed substantially. Notwithstanding the representations made by the brotherhoods, the former president of the Canadian National Railways declared himself to be in favour of the project for a number of reasons, the main one being that the industrial development which would arise would mean far more in the way of traffic to the railways than any loss that might occur.

My hon. friend speaks of the cost, and asks what studies have been made as to the benefits likely to be derived.

Mr. Green: This is all quite interesting, but I did not mention the cost.

Mr. Chevrier: That was in the brief.

Mr. Green: I referred not only to the benefits. What I had in mind was to get the general picture of the effect of the seaway upon our transportation system. I am not taking one side or the other; I simply want to get from the minister an indication of the general effect

upon our transportation system of the construction of the seaway.

Mr. Chevrier: I was trying to get to that, perhaps not in a manner which was entirely suitable to my hon. friend. What I intended to say was that, on the economic side, studies were made over a considerable length of time by various groups in the country. These studies were made by boards of engineers, both United States and Canadian; by engineers from Ontario and Quebec, and by other bodies. Following the studies which were made from an engineering and economic standpoint in those years it was felt that the project would be of great benefit to the economy of Canada. That view has been strengthened by the development of natural resources which have taken place since that time.

It was on the basis of those studies, both economic and engineering, that two governments of this country, one headed by a former prime minister, the late Lord Bennett, and the other headed by the former prime minister, Mr. Mackenzie King, entered into a treaty and an agreement with the United States for the joint development of the power and navigational facilities. I am sure that the studies which have been made clearly indicate that greater trade would flow on the St. Lawrence seaway because of this development—greater trade from the natural resources in certain parts of Canada, such as the iron ore deposits in Labrador and Quebec, and elsewhere—and also because of the great power development which would bring industry in its wake. Those are the main things that come to my mind at the moment.

Mr. Green: Is it expected, for example, that ocean freighters will come right up through the seaway system to Toronto, Windsor, Fort William and Port Arthur, or will there merely be transfers from ocean-going freighters to great lakes cargo vessels? Studies must have been made as to what is apt to happen to our traffic. If ocean-going vessels are to carry the freight right up to Fort William and Port Arthur, then of course that would affect very much the freight carried by the railways across Ontario. What is expected to follow from the construction of the seaway?

Mr. Chevrier: That is a rather difficult question to answer. While the seaway, if developed in accordance with the plan, will thereafter be twenty-seven feet in depth, there are many ocean-going vessels that will not find it profitable to navigate the entire route because of the draft and because of the length of time it would take to go through the lakes. In that respect I do not think a great deal of change will take place. But there are other vessels, such as trampers, that may find it economical to move right through the canal system up into the great lakes area, and if they do they probably will seek trade in that area. The studies which have been made indicated that it might be possible to bring grain in lake carriers right through to Montreal, unload there or at Quebec, Three Rivers, Sorel, places of that kind; then go on empty to the Seven Islands area; there pick up a return cargo of iron ore and come back through the canal systems. Of course ships will have to be built to accommodate that kind of cargo and that kind of trade. I understand that certain companies have plans and specifications in readiness in case the project is proceeded with.

Mr. Green: I presume the iron ore would be carried back to United States ports?

Mr. Chevrier: Or Canadian ports, if the industrial development necessitated that movement on our shores.

Mr. Green: Under present conditions most of the iron ore would go to United States lake ports.

Mr. Chevrier: Yes.

Mr. Green: And I presume would be carried in United States bottoms.

Mr. Chevrier: Not necessarily. The companies I had in mind a moment ago were Canadian.

Mr. Green: Iron ore from the Mesabi range is carried in American bottoms.

Mr. Chevrier: It is also carried in Canadian boats, but what I had in mind a moment ago was that certain Canadian steamship companies already have plans in readiness for the movement of that ore.

Mr. Green: What is the estimated cost of the St. Lawrence waterway, and what proportion of that cost is to be paid by Canada?

Mr. Chevrier: The latest estimate I have—and of course I speak from memory—is in the neighbourhood of $860 million, of which Canada would be responsible for about $130 or $140 million. Mind you, that is after giving credit for the amounts we have spent on the Welland canal and the upper reaches of the lakes, and the power development.

Mr. Green: How long would it take to complete the seaway?

Mr. Chevrier: It is estimated it would take about five years.

Mr. Green: Is the Canadian government not having any engineering surveys made, or making any preparations of the kind for this

waterway? Apparently Canada is committed to the project, and is merely waiting for agreement by the United States. What steps are being taken by the government by way of preparation?

Mr. Chevrier: First of all, the surveys of which my hon. friend speaks have already been made. The plan is a single-stage control scheme that has been approved by provincial and federal engineers. That is already in existence at the plan stage. In the Department of Transport there has been established a special projects branch which will deal with the expropriation of the necessary lands and with all problems assigned to the federal government under the agreement. Beyond that I can say no more.

Mr. Green: Is there any engineering work being done on the plan at the moment?

Mr. Chevrier: No.

Mr. Green: Is any engineering firm doing any work on it at the moment?

Mr. Chevrier: No. There could not be any until the scheme had been approved between governments.

Mr. Green: Has there been any arrangement made with any engineering firms for work on the seaway?

Mr. Chevrier: No.

Mr. Green: The government is just sitting and doing nothing whatever about these plans in the meantime.

Mr. Chevrier: No, the government is not just sitting. The government is holding itself ready, as I stated a moment ago, by the establishment in the department of a special projects division to deal with matters concerning expropriation of the land, and the moment the agreement is approved, if it is, by the United States government, it will have to be approved by this house. It will take some five or six years to complete the project, so there will be plenty of time to appoint engineers and to proceed with the work that concerns the federal government. There are many works concerning provincial governments in connection with the joint project.

Mr. Green: Has the government had any reports from engineering firms on this project?

Mr. Chevrier: No.

Mr. Green: And has no engineering firms engaged to work on it?

Mr. Chevrier: No, but it has a chief engineer in the department whose business for the last twenty-five years has been to deal specifically with the St. Lawrence waterway. He has kept himself well informed, is in contact with the United States authorities on the other side, and is quite familiar with the project as a whole.

Mr. Gillis: I hate to break up this conversation, but I have been waiting anxiously to find out whether the hon. member for Vancouver-Quadra is for or against the project.

Mr. Green: I have been trying to keep an open mind and get the facts.

Mr. Gillis: I have not kept an open mind about it, and I definitely want to put that on the record. I also want to make it quite clear that I am speaking for myself on this occasion. Other members of this group may have other opinions. They live in other parts of the country.

The St. Lawrence waterway project is not a new one. During the last twenty-five years I have heard some very active discussions about it. So far as my memory serves me there has always been total opposition to this project on the part of the maritime provinces. The wisdom of those who were opposing it twenty-five years ago has been well demonstrated to me since coming to this house. The government of the United States was never very much interested in completing this project until the development of the iron ore deposits in Labrador and Ungava took place. With that field of raw material available, the United States is in a great rush to have this project completed.

In his brief statement the minister made it quite clear, in so far as Canada is concerned, the thinking on this project, from either a transportation or an economic aspect, ceases completely at Montreal. No thought has been given beyond Montreal at all. The minister clearly stated that once this waterway was opened it would mean that a certain type of ship could land a cargo of grain in Montreal, then the boat could pick up a cargo of iron ore and take it back to the United States or to other parts of Canada. I am not blaming the minister, but that clearly indicates that the minister has taken the advice of his engineers and departmental officials, and he is merely repeating what he has heard in discussing the subject. There is hardly any thought on the subject east of Montreal. I should like to remind the minister that there are four provinces east of Montreal. People live there, work there and pay taxes; and they should be given some consideration.

What does this development mean to the maritime provinces? It means that this mode of transportation will replace transportation by railroad. I am glad to note

that the railroad workers are objecting to it in their briefs. They know what will happen. The whole development is designed to make cheaper transportation available, and it is designed to tap the Labrador resources for the benefit of the United States. I also oppose it from that angle, that it is going to mean a curtailment of transportation and the laying off of railroad workers. The most important objection I have to it is that it is tapping resources in Canada, and making them available cheaply to the United States when they should have been developed by Canada.

Then, I am concerned about the coal industry of the maritimes. Twenty or twenty-five years ago I heard that the only reason that we have an economic market for maritime coal in Quebec is because there is no water route into that market from the United States coal fields. The development of the St. Lawrence waterway would mean that United States coal could be shipped in to replace that portion of the Quebec market now supplied by the Nova Scotia industry. The whole trend of thought, so far as the development of Canada is concerned, has been and still is detrimental to the maritime provinces. When the question of decentralization was being discussed, I mentioned the St. Lawrence waterway briefly. The Prime Minister wanted to know whether I was for it or against it. I am very definitely against it, because clearly no thinking is being done east of Montreal. The whole trend is to forget the eastern part of the country. Every economic development that has taken place has been designed, not to promote the welfare of the maritimes but to cripple what is already established there.

This cheap means of transportation means the carrying of iron ore up the St. Lawrence to the United States, when it might have been shipped by rail. This would mean that railroad workers would be laid off east of Montreal, and that would result in a continuation of the centralization of industry in the central part of Canada and the United States. In discussing this project not long ago the Minister of Trade and Commerce publicly stated that if the St. Lawrence waterway is not developed some of the steel plants in the central United States and central Canada might have to shift to the Atlantic seaboard. That is exactly what I have been advocating. With ore available in that part of the country, with about ten per cent of the population unemployed in that area now, with coal available, there should be an expansion of the steel industry in that area. The minister makes it quite clear that that is the thing he is trying to prevent by the development of the St. Lawrence waterway. As a representative of the maritimes, I am not prepared to vote the Canadian taxpayers' money to further a project that has as its only purpose the crippling of that part of the country which I represent. I agree with the member for Vancouver-Quadra when he said that a committee should be appointed, either a committee of this house or a commission of some kind, for the purpose of examining the economic aspect of this particular project, not as to its effect on the Toronto-Montreal area but as to its effect on the area from Vancouver to Newfoundland.

I am afraid that most of the thinking on any of the economic developments of the future, now as in the past, ceases at Montreal. Canada seems to be from Montreal to the other side of the Ontario border. So far as I am concerned, Mr. Chairman, I want to state emphatically that I think a committee of some kind should be set up to ascertain all the facts in connection with this project, and see that it is developed to the best advantage of the whole of Canada, not just a section of Canada. I am going to continue to oppose it. This afternoon the minister made it quite clear that the thinking stops at Montreal. I believe the time has come when members of this house who represent ridings east of Montreal should be asserting themselves on matters of this kind. If they do not the result will be destruction of the part of the country from which they come.

Mr. Chevrier: Mr. Chairman, I am sure the hon. member would not want to attempt to have me say things that are not on the record, and which I certainly did not say in my opening remarks on this item. In the first place, we are discussing an item that has nothing to do with the St. Lawrence waterway. This is an item of $10,000 covering St. Lawrence ship canal surveys and investigations. When the St. Lawrence waterway is up for discussion in this house, that will be the time for the house to decide whether or not it is advisable to have a committee to discuss the economic, engineering or other aspects of it. If the hon. member is of the opinion that I believe the thinking begins and stops at Montreal, he is entirely mistaken. If he believes that I am echoing the views of the officers of the Department of Transport, he is also entirely mistaken. I was born with this question, and I have discussed it for years. The thinking of the officers in the department has had no influence, in so far as my opinions on the project are concerned. My friend has discussed it from one point of view, that is from the navigational point of

view. But that is only a small part of the advantages which are to be derived from this project. Many of the advantages, and perhaps the greatest—although I do not say they are—are the advantages arising out of the power development. Surely it must be the wish of members of parliament to see to it that when power is available in the country it should be developed because of the great benefits and advantages that will be derived not only by the people residing in the immediate area where the power will be developed but by the nation as a whole.

I think that the thinking of my hon. friend is that which existed in this country twenty-five or fifty years ago. But that thinking has changed today. From one part of Canada to the other, where there are power and navigational facilities that can be developed, I believe they should be developed. I do not think, as my hon. friend seems to believe, that this development will have the effect he thinks it will have upon the maritime provinces; because the arguments he used are exactly the same arguments which were used against the 14-foot draft canals on the St. Lawrence many years ago. In those days the railways were drastically opposed to the development of those canals because they said it would take traffic away from them. The point is that it has brought traffic to the railways and today you find both the Canadian National Railways and the Canadian Pacific Railway of one mind on this development because unquestionably it cannot do anything else but bring great benefit to Canada.

Mr. Gillis: I should like to ask the minister one question. Can he tell me briefly what benefits the development of the St. Lawrence is going to bring to the maritime provinces, either from a power standpoint or in the development of any section of the maritimes?

Mr. Chevrier: The point my hon. friend was making was that we should not do this in central Canada because it would be detrimental to the maritime provinces. I am not admitting that it is detrimental to the maritime provinces. If my hon. friend states that it is, it would be for him to substantiate that assertion.

Mr. Gillis: The minister has not refuted anything I said.

Mr. Sinclair: It is good for all Canada.

Mr. Nowlan: Without necessarily associating myself completely with the hon. member for Cape Breton South in his statement that all thinking ceases at Montreal, I want to associate myself with him by saying that I believe that the development of the St. Lawrence waterway as a power-plus-navigation project would be extremely detrimental to the maritime provinces. I do not believe that the hon. member for Cape Breton South is speaking in the language of twenty-five years ago when he makes that statement. I think he is speaking in the language of today. I believe that is an opinion that is shared by all people of all parties in the maritimes. There are two phases to this problem. The minister has stressed the necessity for power development. With that I do not think anyone will quarrel. It is true that it will probably add to the industrial expansion of elephantine proportion that the central provinces are enjoying today, and that they will become more and more developed industrially, perhaps at some expense to the rest of Canada. But with that we cannot quarrel. If it is in the nature of events for the industrial development to be centred here because of the development of power, that is one thing. But I think that the situation is confused because, despite the statement of the minister and his emphasis on power, he will agree that the two were taken together and that any surveys which have been made and anything which has been done heretofore have been in contemplation of both navigation and power. If the minister would assure this committee that any development that will take place on the St. Lawrence will be that of power alone, without development of navigation, then at least I do not think we as Canadians can conscientiously oppose it, because what is for the good of part of Canada is probably good for the whole development. But there can be no question in the world that the development of navigation on the St. Lawrence, as contemplated by some of the idealists, would be extremely detrimental to the maritimes. You have the outports there which you used during the time of war—Halifax, Saint John and other eastern Canadian ports—which suffer enough today from lack of traffic and which would be prejudiced still more if this development should take place.

The hon. member for Cape Breton South suggested that there would be a migration of steel. I have here the exact statement of the Minister of Trade and Commerce. He says that the St. Lawrence waterway must be built and that without this development the steel industry now centred on the great lakes will have to migrate to the Atlantic coast.

What a tragedy that would be! Just imagine, Mr. Chairman, the steel industry having to migrate to the Atlantic coast! Why, it would be a terrible thing, would it not? It would be a tragedy apparently beyond compare, in the minds of some people. I do not

think it would be so devastating. No one of course suggests or believes that it would migrate to the coast. There still would be plenty of room for development of the steel industry on the great lakes. But certainly a healthy expansion of the steel industry on the Atlantic coast would be extremely desirable. I think any fair-minded Canadian would agree with that statement. I must say that I found people from Ontario, Quebec and all parts of Canada perfectly fair in their attitudes towards this matter, at least in their statements and in their thinking; although when it comes to a practical application of it, sometimes it does not work out in quite the same way. We have on the east coast the ore, the gypsum and the coal and there should be established a steel industry much larger than the one we have today, one which can enjoy export markets, which will provide a market for our agricultural products. We have the Atlantic ports which, as I say, will suffer because of this canal and which today offer us some market.

Mr. Chevrier: Will the hon. member permit a question?

Mr. Nowlan: Surely.

Mr. Chevrier: Will he say how the maritime provinces will suffer because of this development?

Mr. Nowlan: How?

Mr. Chevrier: Yes.

Mr. Nowlan: Because I am sure it will prejudice shipments going through the ports of Halifax, Saint John, Sydney and other Canadian ports; because railway traffic would diminish. Therefore railway freight rates would be increased and traffic which we ship today in and out would pay heavier costs. It would prejudice the steel industry now situated in Sydney and would prevent the natural and proper expansion of that industry which would take place if it were not for the further development of this canal. As the hon. member for Cape Breton South said, certainly it is a strange coincidence that we have this impetus today on the development of the canal once you find the iron ore in Labrador. There can be little doubt but that there is some association between the two. The emphasis which is placed on that now and the haste with which it is considered has some relationship to the fact that this ore will now be taken to central Canadian points and on the great lakes rather than manufactured on the Atlantic coast.

An hon. Member: And to United States ports.

Mr. Nowlan: Yes, and to United States ports, probably on the great lakes.

We have heard suggestions to the effect that this canal is essential to the development of our war effort. Let us not have that, Mr. Chairman. If this canal is essential to the development of the industrial life of Canada, that is one thing. But let us not camouflage it behind statements associating it with essentiality to our war effort. Any war effort that this country may make will be based on the sacrifice of the people and the desire to serve, as it has been in the past two wars, and will have no relationship whatsoever to the development of this canal.

As the minister knows, the transportation problems of the maritimes are extremely serious. We have the fact now that our long, attenuated Canadian National system, built because of apprehended war seventy-five years ago, is casting a heavier burden on transportation in the maritimes than it properly should cast. Certainly any taking away of traffic from it would simply add to that burden. If, as and when proper surveys are made, and it is determined that this project must go ahead, I suggest that there should be a division between the navigation and the power development, that we should be given the information as to what would be the cost of the potential power developments on the river and what would be—and of course this is easily available, I presume—the power development. I am sure that could be proven to be economically feasible. I should also like to know what would be the additional cost of providing navigation facilities necessary for modern traffic and what would be the potential traffic using those facilities. When that information is available, this committee would then be in a position to pass some independent judgment on the matter. It is all right for the minister to say that this is five years in contemplation. It is nothing of the kind. We are voting now an estimate of $10,000 for preliminary surveys and we are at least to some extent approving of the principle of at least investigating it. Let us investigate, Mr. Chairman. Let us have it clearly understood in this house that before any investigations are summarized, before any judgments are passed thereon, the whole matter will be considered by a competent committee of this house and a decision arrived at on the basis of the national benefit to this country, and not of any sectional advantage which may develop therefrom.

Mr. Chevrier: I think perhaps I might again call the attention of the committee and of the hon. gentleman who has just spoken to the fact that he is under an entire misapprehension as to what we are voting at the moment. He seems to be of the opinion that

we are voting on the St. Lawrence seaway project. We are not. He has turned his whole argument in that direction.

In so far as the project itself is concerned, if the hon. member wants a breakdown of the cost and the traffic, that is easily available in the department, and I shall be glad to let him have that information if he so desires.

Mr. Nowlan: I would appreciate it.

Mr. Chevrier: But I should like to draw one or two things to his attention. First of all, he has been in this house before and this item has been up for at least five years. The sum of $10,000 has been voted for these surveys, and I have never heard him make any objection to this item, certainly not the vehement objection which he makes to it today.

Mr. Nowlan: If I may interrupt, I was here only once before, and the house dissolved so quickly that we did not vote these items, and that is why I did not have a chance to speak on it.

Mr. Chevrier: I remember that on one occasion during the consideration of my estimates, and at the very time that these items were up for discussion, my hon. friend spoke at great length on the Maritime Freight Rates Act. While he may have been here for a short time, I do know that he has not discussed it before. So that there will be no misunderstanding about it, let me assure him that the party of which he is a member has been strongly in favour of this project, and the government headed by the Right Hon. Mr. Bennett signed a treaty with the United States approving it. We are not discussing the treaty, and neither are we discussing the terms or the project. What we are doing is considering an item of $10,000 for ship canal surveys.

My hon. friend says that it is not essential for defence, and laughs it off as if it were more or less a farce. Well, the joint board of defence, composed of both Americans and Canadians, have decided in their formal meetings that the development of the St. Lawrence waterway is essential for the defence of this country. A former president of the United States has so stated, and so has the present President of the United States. The joint board of defence has declared that not only is it essential for the defence of this continent, but also it is essential from the point of view of the economy, and it is also essential from the point of view of power, because when there is in this country a province whose people state that unless they have power within the next four or five years they will have to close down, or at least curtail power facilities, and by inference industrial advantages to that province, I do not think that any parliament can refuse to take cognizance of that fact. That is the case not only with reference to one province, but it is so with reference to two provinces where power shortage is acute. All of these surveys that have been made indicate clearly that this project is essential from the point of view of defence, from the point of view of economy, and from the point of view of power. But, Mr. Chairman, I should like to get back to the purpose of this vote, which after all is the small amount of $10,000 for the purpose of making surveys and investigations. After all, the United States is spending at least a million dollars for this very matter, for which we have in our estimates the small sum of $10,000. I do not know how it is that we got off on the discussion of a project which is in no way before the committee under this item. If hon. members want to debate the question of the advisability of making the surveys, that is another matter altogether, but that in fact is what the item is about.

Mr. Green: On a point of order, Mr. Chairman. The minister has mentioned several times that we are not in order in discussing the St. Lawrence seaway, but I would like to point out to him that this item has to do with the St. Lawrence canal system, and I submit that we are perfectly in order in discussing the proposed changes in this system. There is no rule of the house that would prevent us from discussing it on this particular item.

The Chairman: No ruling has been made.

Mr. Coldwell: I agree with the hon. member for Vancouver-Quadra. I think the minister would be ill advised to endeavour to get the Chair to rule that this matter should not be discussed now that it has been opened for discussion. As the hon. member for Vancouver-Quadra has said, it does provide the small amount of $10,000 for expenses in connection with the St. Lawrence ship canal surveys and investigations. It seems to me that that is what we are discussing.

I think the discussion this afternoon illustrates very clearly how difficult it is sometimes to reconcile various conflicting regional interests in this country. The hon. member for Annapolis-Kings said a few moments ago that if this were purely a power development plan, that would put a different complexion on it. But those of us who come from the prairie provinces are interested in this particular project, not only from the point of view of power, which we recognize as very important to central Canada, but also from the point of view of shipping. We

realize that the ports at the head of the lakes would become ocean ports, that ships that carry grain would be able to pass right from the doorstep, almost, of the grain producing areas of Canada across the ocean, without the transshipment of grain that is now essential, and we believe that should be an economic gain to our part of Canada. And so you see that these considerations very largely cross parties and more or less compel consideration of the problem, I hope, not from each of our sectional points of view, but from the economic welfare of the whole of Canada.

I do not think that we can stop the wheels of progress turning and moving forward. I think that a project of this description has to be considered from the point of view of what will ultimately benefit the whole of Canada. It is true that the great Ungava fields now being developed for iron ore may, I regret to say, see most of that ore shipped to the United States. If I read the statement of the Minister of Trade and Commerce aright the other day, when he spoke of the movement of the steel plants from the great lakes to the maritime coast, I do not think he was thinking of the maritime coast of Canada. I think he was thinking of moving these plants to the maritime coast of the United States.

Mr. Chevrier: Quite.

Mr. Coldwell: As a matter of fact, there are projects I think in New London, Connecticut, and in other places on the maritime coast of the United States for the establishment of huge steel mills there.

To my mind what we should have done years ago was to have laid out a national plan for the development of our economic resources so that our iron ore and other minerals, our gypsum and other resources, could have been fabricated in Canada, rather than exporting much of this raw material, as we have been doing, to the United States for a large number of years. But while governments may be to blame for that to some extent, let us not forget that Canadians who had the money and the power to undertake these projects are also blameworthy. If Canadian capital had been alive to the advantages that could accrue to it from the development of these resources, I do not think we would be discussing some of these problems in the manner in which they have been discussed this afternoon.

I do not think you can stand in the way of progress. I think that while every attempt must be made to assist the maritime region—the whole region, not only Nova Scotia or Cape Breton or New Brunswick or Prince Edward Island or Newfoundland separately—this government should be placing before the house projects and plans for the development of the whole of the maritime area. Then perhaps we should not be thinking in the terms in which the hon. members for Cape Breton South and Annapolis-Kings are bound to think this afternoon.

I do not blame them for thinking the way they were thinking. They think very much as we do in the prairie provinces, that we have not industries there that we should have. I want to see industries established on the prairies; I want to see our water power and irrigation projects developed there. I want to see the Saskatchewan river used, and the waters contained therein. I want to see a larger estimate than we have in the estimates this year for those things. I want to see the Outlook dam proceeded with, not only for irrigation but for power.

But all those projects are projects in the interests of all of Canada; because if we build up the economy of one part of Canada we shall indeed be assisting the economy of all parts of Canada. I agree that before we undertake the vast expenditures which are to be made in connection with this project—and the survey is a small thing—the matter must be gone into thoroughly by the house.

I was here some years ago when the agreement with the United States was discussed. I remember distinctly the discussion that took place at that time. I remember that all parties in the house, including opposition parties, were favourable to the development. Let us not forget that since the canals system of Canada was started many years ago or, shall I say, was developed—the Welland canal for example—we have built a large part of our share of that ship canal system. We have already a very large investment in the project.

While I have every sympathy—and of course this is an easy thing to say—with what has been said by the maritime members, yet from the point of view of the whole country I believe Canada would be wise to consider the pressing of this matter with the United States, so that we may have the power, so that we may have shipping facilities, and so that this country may make great progress as a modern and progressive nation should make progress.

Mr. Fulford: Mr. Chairman, for once I am glad to be able to agree with everything the hon. member for Rosetown-Biggar has said. Representing as I do a constituency on the upper reaches of the St. Lawrence river, this matter of a St. Lawrence seaway has been uppermost in our minds for many years. I remember as a small boy hearing about it.

So when an hon. member from Nova Scotia says that the item today is for a preliminary survey, I wish to bring him up to date. I remember well when in 1927 a complete survey was being made under the Canadian chairmanship of the late General Charles Mitchell, then head of the school of practical science at the university of Toronto. I remember the fact that at that time he was working in closest co-operation with the United States army engineers. I believe it was from those surveys it was decided that the Barnhart island dam should be provided for the international section of the St. Lawrence system.

Nothing could more definitely typify the great waste of a great natural resource God has given Canada than to see the mighty waters of the St. Lawrence river flowing by our doors every second of each day, for 365 days in the year.

Mr. Wylie: We also have water going by our doors, in the South Saskatchewan river, that is going to waste.

Mr. Fulford: Can you produce 1,100,000 horsepower of electrical energy at one place out in western Canada? Can you produce that out west? In the county of Leeds we will not benefit materially from the navigation end of the St. Lawrence seaway, but we will benefit tremendously from power development. We hope we are looking at this matter in a broader sense than that of just looking after our own interests. We realize that in bringing shipping of the world up to the head of the great lakes it would be of great advantage to this great dominion of ours. Every farmer in the west stands to benefit from it through lowered freight rates. The manufacturers in the east will also benefit. There is hardly a class or a community in Canada that will not benefit materially.

I have always believed in the old adage that what is good for the whole is good for any one part. I cannot see how the argument we have just heard from the maritime provinces is valid. They say that they fear they will lose their shipping. They will still get the shipping they get now during four months of the year—and that is a virtual monopoly and will continue to get it anyway, when the ports are closed on the St. Lawrence. No system has been devised of keeping the great lakes ports open twelve months of the year.

Then, the great ore deposits in Labrador and northeastern Quebec cannot be properly developed and utilized until the great smelters along the great lakes are utilized to the full, through the ore that will come from that section. We need only think of the tremendous amount of $360 million invested in a railway to bring ore from the fields to Seven Islands harbour.

If we can believe what geologists tell us, the development in that Labrador and northeastern Quebec section represents the greatest iron ore find of the ages. Certainly Seven Islands harbour is much nearer Glace Bay and other ports of Nova Scotia than it is to any port on the great lakes. Naturally all the ore that will be necessary will find its way there, to Nova Scotia. Then, added to that, this vast ore body will be supplying smelters on the great lakes.

In spite of the evidence being given in the United States congress I am told on reliable authority that good grade iron ore is running out in the United States. We know the end is in sight in the great Minnesota Mesabi range. Is it conceivable that a great plan like this can be held up in Canada? We at present are seeing the actions of certain vested interests in our neighbour to the south of us, and I am afraid that some of the arguments I heard this afternoon in the committee sounded very much like the argument we hear to the south of us, in the capital of the great United States of America.

Mr. McCulloch: The maritime provinces have shipped all the year round from Halifax.

Mr. Fulford: I shall clarify what I meant. I meant to say that there will be four months of the year in which the maritime provinces will have exclusive shipping.

Mr. Murray (Cariboo): In British Columbia we would have twelve months.

Mr. Fulford: I do not think British Columbia has anything to fear from the St. Lawrence deep waterways. Indeed, that province has everything to gain from it. I would plead therefore with the minister, in as strong language as I can use, that every conceivable consideration be given immediately, as a result of these surveys, and that through our Department of External Affairs strong representations be made to United States authorities to see that this long-kicked-about football is taken out of the realm of petty politics and placed where it should be placed, for the betterment and well-being of the Dominion of Canada and the United States.

Mr. Stuart (Charlotte): Mr. Chairman, apparently quite a debate is developing on this item. As some maritime members have made a few remarks, I should like to point out that this proposition is causing considerable worry in the maritime provinces. The hon. member who has just resumed his seat has stated that the St. Lawrence waterway must be completed. I do not take issue

with that, but I should like to point out the position in which the maritime provinces are placed.

It has been mentioned during the debate that ore can be carried from Labrador through the St. Lawrence seaway to the head of the lakes. I understand at the present time we are importing considerable steel from the United States. Where steel is manufactured in the central parts of Canada the necessary coal must be imported from the United States. I have always understood that the closer together you can get your ore and coal, the cheaper you can manufacture steel.

We have in the maritime provinces coal of a quality suitable for the manufacture of steel, and the iron ore is available for transportation by water, which transportation can be used twelve months in the year. Our coal cannot find a market any further west than Montreal. It seems logical to the maritime provinces that the ore available there should be manufactured into steel in the maritime provinces. If this ore is taken to the head of the lakes and manufactured into steel in the United States, that steel will be imported back into Canada at a cost 25 per cent greater than it could be manufactured here. It is not easy to explain this issue in the maritime provinces.

Mention has been made of the power development. Any power that has been developed in my province has been developed by the people of New Brunswick, not by the federal government. I do not see how I can go back to the maritime provinces and justify assistance by the federal government for the development of power in the central provinces. I feel that those provinces are in a much better financial position to develop their own power than we are in New Brunswick.

There is a possible power development in my own county, the Passamaquoddy development, which has been under discussion for about twenty years. There does not seem to be the same interest taken in that power development as is taken in the St. Lawrence, and I wonder why. This is a tidal development and there would be no danger of drought or floods, no valuable property would be flooded and therefore no damages would have to be paid. This power development has a potential capacity of over one million horsepower, as great as the potential capacity of the St. Lawrence power development.

When consideration is given to the coal and the facilities for the manufacture of steel that we have, to the population available, which in many cases has had to leave in order to get work in other parts of Canada, I think it will be seen that it is time that serious consideration was given to that part of Canada. I am sure that the arguments that have been used by hon. members from the maritime provinces will meet with the approval of the people down there.

I want to go on record as supporting anything of a general nature that will benefit all Canada, but I do feel that other parts of the country should receive the same consideration. With this ore available I believe that the logical place to manufacture it into steel is the maritime provinces. It is much cheaper to transport a finished product than it is to transport raw material. The materials and the manufacturing know-how are available there and I feel that the maritime provinces are perfectly justified in asking that this industry should be established in that part of Canada.

Mr. MacInnis: Mr. Chairman, I should like to say a word or two on this subject which seems to have caused so much controversy among the members of the house. They appear to be divided according to the part of the country in which they live, and I think that is deplorable. I am in favour of the development of the St. Lawrence project in both its power and transportation aspects.

I do not believe that the government under whose authority this development will take place will allow the development to adversely affect any other part of Canada. Surely that is not the way the development of Canada should be visualized. It is unthinkable that this addition to the wealth of Canada should be allowed to militate against either the maritime provinces or British Columbia. That can not happen if we have a government that is thinking in terms of Canada and not in terms of local areas and certain vested interests in those areas. That is the way in which this great national development must be approached.

I do not think the plight of the maritime provinces could be any worse than it is now no matter what development takes place in other parts of Canada. I think those maritime members who oppose the development of the St. Lawrence project are standing in their own light when they argue that it would be detrimental to the interests of the maritime provinces. The members on the government side who take that position surely must have little faith in the government they support. If I had so little faith in a government I would not support it at all because it would not be worthy of support

It seems to me that that is a fundamental principle. This parliament is dealing with

the affairs of Canada and we must have in mind the welfare of the Canadian people, no matter in what part of the country they reside. We should not permit favourable circumstances in one part of the country to improve the position only of those who live in that section of the country. What would one think of parents who would promote the interests of one member of the family in such a way as to hurt the interests of the other members? You would think they were mighty poor parents, would you not? I would say this is a mighty poor government if, by promoting the development of one part of Canada, it would allow another part to be impoverished. I hope that the government will go ahead with this project in conjunction with the government of the United States, and that it does so with all speed. In the same way I hope that the government will see to it that neither the maritime provinces on the east nor the maritime province on the west are any worse off, and not only no worse off but possibly much better because this development has taken place in central Canada and because of this great addition to the wealth of our country.

Mr. Richard (Gloucester): As a member from New Brunswick, one of the maritime provinces, I am not opposed to the St. Lawrence waterway development. I think that the whole of Canada will receive some benefit from it. No doubt it will have some repercussions on our international trade so far as the eastern Canada seaboard ports are concerned. I do not share the same view as some others that the mining development of Labrador should be concentrated so that we might become an exporting country in the finished steel product. I suppose we produce about two-thirds of the steel we consume in Canada today, if I am not mistaken as to my figures. Through the development of Labrador we might reach a point where we could produce sufficient in Canada to satisfy our own needs and become an exporting country, but I wish to point out, following the idea of the last speaker, that when it comes to handing out public funds for the development of these great resources we in New Brunswick would say: Please pass the dish around a little so that we may have a helping too.

Mr. Carroll: I did not know the question of the St. Lawrence waterway was likely to come up under the present item. If I had known, there is a good deal of material that I might have placed before the house on the question of the St. Lawrence waterway. About all I want to say at the present time is that I am not against the St. Lawrence waterway having regard to the conditions under which it has been inaugurated, and the conditions which have been made known to this country in the last four or five years. Twenty years ago, as the hon. member for Cape Breton South said, the mining and steel industries of Nova Scotia were against the inauguration of the deepening of the St. Lawrence waterway extending across the United States border. The reason was that they thought their coal could not compete with United States coal. I have had a little experience in this matter.

Some years ago I acted on a commission. At that time the officials of the Dominion Coal Company raised the question of the St. Lawrence waterway. They advanced arguments against the deepening and construction of the St. Lawrence waterway, especially across the United States border. I told them at that time that we would have to give the matter much more consideration, that we did not know enough about it, and that perhaps it was not within the terms of reference. Lo and behold, however, we had meetings with the United States coal operators. The coal that comes into Canada comes mostly from West Virginia and Pennsylvania, and West Virginia and Pennsylvania will not be tapped by the St. Lawrence waterway. The coal operators in the United States came before our commission and were absolutely against the St. Lawrence waterway for the reason that if it were built they could not compete with Nova Scotia coal.

When our friends in the Nova Scotia coal industry heard this argument they changed front and began to see the light as they should have seen it years ago. Coal export from the maritime provinces to the central provinces of Canada takes place in large quantity during the summer months up the St. Lawrence river to Montreal and farther west. With the aid of certain subventions and tariff protection, plus the fact that the rates were very cheap some years ago, they were practically able to compete with coal coming from the United States. Therefore, so far as the coal industry of Nova Scotia is concerned, the St. Lawrence waterway is going to permit them to ship their coal farther west than they do at the present time. The large barges that leave Sydney, Glace bay, Pictou or the other mining places from which coal is shipped, will have a greater opportunity to go farther inland, and therefore will be able to compete with United States coal more successfully than they can at the present time.

With respect to some of the inland mines, the situation may be a little different but they will ship no less coal in the wintertime than they will when the St. Lawrence is open

because practically all their shipments of coal are by rail from Springhill and certain other mines. I have nothing to say about the shipment of steel. It has always been thought also that the deepening and extension of the St. Lawrence waterway would injure shipping in the port of Halifax. The other day I put a question on the order paper as to how many bushels or tons of wheat are shipped overseas from Halifax in the summer months when the St. Lawrence is open and how many are shipped in the winter months when it is closed to navigation. The amount of wheat shipped overseas from Halifax at the present time in the summer months is practically negligible. The great bulk is shipped in the winter months when the St. Lawrence is closed. Wheat that is shipped from Halifax in the summer months is mostly taken on as ballast by ships coming in there, and is not generally loaded there by ships coming to this country for wheat.

With regard to the shipment of steel from Sydney, as a matter of fact most of that goes by rail because that is the best way to ship it.

Now, Mr. Speaker, I agree with the hon. member who said that we should approach matters of this kind from the Canadian viewpoint. I am from Cape Breton, and you can call me a maritimer if you like. I agree with everything that gentleman has said, except that we are in a sorry mess down in our part of the country. I want to tell this house that we are as well off in the parts of Nova Scotia with which I am acquainted as the people in any part of this country. We are making as good a living and we are, I hope, living as good lives as most of the other people. We have a good standard of living. I am not saying anything about the maritimes, because I do not know enough about them to ascertain whether or not they are in a sorry plight.

I do not know whether or not this subject should be mentioned now, although I intended mentioning it at some time, but it seems some mention has been made of the iron ore from Labrador. Someone has said that we do not do any thinking in our country east of Montreal. I have been giving this subject of the Labrador iron ore some thought. From the Department of Transport I obtained a map and a plan of that part of the country, including Labrador, Newfoundland, Nova Scotia and the St. Lawrence river. I have not that map before me, but I should like to put on the record some facts concerning the distances from the source of this ore to various places in Canada and the United States. The distance between the source of this ore and the strait of Canso is very short. I have a proposition to make, not to the Minister of Transport but to the minister who is looking after the industries of this country today. I would ask him to consider the possibility of establishing a steel industry on the shores of the strait of Canso. We have a harbour to the south which is open in the wintertime, and as good a harbour to the north as there is on the Atlantic coast. The iron ore could be brought in, and we have the finest coal available right there for the making of steel. We have the tremendous deposits of the Dominion Steel Corporation, who are making steel now. It would not interfere one iota with the production of the Dominion Steel Company or any other company we have in this country.

The Deputy Chairman: The hon. member must realize he is getting rather far afield.

Mr. Carroll: I did say that, but this question was brought up by other hon. members in this house who were allowed to continue. I said that I had not intended going into this question, and as a matter of fact I was going to object when this debate started. I did not think this was the proper place to talk about the St. Lawrence waterway. However, the St. Lawrence waterway and this iron ore in Labrador were tied together. One objection to the St. Lawrence waterway was that we were not going to be able to utilize our own iron ore from Labrador in the province of Nova Scotia.

The Deputy Chairman: Since the hon. member has provided this explanation, he may continue. I thought the discussion of the St. Lawrence waterway had been permitted as incidental to the matter under discussion. When the hon. member began discussing the coal industry generally, I thought he was getting rather far afield.

Mr. Carroll: One objection to the St. Lawrence waterway was that it was going to interfere with our coal industry in the maritime provinces. I am not answering that objection, but I am putting forth my own views. I know something about this subject, because I made some study of it, not yesterday or the day before but some years ago. I hope that the minister in charge of production will read my remarks in *Hansard* tomorrow. I was going to speak on this subject during the budget debate, but I did not want to let this opportunity pass without showing that the people of this country are thinking about the maritime provinces. They are thinking of ways and means by which the iron ore from Labrador may be utilized right on the island of Cape Breton.

I am not asking that this be a government undertaking, Mr. Chairman. Today there is a large amount of capital in Great Britain

and the United States. The steel industry was taken away from the industrialists in Great Britain, and I understand a large amount of that capital would be available for investment in the steel industry in this country. There is something to which the good minister might give his attention. We are not looking to the government to build this industry. Governments have been building too many things in this country. The people have been too lazy to look around, or else they did not have enough vision to look after this industrialization.

Mr. Chairman, when the manufacture of steel was first started in this country by the Steel Company of Canada and the Dominion Steel Company, the government gave them assistance in the form of a bounty on steel rods that were to be used in the manufacture of other products in Canada. This bounty was continued until 1910 when Mr. Fielding eliminated it. The steel companies have received other forms of assistance, but all I would ask is for the minister to put this picture before some of the moneyed people in the United States, Great Britain or Canada.

Again I suppose it is not according to common sense or the rules of the house to say anything here about the strait of Canso. Whether the causeway—and that is what should be built—is built across the strait of Canso or not, this problem about which I am talking is absolutely feasible. If the causeway were built, it would mean a better harbour at that point. I should like to say again that we have free and easy access by water from the strait of Canso to Belle Isle. We have easy transportation from the strait of Canso to any part of the world. Of course I am going to take this matter up further with the good minister but I thought at this stage, when people are saying that there is no thinking about it, and that nothing is being thought about Nova Scotia, I should point out that, whether their ideas are right or not or whether they have any common sense behind them or not, there are in this chamber some people who are thinking about our own people in our own country down there.

Mr. MacInnis: I do not want to add anything to what I have already said on this subject, but I want to make a brief reply to the exception that the hon. member for Inverness-Richmond took to my remarks with regard to economic conditions in the maritimes.

Mr. Carroll: I did not say anything about the maritime provinces. I was referring to the place I know about, the island of Cape Breton.

[Mr. Carroll.]

Mr. MacInnis: I was not quite as parochial as the hon. member for Inverness-Richmond. I included the whole of the maritimes; and I am not speaking from hearsay. As the hon. gentleman may know, I had the honour and the good fortune to be born in the maritime provinces. I left my home in Prince Edward Island, the most beautiful of the maritime provinces, and sought my livelihood in other parts of this great country. If my leaving the maritimes were just an isolated case that would not prove anything. But for the last seventy-five years at least the great majority of the boys and girls born in those provinces have left them and have added their wealth of brain and brawn not only to other parts of this Canada of ours but to the United States as well,—of course to the great advantage of those other parts of Canada and to the United States. There can be no doubt that the maritime provinces have suffered in their economic development because of the concentration of business in the two central provinces.

Mr. Blackmore: I just wish to say that the sooner the St. Lawrence project can be finished, the better we shall be pleased. As to this small item, I hope that we may pass it as soon as we may after giving everyone a chance to express any views that he may wish to express. I believe that what helps one part of Canada must help all of Canada. I have no objection to helping my good friends in Quebec and Ontario to develop their provinces into a more powerful area. I think that is entirely in the best interests of Alberta.

Mr. Wylie: I had not intended taking part in this debate at all, and I would not do so had it not been for one or two remarks made by the hon. member for Leeds. I agree with the minister that this is not the proper place to discuss these waterways. However, the hon. member for Leeds said that he saw a great deal of water going to waste down the St. Lawrence river every day. I wish the hon. member would come out west. We in the southern part of Alberta could show him a great deal of water that has been going to waste for years. We could have used that water. I believe that any water that goes to the sea without being used is a public waste. We could have used plenty of that water around the Medicine Hat area perhaps, as the hon. member for Leeds has said.

Mr. Fulford: On a question of privilege, Mr. Chairman, may I say that if the hon. member had been in the house the other night when I was speaking about the $65 million payment to the western farmers, he would know that I mentioned that very point; I said that money should be used on the development of the waters of the west.

Mr. Wylie: I am glad the hon. member raised that point about the $65 million to the western farmers because he is one member who voted against that and he spoke against it too, if my memory serves me correctly.

Mr. Gibson: That is because it was a handout.

Mr. Wylie: I imagine that if the hon. member for Comox-Alberni who has just interrupted could ship some logs down the St. Lawrence waterways free, he would be quite in agreement with it.

Mr. Gibson: I would pay whatever the tariff was.

Mr. Wylie: That is good. However, I think that the development of this project would assist in the development of all of Canada. I am sure that every western member would want to see the development of this project, and I am sure it will have our support.

Mr. Green: May I ask the minister once again whether he will give consideration to having this question studied by the standing committee on railways, canals and telegraph lines?

Mr. Chevrier: What question?

Mr. Green: Particularly just what the effect of the seaway would be on our transportation system. As he will have seen from the discussion this afternoon, there is intense interest in the whole subject. One does not often see a debate flare up as has the debate this afternoon. There is no doubt that one of these days this question will be coming before the house, perhaps in great haste. I think the reasonable thing to do is to have the question considered by the standing committee of the house so that we would at least get a background of information. We could hear representations from the various people who are interested, and in that way it would be far more likely that the house would eventually reach the best conclusion having regard to the interests of Canada. As a matter of fact, in that way we may prevent the hard feelings and controversy that would follow for many years if the scheme were put through in a rush, without consideration of that type being given to it.

Mr. Chevrier: I do not know what it is that I could refer to a committee, whether it be the railways and shipping committee or the railways, canals and telegraph lines committee. Certainly it is not anything that is under this item. I would not be disposed to refer to a committee the subject matter of this discussion because it is not before the house. When the subject is before the house, I am sure the house will want to have it studied by a committee such as the one my hon. friend has in mind. If the project is approved by the United States congress, then of necessity it must come before the House of Commons, where it will be submitted to a committee. If it is not approved, then this government will have to indicate what its policy is.

Mr. Green: I had in mind a study of the impact of the St. Lawrence seaway on the transportation system of Canada. I think that sums up the thought I had in mind.

Item agreed to.

Marine services—

476. Marine services administration, including agencies, $513,944.

Mr. Pearkes: May I draw the attention of the minister to a situation which has occurred on the west coast since the introduction of the amendments to the Canada Shipping Act providing additional means for the safety of life at sea. At the time I called attention to the danger of the curtailment of services to some of the smaller islands lying between Vancouver island and the mainland. I regret to say that my forecast has proved to be only too accurate and that there has been a considerable curtailment of the steamship services between Vancouver island and the gulf islands, and between the mainland of British Columbia, from the port of Vancouver, and those same gulf islands, a situation which is causing considerable hardship upon the residents of those small islands. It has been necessary for the Canadian Pacific Railway to take off one of their older ships and to curtail their services because it would not justify that company to go to the expense of remodelling the ship. Actually, the service between the gulf islands and Vancouver island and the mainland is totally inadequate and is less today than it has been for the last sixty years. If this condition has not been brought before the minister's department I would appreciate it very much if it might be looked into to see whether something could be done to assist in the provision of a better service for the gulf islands.

Mr. Chevrier: The subject to which my hon. friend refers was brought to my attention by a delegation from one of the operating companies affected. They had been in communication with the maritime commission on the matter of the service, and they indicated to me, and to the commission I believe, that unless they received a subsidy they would have to curtail their services in the northern part of the run. All I could indicate to them at the time when they did come—the decision of the maritime commission had not yet been handed down—was

that I would pass along to the commission their representations, because the commission is charged with the responsibility of deciding whether or not a subsidy is warranted. In view of what my hon. friend has said, if the commission had not yet handed down their decision, I shall see that his observations are brought to their attention.

Mr. Pearkes: Thank you very much.

Item agreed to.

479. Construction or acquisition of vessels, as detailed in the estimates—capital, $2,254,800.

Mr. Pearkes: Can we get a little information about this item? In the past there has been a good deal of discussion regarding the provision of a coastguard service. During the last year we have seen very definite steps taken in the direction of co-ordinating the existing services. I should like to express my appreciation, on behalf of the people of the west coast of British Columbia, for the services which have been rendered during the last year, and which have been more effective owing to the co-ordination which has taken place. I understand that provision is being made to extend the service still further. Is that correct?

Mr. Chevrier: Yes. First of all, the matter is no longer under my jurisdiction. Up until last year it was; but now, because of the recommendation of the commission, it is no longer my responsibility. It is the responsibility of the Minister of National Defence.

I am very happy to hear my hon. friend speak thus, because his colleague from Annapolis-Kings spoke very strongly last night about the lack of a coastguard service. I wish the hon. member for Nanaimo would indicate to the hon. member for Annapolis-Kings what the position is on the west coast.

Mr. Pearkes: I do not know anything about the east coast.

Mr. Chevrier: What he does know—and I thank him for having said so—is that because of the co-ordination of services which was instituted last year, a new service has been established under the aegis of the Royal Canadian Air Force, namely, the search and rescue division. That division will co-ordinate all of the ships in all of the departments, together with national defence vessels, and ships privately operated. I have a detailed statement here of the instructions that have gone out to each of the departments and to each of the agencies concerned, so that there will be complete co-operation.

I think my hon. friend deserves some credit for the interest which he has taken in this in the last few years, and we have given careful consideration to the representations which came to us from the west coast, as well as to the statements which he made from time to time in the house. I would be glad to show him this statement. It is rather lengthy to put on record, but it certainly would indicate to him the attention which the interdepartmental committee on search and rescue gave to this very vital problem.

Mr. Catherwood: Just one question on that: does that coastguard service apply to inland lakes as well?

Mr. Chevrier: Yes, it does, because one of the stations designated in the plan is at Trenton. Therefore it has to do with casualties and ships in distress on the lakes as well. May I answer the questions that my hon. friend asked some time ago in connection with the Rideau canal. He inquired as to the number of boats that passed through the locks of the Rideau canal. I have not the figures for 1950, but the total for 1949 is 18,472. Then he inquired as to the total amount of revenue on the Welland canal. It is $715,402. The total amount of the Rideau canal is $21,690. Then he asked for the breakdown in each case. In the latter it is $8,358 for land; $2,347 for water power; $4,521 for private line service; $2,885 living quarters and $110 for winterizing. Other revenue which is not broken down is $3,467. I think that makes the total.

Mr. Nowlan: Has the minister available there the list of ships to which he made reference this afternoon, and also last night, which would co-ordinate within this service? I am talking about the ships under his department. I know he has that, and possibly he has them for the other departments as well.

Mr. Chevrier: All the ships under my department, and there are some fifty, are subject to call, no matter where they may be, by direction from the R.C.A.F. or the search and rescue co-ordination division, and all of the ships of the other departments of the government, such as those of the mounted police, the fishing vessels of the Department of Fisheries, and I think the hydrographic service, and all naval vessels. They are subject to the same call as are our own vessels. That makes a substantial total which I have not at my fingertips, but it is quite a considerable number.

Mr. Nowlan: Of the fifty, how many are on the east coast? Can the minister give us that information?

Mr. Chevrier: Yes. I will get it in a moment. Can we go on, and I shall let the hon. member have it?

Item agreed to.

Aids to navigation—

480. Administration, operation and maintenance, $4,215,904.

Mr. Green: There is quite a substantial increase on this item. Can the minister explain the reason for it?

Mr. Chevrier: This item is now a consolidation of the former item bearing the same name, plus the maintenance and repairs to wharves and the breaking of ice in Thunder bay, in accordance with a new policy in treasury board where a division of capital and maintenance and operation are now given to the house in two votes. That is the reason why one finds these two votes here.

The reason for the increase is that there have been increases in salaries and wages. Of the $199,644 increase, $152,650 is for increases in salaries and wages, and the other main item to make up the $199,000 is one of $36,400, an increase in the cost of materials and supplies.

Mr. Dickey: I should like to say a word on this item about aids to navigation.

Mr. Chevrier: May I be permitted to answer the question of the hon. member for Annapolis-Kings? There are seven ships at the Dartmouth agency, two at the Charlottetown, Prince Edward Island, agency, and three at the Saint John, New Brunswick, agency. That makes twelve ships.

Mr. Dickey: This item of aids to navigation is of great interest not only to mariners, properly so-called, but to the fishermen who gain their livelihood by fishing along the shores of the Atlantic coast. From time to time we receive from the fishermen suggestions as to improvements which can be made to the inshore markers, buoys and lights, which they believe are necessary for the safety of their operations.

It has been my experience that the co-operation and interest of the officials of the department who deal with this particular matter have been of the highest order. Apparently they realize the importance of the matter to these fishermen, and in every instance they try to deal in a helpful manner with any suggestions made.

I notice that this item shows a small increase. However, it has been my experience already this year that suggestions which have been made with respect to possible improvements in aids to navigation have been met with the suggestion that the necessity for economy in departmental operations makes it difficult to give consideration to these matters, as has been possible in many instances before.

I know we are all interested in the practising of economy and we would hope that the ordinary expenditure in the Department of Transport and all other departments might be reasonably curtailed. However, I would impress upon the minister and the committee the false economy that would result from any unreasonable cutting down in aids to navigation which are useful to fishermen. The safety of the men who carry out these arduous and dangerous tasks is of great importance, and I hope it will be possible to practise economy without in any way jeopardizing the essential requirements of the fishermen.

I know the minister will give this matter his close attention and I know from past experience that his officials, whose hearts are in the right place, will give every possible consideration to the needs of the men who go down to the sea in ships.

Mr. Pearkes: If this is the item under which we may deal with the operation of wharves it would be the appropriate time to make some observations concerning the Nanaimo assembly wharf.

Mr. Chevrier: There is a later item dealing with wharves.

Mr. Nowlan: Mr. Chairman, I should like to subscribe to what has been said by the hon. member for Halifax. I would bring to the minister's attention now a certain matter which would be before him for his consideration. In the bay of Fundy on the Nova Scotia coast extending, so I am told, all the way from Digby up to Spencer island in Minas basin there are no audible warnings or aids to navigation of any kind. In the event of fog it is impossible for shipping or fishing boats to take bearings, and it has been urged upon me that a whistle buoy of some sort should be placed upon those waters along that coast. It has been suggested this could be done most advantageously at Hall harbour, where there is a tidal rip, and where this buoy would be actuated at all times.

I do not know what the cost of such an installation would be, but I do not think it would be a major matter and I know it is something of great importance to all the fishermen who are operating small boats off the coast, as well as to tugboats servicing lumber boats. I would ask the minister to give this matter his attention.

Mr. Chevrier: I have asked my officers to look into it.

Item agreed to.

Marine services—

483. Operation and maintenance, including grants and contributions, as detailed in the estimates: rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 296 of the Canada Shipping Act, $390,591.

Mr. Green: At the last session there was considerable discussion as to whether there should be a full-time radio operator on ships plying the west coast. At that time the minister said the whole question would be reviewed by his department before the next session of the house. I presume that has been done. We had reports last December of on-the-spot surveys having been made of the whole question. Can the minister tell us the result of those surveys, and whether the department has reached any conclusion?

Mr. Chevrier: A survey has been made, but I have not yet had an opportunity to see the result of it. I have discussed some of the suggestions which came while the survey was in progress, but I have not yet had before me the complete report. Until that time I would rather withhold my comments.

Mr. Green: Could the minister make an announcement in the matter within a reasonably short time?

Mr. Chevrier: I certainly will be able to reach a conclusion before the session ends, and will indicate in some way or other what the decision is.

Mr. Gibson: Is this the item under which we discuss lifeboat services?

Mr. Chevrier: No; there is an item later in the estimates.

Item agreed to.

Marine services—

484. Construction or acquisition of buildings, works, land and new equipment, $21,500.

Mr. Pearkes: I believe this would be the proper item under which to deal with the assembly wharf. I believe it was in 1933 that the wharf in Nanaimo was first built. It was then recommended that it should handle somewhere in the neighbourhood of 7,500,000 feet, but construction was never completed, so that at the present time it can handle only something less than 4 million feet. There are about twenty-two mills in the immediate neighbourhood, and there is at the present time a great demand for the full production of those mills.

The present situation however is that the capacity of the assembly wharf cannot take care of the production in the area. I am informed that if the wharf were extended so that two vessels could berth at the same time the capacity would be increased four or five times the present amount. I know representations have been made to the government respecting the possibility of that extension. I understand however that the wharf is operated by the Johnston National Storage Company, either on lease or on some such terms. Would the minister state what those terms are, and whether the government receives more returns if a greater quantity of lumber is handled over the wharf?

Mr. Chevrier: I am afraid I cannot help my hon. friend much because in the Department of Transport we have nothing to do with the construction or repair of wharves. The construction and repairs of wharves are carried out by the Department of Public Works. We do have a small item of $5,000 for repairs to wharves of less than $50. The matter has probably been brought to the attention of the Minister of Public Works but if not I shall see that it is.

Mr. Pearkes: Can the minister indicate the terms under which the Johnston National Storage Company operate that wharf?

Mr. Chevrier: When the repairs are done or a wharf is constructed then it becomes part of our job to charge fees and the like. I am not familiar with the terms, but there probably is an agreement with the Johnston people and I will inquire what they are.

Mr. Pearkes: I should like to know whether there will be a greater return to the government if a greater volume is handled?

Mr. Chevrier: I will see that the hon. member gets the information.

Mr. Gibson: I should like to inquire about the number of boatmen employed. I notice the details on page 470 indicate 14 boatmen, but surely there must be other men employed in the lifeboat service. Are these just the ones under the civil service?

Mr. Chevrier: This particular item covers the construction or acquisition of buildings for shore-based lifeboats, one at Bay View, N.S., one at Bamfield, B.C., and the other at Clayoquot, B.C., and also improvements to the life-saving station at Clayoquot.

Mr. Gibson: Are some of the boatmen under the civil service while others are under prevailing rates of pay?

Mr. Chevrier: The coxswains and engineers are under the civil service, and the prevailing rates men are under the department.

Mr. Gibson: I gather that the boatmen are under prevailing rates?

Mr. Chevrier: That is right.

Mr. Gibson: Are they listed here?

Mr. Chevrier: There are six in the Clayoquot station and seven in the Bamfield station.

Mr. Gibson: Are the coxswains and engineers under prevailing rates or under the civil service?

Mr. Chevrier: They are under the civil service superannuation fund.

Mr. Gibson: I understand that some change has been made with regard to sick leave credits, that this privilege has been taken away from these men. I understand also that they were not given any intimation at all of this privilege being withdrawn and as a result one man has been billed for $49 for seven days' sick leave. The minister will appreciate that these men must go to town for medical services.

Mr. Chevrier: I am not familiar with the details of the case my hon. friend has in mind, but I understand from an officer of the department that all of the information has been provided to my hon. friend and that the case he has in mind can be remedied.

Item agreed to.

485. Pilotage service, including authority for temporary recoverable advances not exceeding $13,000, $367,363.

Mr. McLure: What pilotage services are rendered in the port of Charlottetown? How many pilots are authorized to operate by the government? What are the qualifications necessary for a pilot's certificate? There has been some dispute among the pilots there and it might be of assistance if I could get that information.

Mr. Chevrier: The pilots of Charlottetown are not under the authority of the Department of Transport. They are under a local authority and operate their own business.

Mr. McLure: They can make any charge they wish?

Mr. Chevrier: I cannot answer that as I do not know the details of their bylaws and constitution.

Mr. Herridge: Does the department permit any person to act as a master of a passenger vessel without having taken an examination and holding a master's certificate?

Mr. Chevrier: While that matter does not come under this item, the answer is no. Those who follow the calling of master or mate must obtain a certificate from the department if they are operating a vessel of over five tons. Of course if it is a rowboat or a small vessel or yacht under five tons there would be no requirement of that kind.

Mr. Catherwood: Have any changes been made in the regulations with regard to fires since the burning of the S.S. *Noronic* and S.S. *Quebec*?

Mr. Chevrier: Very substantial changes were made following the report by Mr. Justice Kellock in connection with the S.S. *Noronic;* in fact practically all the recommendations have been put into effect. The recommendations with regard to the S.S. *Quebec* have just been received and are being considered now.

Item agreed to.

River St. Lawrence ship channel service—

489. Contract dredging—capital, $2,013,409.

Mr. Black (Cumberland): I should like to have the details of the expenditures last year and what is proposed to be spent this year.

Mr. Chevrier: This item is in the estimates by virtue of a contract between the government and Marine Industries Limited for the dredging, widening and deepening of the St. Lawrence ship channel for a distance extending from some forty miles east of Quebec to the foot of the Lachine canal at Montreal. The contract was for some $14 million and was entered into after a board of engineers had gone into the matter carefully and recommended it to the government. This amount is the last payment under the terms of that contract and is divided into some ten items. The first is the work in Montreal harbour amounting to approximately $500,000; in the area of Cap de la Madeleine $412,000 to deepen the channel to 35 feet below extreme low water; an item of $253,000 at Cap a la Roche to deepen the channel to 35 feet below extreme low water; an item of $109,000 at Becancour lower traverse to deepen the channel to 35 feet; and several other small items which bring it to the total mentioned in the expenditure.

Mr. Black (Cumberland): These expenditures were all in the St. Lawrence?

Mr. Chevrier: All in the area extending from 40 miles below Quebec to Montreal.

Mr. Black (Cumberland): Is this all new work, widening and deepening the channel, or is it removing debris that has accumulated?

Mr. Chevrier: It is under the terms and specifications of a contract signed some five years ago which was allocated and divided over a period of five years, and this is the last of the work that has to be done.

Mr. Black (Cumberland): Is this on a fixed yardage basis, or under what method?

Mr. Chevrier: It is on a yardage basis at unit prices.

Mr. Black (Cumberland): Fixed at the beginning of the contract?

Mr. Chevrier: Yes.

Mr. Black (Cumberland): It does not change from year to year?

Mr. Chevrier: No, it was fixed at the beginning.

Mr. Black (Cumberland): Does the minister's department have the responsibility for dredging channels in Nova Scotia? There is a case at Parrsboro that I took up with the Minister of Public Works on behalf of the board of trade of that town. It concerns the removal of debris and old material from some wharf or breakwater construction. It was filling up the channel in Parrsboro harbour and interfering with the mooring of lumber barges that gather lumber in the whole area of the upper part of the bay of Fundy for transshipment to steamers that come in there to load. Most of these steamers have to load under anchorage because they are not able to go to wharves. The wharf facilities are not sufficient. This material is filling up the old channels where the lumber barges have been in the habit of mooring, and is making it very difficult for them. Does this come under the minister?

Mr. Chevrier: No, it does not, except with reference to the removal of derelicts or wrecks that might be in the channel.

Mr. Black (Cumberland): This is refuse that came from government property in that area, wharves or breakwaters. Does the minister have responsibility for that?

Mr. Chevrier: No.

Mr. Black (Cumberland): Why is it that the Department of Transport has the responsibility for keeping the channel open in the St. Lawrence and does not have the responsibility for seeing that the channels are properly cleared in the smaller outport harbours such as Parrsboro?

Mr. Chevrier: Because parliament decided the channel of the St. Lawrence should be deepened to 35 feet low water datum and decided to expend this sum of money. Otherwise there would be no authority for deepening the channel.

Mr. Black (Cumberland): I think the minister said that the work has been completed. If the work has been completed of dredging the St. Lawrence river to a depth of 35 feet and to the required width, what is the policy of the department with respect to future work?

Mr. Chevrier: In so far as this particular contract is concerned, I do not think I indicated that the work had been completed. What I indicated was that this amount will complete the five-year contract which was a contract entered into for the purpose of keeping the channel at the required depth of 35 feet, to widen it in certain areas from 500 to 1,000 feet, and to provide for turnaround areas at certain other points. So far as the future is concerned, there is a committee in the department which will give consideration to whether or not it will be necessary to do additional work in the ship channel because of the continual filling and because of the larger ships that are being used in the traffic.

Mr. Black (Cumberland): Is the minister in a position to indicate what additional work is projected?

Mr. Chevrier: No, I could not at this time, but when that is decided I will indicate it to the house.

Item agreed to.

Railway and steamship services—

490. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $52,000.

Mr. Herridge: Before the item carries, I see that there is an amount of $64,000 for repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department. That is an increase of $12,000 over last year.

Mr. Chevrier: It is a decrease of $12,000.

Mr. Herridge: Oh, I did not have my glasses on.

Mr. Chevrier: Fine.

Mr. Herridge: Under the law, who is entitled to the use of a private railway car? What is the average cost per mile of the operation of these cars, and does this item cover the cost of the staff such as the stewards or cooks?

Mr. Chevrier: The answer to the last question is yes, that it does cover that cost. The answer to the first question concerning who is entitled to use these cars is that there are two cars assigned to His Excellency the Governor General, one to the Prime Minister, and one to ministers, and distinguished visitors such as the President of France who was here the other day. He used one of these cars. Car 104 is the one which is assigned to the minister of the department. I am afraid I have not got the answer to the second question but I will get it from my hon. friend.

Mr. Low: How many official cars are there?

Mr. Chevrier: Five.

Mr. Black (Cumberland): Under marine services, I understood the minister to say there was a special item providing for the building of lifeboats and similar boats.

Mr. Chevrier: We have passed that one.

Mr. Black (Cumberland): What item would that be under?

Mr. Chevrier: Item 484.

Mr. Black (Cumberland): Will the minister state what construction is being provided for so far as these boats are concerned?

Mr. Chevrier: I put that information on *Hansard*.

Mr. Black (Cumberland): That is on *Hansard*?

Mr. Chevrier: Yes.

Mr. Black (Cumberland): I overlooked the item when it was being discussed. I want to point out to the minister that so far as the construction of wooden boats of this kind both large and small is concerned, consideration should be given to their construction in the shipyards of the bay of Fundy. At Port Greville they have a yard that is as well qualified as any now existing in Canada. They have trained workmen and a long record of splendid work in building boats of all sizes. I understand that no construction is going on there this year, although there has been almost every year. I should like the minister to give special consideration to their claims for work of this kind and to see that they get a chance to bid on any boats of wooden construction required by the department.

Mr. Chevrier: I will be glad to bring this matter to the attention of my officers. I should like to put the answer on the record with reference to the query of the hon. member for Nanaimo having to do with the Johnston company. Operating expenses are paid in accordance with an agreement out of gross receipts. The net receipts are split 60 per cent to the department and 40 per cent to the Johnston National Terminal Company, who are also wharfingers.

Mr. Gibson: Do they set the rates?

Mr. Chevrier: No, the rates are set by us.

The Deputy Chairman: I point out that the item before the committee is 490 under railway and steamship services.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Bill No. 165, for the relief of Eileen Florence Alma Hinton Johnson.—Mr. Winkler.

Bill No. 166, for the relief of Ritchie Leslie McEwen.—Mr. Winkler.

Bill No. 167, for the relief of Catherine Marie Littlefield Stirling.—Mr. Winkler.

Bill No. 168, for the relief of Marie Rose Vachon Orr.—Mr. Winkler.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

An hon. Member: On division.

Motion agreed to on division.

BORDER PIPELINE CORPORATION

The house resumed from Tuesday, March 20, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation.

Mr. J. S. Sinnott (Springfield): I should like to say a few words on this bill to incorporate the Border Pipeline Corporation. I notice that this bill was introduced in another place. At page 192 of the Senate report I notice that the Hon. Senator Reid said:

> It is proposed that this pipe line be routed to Seattle, and thence northerly to the city of Vancouver. I point out that this manoeuvre is just a little bait—

Mr. Speaker: Order. I do not think the hon. member should refer to a debate in the Senate, during the present session in any event.

Mr. Sinnott: Thank you, Mr. Speaker. We always like to be put on the right track. However, I am one of those who advocate the building of Canada through the development of our own natural resources before exporting any of those resources.

Mr. Sinclair: Wheat, for example; no export of wheat?

Mr. Sinnott: We are always glad to hear from the parliamentary assistant to the Minister of Finance. Perhaps he would like to sponsor a bill that would send gas to the United States before it went to the constituency he represents. I would rather see this pipe line built over an all-Canadian route so that it would serve the various parts of British Columbia, including the riding of the member who just interrupted me, before it went to the United States.

Mr. Sinclair: But if you were prohibiting exports from this country, you would not care to prohibit the export of wheat?

Mr. Sinnott: At the moment, so far as wheat is concerned, we are exporting the surplus that we do not need in Canada. When this bill considers exporting gas before Canadian needs are fulfilled, then we are opposed to it. I am sure, Mr. Speaker, there are many in this house who would like to see the pipe line follow an all-Canadian route. We have been assured by the Minister of Trade and Commerce (Mr. Howe) that such a Canadian line is going to be built some time this year.

Mr. Argue: The hon. member is beyond help.

Mr. Sinnott: Possibly the member for Assiniboia could help me at some other time, but I do not think he can contribute very much now.

Mr. Speaker, I happen to be in the fortunate position of having some knowledge of the building of pipe lines. On my farm I have a couple of pipe lines. One of those pipe lines runs from the house down to a coulee, where it takes the wash water.

Then, I have another pipe line that runs from what used to be a sand pit to the river. That is a six-inch pipe line and runs for possibly three hundred yards.

In my constituency there is a third pipe line, the one which happens to be the tap-off from Gretna to East St. Paul and carries a large portion of the oil down to the refinery at lake Superior. This line cost in the neighbourhood of $10 million to build. With this oil coming from Alberta to East St. Paul, it will enable the people of Springfield, thanks to this all-Canadian route, who are using fuel oil to get their fuel much cheaper just as soon as the refinery is in operation. It has been said, and we should endeavour to see that the promise is kept, that gasoline will be selling in my constituency for four or five cents a gallon less next spring. That is a credit to this all-Canadian pipe line.

There is another pipe line in my constituency, and I believe many members do not know about it. I believe it is one of the cleanest pipe lines that there is in Canada, and it happens to supply all the water for the city of Winnipeg. It runs from Shoal lake to the city of Winnipeg and is about eight feet in diameter. This is an all-Canadian pipe line.

Mr. Argue: It is all-Manitoba.

Mr. Sinnott: Since my friend has not got the proper information, I may tell him there is a small portion in the province of Ontario.

Many times the member for Assiniboia makes statements in the house concerning box cars and everything else—

Mr. Sinclair: The hon. member is very young.

Mr. Sinnott: Of course, he is very young, and he will learn in time. I have a few notes here to refresh my memory. When we are talking about pipe lines, let me say there is more to building a pipe line than most people realize. When a line of this type has to be constructed, the best engineers must be available. I would not have believed it myself—

Some hon. Members: Hear, hear.

Mr. Sinnott: It may be a joke to some, but you would never believe that if oil were running downhill through a steel pipe line for a distance of three miles, it would break that pipe. Therefore, in building these lines, it is necessary that previous experience should have a great deal to do with it. There must be certain blocks in these lines in order to keep back the pressure which is so great if these blocks are not in there. Another thing is this. It is quite a difficult job to curve these pipes to pass around the various rocks that are sometimes found in the way, and to go through the various coulees. All these bends must be of the same nature as the land. The parliamentary assistant, the hon. member for Coast-Capilano (Mr. Sinclair), gets a big kick out of it. He is at least learning what I am trying to tell him, and I hope that it may be of some value in the future.

Mr. Cruickshank: It is difficult for him to learn.

Mr. Sinnott: With time, one can learn. I have found that out myself. Pipe line construction today is a job of a different nature from what it used to be in years gone by. Had we had to build a line of this type, we will say twenty years ago, it would have been something beyond the stretch of imagination of any man. But with the modern machinery we have at the present time, I believe it is evident that mankind is getting to receive more and more the benefit of the scientific brains responsible for the construction of this machinery.

If one were to read this pamphlet put out by the Imperial Oil Company, he would find that it gave him an illustration of how the pipe is laid by modern machinery, how pipe is wrapped in order to keep rust away so that the line will therefore last a number of years. It is really magnificent to know how, during the past decade, modern science has at last found some method by means of which Canadians will have an opportunity to get the benefit of this development.

I have not much more to say about this line, except that I am sponsoring an all-Canadian route before any part of a pipe line coming from Canada is built in the United States.

Mr. Herridge: Will the hon. member permit a question?

Mr. Sinnott: Surely.

Mr. Herridge: Is grease ever used in wrapping a pipe line in order to avoid rust?

Mr. Sinnott: I am glad that the hon. member has asked that question. Since he has asked me, I would say that the better the grease, the better the job. If my friend wants further information as to the better types of grease, I can give him that too.

I had a few notes here with regard to this line, and I think I have endeavoured to make some little contribution to this debate. If a large number of hon. members take part in this debate, and if they stick together, I think they can tell the board of transport commissioners in no uncertain terms—and that board is now overburdened and has had a terrible responsibility lately—in order to take the burden off their shoulders, that they will not allow any pipe line to be built outside of Canada before Canada's needs are first met.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this house is a good crucible in which to work out national policies. I believe that it has great value for that purpose and, of course, for many others. But here we are able to discuss the pros and cons of various questions; and, generally speaking, a fairly satisfactory solution is worked out by the members of the house.

I believe most sincerely that the question raised by these bills which seek to grant charters for the building of pipe lines is one of the greatest importance to Canada at this time and is perhaps one of the most important ones we have had to solve for many years. As hon. members of the house will know, that great question is whether our natural resources are to be used first for the benefit of Canadians or whether they are to be shipped abroad in the unfinished state simply because, for the time being, that may seem to be the quickest way to make a little bit of money.

The question is so highly important now because of the place of iron, steel, oil and gas in the economy of any nation. No country in the modern world can become one of the leading nations without those particular resources. It so happens that in recent years Canada has found great deposits of iron ore, of oil and of natural gas. If properly used these can help greatly to build this nation into a strong power. Therefore, although this subject has been discussed on numerous previous occasions in the house, I offer no apologies for going over the field again, because we have here before us this evening a bill submitted by a group of men whose purpose admittedly is to build a pipe line by means of which to bring oil from the fields in Alberta down into the states of Washington and Oregon, getting into those states by the shortest route.

It is the second chapter of the story which began two or three years ago. In 1949 a charter was granted to a company to pipe oil from Alberta to the east, the line going down to Superior, Wisconsin, rather than to Fort William and Port Arthur. As Your Honour knows, some of us protested that action. Incidentally, I believe the sponsor of that bill in this house is the same sponsor who is asking for this present charter.

Mr. Robinson: Will the hon. member permit a question? Does he not agree that the bill to which he refers, which I sponsored a few years ago, has resulted in great benefits to Canada?

Mr. Green: My answer to that question is this: I believe that had that line been constructed to Fort William and Port Arthur it would have resulted in a great deal more benefit to Canada, not only at the present time but in the years ahead.

In one of the leading United States weeklies at that time—I refer to the *U.S. News and World Report*—there appeared an article entitled "Canada: oil's new hot spot." With the article there appeared a sketch of Canada showing the proposed pipe line east from Alberta right down into the United States at Superior and another west to the Pacific coast at Seattle, Tacoma and Portland. Tonight we are considering a bill for a group who propose to build the second leg of this particular plan, namely, an oil pipe line to the west coast of the United States.

The company will be known as "Border Pipeline Corporation." The line, as I have said, will run from Alberta down across the southeastern corner of British Columbia, through the Crowsnest pass and then down into the city of Spokane in the state of Washington and to the city of Seattle where refineries are to be built. I presume it will also go to Tacoma, and a branch goes further south to the city of Portland in the state of Oregon. There is to be a branch to the north ending at or near the city of Vancouver. We have of course no way of making certain that this stub line up to Vancouver will ever be built. If this charter is granted and the company gets permission to go ahead, the

final result may be that there will be refineries at Seattle and at Portland, while Vancouver and the rest of British Columbia may be getting their Canadian oil by tanker from the United States.

If the plan of this company is followed out the Vancouver area will be the only portion of British Columbia to get this crude oil by pipe line. There will be no chance to have refineries in any of the interior cities of our province, and at all times the oil which eventually may come to Vancouver will be subject to control by the federal authorities of the United States, and also by the state authorities of the state of Washington, because, as I have pointed out, the line would run through the United States before coming to the Canadian west coast. All this would take place although it is Canadian oil from the adjoining province of Alberta. Furthermore, British Columbians, being at the end of the line, will be paying the highest price for this Canadian oil.

Another very important feature is that if this oil pipe line is built through the United States it is practically certain that a natural gas pipe line will go by the same route. A year ago we thought that the gas line would be built first, but now there is a rush to get an oil pipe line to the Pacific coast, and it seems certain that the oil will be there ahead of the gas. Should this oil line go through the United States the result will be to make it cheaper to put a gas line by the same route, and we are very likely to find both our oil and our gas going through the United States, and we will only get what there is to run out at the end of the line.

I oppose this bill just as strongly as I possibly can, because I believe it should be a fundamental policy of this nation that Canadian resources must be made available to Canadians first. There could be no objection whatever to selling our surplus to the other nations, and in particular to our good friends of the United States; but they have built their nation on the very policy that I am advocating this evening, and they would be the last people to criticize us for doing the same thing as they have done since the founding of the republic.

Last year in the discussions on the natural gas bill we were met with the argument that there would be a monopoly; that it was not fair to have only one company incorporated. Incidentally, one very important point that I have omitted is that there will be only one oil pipe line to the coast, and only one gas pipe line. I think that is admitted by everyone interested in the question.

Mr. Murray (Cariboo): That is an unfair statement to make.

[Mr. Green.]

Mr. Green: Perhaps the hon. member for Cariboo is an authority on this question whom I have overlooked. All the rest of the authorities take the position that there will be only one trunk oil pipe line and one trunk gas pipe line to the Pacific, because there is a market there for only one line for each of those commodities. The hon. member may have misunderstood me. I may not have made my statement clear.

Mr. Murray (Cariboo): There are other opinions on that subject, and they are very strong opinions. Many experts have other opinions.

Mr. Green: The hon. member for Cariboo is the member for the constituency which will benefit the most if my arguments are successful in impressing the house.

Mr. Cruickshank: Hear, hear. Give him a chance to speak.

Mr. Murray (Cariboo): Mr. Speaker,—

Mr. Green: Sit down, now. I am always surprised at the way the hon. member has jumped in from the start of these debates, and is always against those people who are trying to advocate a policy which will benefit his people more than the people of any other portion of British Columbia.

Mr. Cruickshank: Hear, hear; why does he not make a speech on the subject.

Mr. Murray (Cariboo): We got the pipe line in spite of you.

Mr. Speaker: Order.

Mr. Green: If the hon. member for Cariboo wants to make a speech, he may do so.

Mr. Cruickshank: Not he.

Mr. Green: I would be delighted to hear him on this question. There are already two other companies incorporated, which have committed themselves to build an oil pipe line to the west coast by an all-Canadian route. I refer first to the Westcoast Transmission Company Limited, which was incorporated in 1949; the other is the Trans Mountain Oil Pipe Line Company, which was incorporated just a few days ago. Both these companies are prepared and anxious to build an oil pipe line to the west coast by an all-Canadian route. Their policy of course is to supply British Columbia first and then to sell any surplus to the United States.

Incidentally there is, I believe, a third company seeking incorporation, known as the Champion Pipe Line Corporation Limited. The bill respecting that company has not yet gone through the Senate. However they are planning to build an oil pipe line to the west coast by an all-Canadian route. If any one

of those companies or, for that matter, any other company—I am not concerned as to which company gets the right to build—or if, in other words, the Canada-first plan is followed, we shall have the work done in British Columbia and jobs will be given to our people. The highway will be built by that company through the Yellowhead pass, where there is no highway at the present time, with the result that Edmonton would be connected directly by road with Vancouver. There would be great expansion in British Columbia. That would take place not only at the coast but, in due course, I believe there would be refineries in such centres as Prince George, Kamloops and possibly some other interior centres. There might even be a refinery at Chilliwack.

Mr. Sinclair: Why?

Mr. Green: To commemorate the useful work done by the hon. member for Fraser Valley (Mr. Cruickshank) in these pipe line battles.

Mr. Sinclair: And the hon. member for Springfield (Mr. Sinnott) too; do not forget him.

Mr. Green: It would mean not only the expansion of industry on our Canadian west coast, but also a great impetus to our shipping. We would be in a position to ship oil and other petroleum products to many parts of the world. That is of the greatest importance to us, because Vancouver and New Westminster are two of Canada's greatest seaports. The flow of commerce in and out of those ports means a great deal not only to the people who live in that vicinity but to people in all parts of Canada. Then as I pointed out earlier there would also be a natural gas line by an all-Canadian route, with all the resulting benefits outlined so carefully during the debates of the last session.

There is another special reason why we are in favour of this all-Canadian route for oil—and here I hope the hon member for Cariboo (Mr. Murray) will follow me closely. If there is an all-Canadian route there will be an outlet to the west coast from the Peace river country, which is a portion of his own constituency. At present that great area, partly in British Columbia and partly in Alberta, is sealed off. In that area is the greatest oil potential country in British Columbia. Experts report that there may be great finds there of oil. Already there have been substantial discoveries of gas. Yet that whole area is sealed off today from the west coast. There is no highway and no railway. The only way in which the hon. member's constituents can come out from the Peace river district in British Columbia to Prince George, which is also in the hon. member's constituency, is by air or on foot.

Mr. Sinclair: Or the John Hart highway.

Mr. Green: The John Hart highway is not yet completed, as the hon. member for Coast-Capilano knows. A highway would be completed if either a gas or an oil pipe line were to go from the Peace river area to the Canadian west coast.

These facts have been clearly in the minds of the legislators of British Columbia. Mr. Braden, the member for Peace River in the provincial legislature—

Mr. Cruickshank: And a good one.

Mr. Green: —which, again, is a portion of the federal riding of Cariboo, presented a resolution in the British Columbia legislature less than a month ago. It was passed unanimously by that legislature on March 28. And believe me, when any legislation or resolution goes through the British Columbia legislature unanimously in this year of 1951, it has to be good.

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

Mr. Sinclair: Of course.

Mr. Cruickshank: I think the hon. member for Vancouver-Quadra is capable of speaking for himself. Has the hon. member ever heard the provincial member for that district express his opinion about the lack of support of the all-Canadian route in Ottawa?

Mr. Green: If I had heard the comments of the provincial member for Peace River, I am sure they would be unparliamentary.

Mr. Cruickshank: Hear, hear. I can tell you what he said about it.

Mr. Green: Here is the resolution passed unanimously two weeks ago by the British Columbia legislature:

> Whereas this legislature at its last session unanimously passed a resolution urging adoption of an all-Canadian route through the Yellowknife pass for the proposed transmission of natural gas from the gas fields of Alberta to Vancouver and other British Columbia points;

A year ago that resolution was passed stating that the gas route should come from Edmonton through the Yellowhead pass.

> And whereas important gas discoveries have since been made in the Peace river area of Alberta and British Columbia, which gas can best be marketed via a route through the Pine pass;
>
> And whereas the Alberta Petroleum and Natural Gas Conservation Board has recommended in its interim report of January, 1951 (1) that the only gas available for export is the gas lying beyond economic reach of Alberta consumers, which includes the gas reserves of the Peace river area, and (2) that no gas found in the major gas fields lying

in that part of the province from the Edmonton area south to the international border could be allocated to a market outside of the province;

Hon. members who served on the standing committee on railways, canals and telegraph lines will realize that only recently an exception has been made to that rule whereby provision is made to pipe some gas into Montana for war purposes, but only on a temporary basis for a period of five years. Then the resolution goes on:

And whereas the interests of Canada as a whole will best be served if natural gas from the Peace river areas of Alberta and British Columbia is transmitted to its closest markets, namely, British Columbia and the Pacific coast;

And whereas it is vital that the maximum encouragement be given to the discovery and development of the oil and gas resources of this province and to the industrial development of the interior of the province;

And whereas, in view of the foregoing facts, the route which best serves the interests of this province and the dominion as a whole is the aforesaid Pine pass route and such pipe line route having been proposed;

The Westcoast Transmission Company have now switched their gas route from the Yellowhead to the Pine pass route because of the finding of the Alberta petroleum and natural gas conservation board.

And whereas any proposed crude oil pipe line to the Pacific coast should, in the interests of the province, follow an all-Canadian route, and at the same time provide for the marketing of oil found in this province;

And whereas it is proposed to build a crude oil pipe line from northern Alberta to Vancouver via the Yellowhead and Pine routes to provide for marketing such oil.

That is, there would be a main line from Edmonton and a branch line from the Peace river down through the Pine pass. The resolution continues:

Therefore be it resolved, that this legislative assembly urges upon the appropriate authorities, in the interests of both British Columbia and Canada, the adoption of (1) the Pine pass route for natural gas transmission pipe line and (2) the combined Yellowhead and Pine pass route for the crude oil pipe line, which will provide for the marketing of oil discovered in British Columbia.

That resolution sets out the picture at the present time in Canada's western province and I contend that it should be supported by every hon. member from our province, no matter what his political views may be. The Border Pipeline Company advocates a policy which is just the reverse.

Now is the time for foundation laying. It is not too late to work out the best policy and to follow it. As members of this present parliament we have it in our power to see that a proper policy is followed. Oil being sent to the east is being transported through the United States and we cannot do anything about that now. It may be the policy of the oil

interests to send oil to the west through the United States also just as they have done with the oil to the east. Hon. members need not be surprised if they find the oil interests issuing statements or propaganda that this oil should go down through the United States; that the best thing for Canada would be to have it go through the United States. We should not forget that they are not controlled in Canada. The oil interests are not working for Canada, they are working for their own profits. That should be remembered at all times when national issues are being decided. If more money is to be received by building this oil pipe line directly to the United States it means that much more money for the oil companies. They may well advocate that oil should be brought to the largest market, which undoubtedly is in the states of Washington and Oregon rather than British Columbia, by the shortest possible route, regardless of national interests. They will plead economic reasons and all that sort of thing, but let the members of the house beware.

I hope that the house will make sure that oil being sent to the Pacific coast goes by a Canada-first route. The picture is very well summed up in an article in the *Saturday Night* of June 20, 1950, entitled, "Pipe Vancouver the gas—but how?" That is not spelled "Howe". This is an article by Michael Barkway, one of the distinguished members of our press gallery, who sums up the question neatly in these words:

It poses the question that has faced Canada throughout her history; shall we let the forces of geography work out our destiny, or shall we bend them to our national designs?

I suggest to hon. members that it is in the national interest of Canada that this charter should not be granted and that no charter should be granted to any company which proposes to build its main line to the Pacific coast through the United States.

Mr. G. M. Murray (Cariboo): Mr. Speaker, important as this proposed bill is, there is a matter of parallel importance to my riding of Cariboo, the construction of the Pacific Great Eastern railway north into the Peace river country to bring out, not only oil, but coal, wood, lumber and all the other things to be found in abundance in that valley. I am surprised that so little support comes from these urgent gentlemen who are so willing to deny my participation in the discussion of these pipe lines.

I say that we must build the Pacific Great Eastern railway and we must have the support of hon. gentlemen who come from the deep south of British Columbia, who are interested in gardening, small dairying and

so on. The future of British Columbia lies in the Peace river country. If I did not advocate the building of a pipe line from the Peace river country to Vancouver by way of the Cariboo district I would be most unwise indeed.

As a result of efforts put forth in this chamber during the last session we now have a pipe line from Alberta into British Columbia, and as a result houses in the metropolitan area of Dawson Creek are being lighted with gas, and industries have the advantage of this natural fuel from Alberta. It is to the credit of Premier Manning that he gave permission to bring gas across the interprovincial boundary into northern British Columbia.

It happens that the Westcoast Transmission Company is the company which is running that pipe line into British Columbia from Alberta. Their program is to extend it to Prince George and Quesnel and then down to the larger market at Vancouver. It has been stated that there will be only one pipe line, but those who say that are not prepared to look into the future and see the great possibilities of the tremendous oil reservoir to be found, not only in British Columbia and Alberta but in the far north. It may well be that there will be several lines for the transmission of oil as well as other lines for the transmission of gas.

One pipe line was operating in the far north of British Columbia to convey oil from Norman Wells to the Pacific coast. There is a great reservoir of oil at Norman Wells in the Northwest Territories which is waiting to be tapped and carried out to the Pacific coast. Recent explorations have shown that the oil structure extends from the Turner valley north for 1,000 miles, giving the greatest oil reservoir in the world. Yet members say that only one small pipe line will ever be constructed to the Pacific coast. It is ridiculous.

As I say, the building of highways and railways is vital to the district which I represent. If hon. gentlemen will give as much enthusiastic support to the construction of a railway to the Pacific coast I would challenge them to get up in the house—

Mr. Green: On a question of privilege, the hon. member for Fraser Valley (Mr. Cruickshank), the hon. member for Coast-Capilano (Mr. Sinclair) and myself were advocating a Peace river railway long before the hon. member for Cariboo (Mr. Murray) ever got here.

Mr. Murray (Cariboo): Before the royal commission on transportation in 1950 I asked for the building of this railway. There is a lot of information about the oil business that is not given to this house. I am no expert on oil, but I know that for thirty-five years we imported oil from the United States to Burrard inlet at Vancouver, and nobody seemed to be very bitter about that. If we had not got oil from the United States we would not have been able to run our automobiles or diesel engines in British Columbia. For thirty-five years our oil came either from California or from Peru. It was conveyed by tanker to ports on the west coast, and we were very glad to have it. British Columbia is one of the greatest markets for oil that there is.

Mr. Cruickshank: Why send ours out then?

Mr. Murray (Cariboo): Therefore I say we should not speak of the Americans with bitterness, and I think it is time that we gave fair consideration to all these factors. I can give you a little personal information about something that happened to my advantage in connection with the oil business. When I went to British Columbia from Ontario I naturally saw the possibilities of that new country. I homesteaded crown land some twenty miles outside the city of Vancouver. There were stumps of course and rocks, and it was not very attractive. It was like some of the country we see in Glengarry or up in Pontiac county. The day came when the Imperial Oil Company of Canada, represented by Mr. Victor Ross, came to me and bought 60 acres of that land to form part of the site for the present Ioco refinery on Burrard inlet.

Mr. Cruickshank: Hear, hear.

Mr. Murray (Cariboo): The oil business is a magic business. It is a great thing that we have these supplies in Alberta. It would be well to convey them to the coast of British Columbia, and certainly through Cariboo, but let us view the requests of these various persons with consideration, at least with courtesy, and not impute certain motives simply because companies come before us seeking incorporation.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to express my opposition to the bill, and I will give my reasons as I proceed. Before doing so, I want to draw the attention of the house to a rather interesting fact in connection with these bills that propose the piping of gas or oil from Canada through the United States, and in some cases back into Canada. It seems impossible for the companies concerned to get a sponsor from British Columbia. This bill is sponsored by an Ontario member. What is the reason for that? It is simply that all hon. members from

British Columbia know that it is politically dangerous to sponsor a bill, whether it is for a gas or oil pipe line, that means the piping of gas or oil into the United States and thence to the coastal area without proceeding by an all-Canadian route.

I strongly oppose the bill now before us on two grounds. The first is the fact that the bill proposes to build a pipe line with private capital. We believe that pipe lines, railways and national efforts of this sort should certainly be under public ownership. That sentiment runs across party lines in this house. It is not only the C.C.F. who advocate the public ownership of pipe lines. Liberal members have expressed their support of public ownership.

An hon. Member: Who?

Mr. Herridge: Members of the Conservative party have expressed their support of public ownership. Of course the policy of the C.C.F. is to advocate public ownership of utilities such as these. In this house a year or so ago the leader of the coalition party from British Columbia rose and expressed his support for the public ownership of pipe lines.

Mr. Gibson: Don't tag that name on me.

Mr. Herridge: I refer to the brilliant member for Comox-Alberni (Mr. Gibson), with whom I do not always agree. Members who were present during the session when the debate on the general pipe lines bill and two or three succeeding pipe lines bills took place will remember that we had a demonstration in the house of how widespread the feeling and support is for the principle of public ownership. In that debate we witnessed the former member for Vancouver Centre, Mr. Rodney Young, and the leader of the coalition party in this house, the hon. member for Comox-Alberni, jointly holding aloft the banner of public ownership of pipe lines.

Mr. Gibson: Mr. Speaker, on a point of order, I want to dissociate myself not only from the former member for Vancouver Centre but also from the coalition party in British Columbia.

Mr. Sinclair: What about Tim Buck and Harvey Murphy? They are for public ownership too.

Mr. Herridge: Regardless of the fact that the hon. member for Comox-Alberni dissociates himself on that question, they had an identity of point of view. In addition, he takes objection to the fact that I referred to him as the leader of the coalition party in this house. I was not suggesting that he represented the coalition in British Columbia. He represents the independent coalition party in the federal house.

On motion of Mr. Herridge the debate was adjourned.

Mr. Speaker: Order. It being nine o'clock the house will revert to the business which was interrupted at six o'clock.

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF TRANSPORT

Railway and steamship services—

490. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $52,000.

Mr. Knowles: Mr. Chairman, last evening when we were dealing with the first item in the minister's department I indicated that I had a matter about which I should like to speak, having to do with the Canadian National Railways. At that time it was almost eleven o'clock, and there seemed to be a general desire to get the first item through. I suggested I was prepared to let that item pass as long as it was understood that I would have the privilege of raising this matter on another item. The minister agreed that I might raise it on the item now before the house. The matter about which I wish to speak is one concerning which I wrote the minister at some length on March 8 of this year. I note that he is nodding his head, and I hope that means that he recalls this particular letter amongst the many letters he receives from me.

On March 14 the minister acknowledged my letter and told me he would be glad to look into the observations that I put forward in my letter to him of March 8. I do not wish to suggest, by raising the matter in the house only a little over a month after that exchange of correspondence, that I am not satisfied that the minister is studying the matter. Rather I thought that by raising it now, drawing it to his attention, and possibly getting support from some others, it might help to expedite favourable consideration of this particular point.

The matter has to do with the desire of the men employed as supervisors by the Canadian National Railways for the recognition by the company of their association. Their association is known as the railway supervisors' association, and council No. 1 of this association is located in Winnipeg. For the most part the men who belong to this association are employed in the various shops of the Canadian National Railways as foremen. In various other places throughout the country, there are men of comparable rank who are members of this association. By

the terms of the Industrial Relations and Disputes Investigations Act, these employees are denied an automatic claim to recognition and the right of collective bargaining.

May I make this point as clear as I can. The Industrial Relations and Disputes Investigations Act does not prevent the Canadian National Railways from recognizing the railway supervisors' association. Rather the act does not give that right automatically to the men, and that means it is at the discretion of the company. Thus far the company has not exercised that discretion in favour of the men. I might point out that the section of the labour code which governs this matter is section 2, subsection 1, paragraph (i), which reads:

"employee" means a person employed to do skilled or unskilled manual, clerical or technical work, but does not include

(i) a manager or superintendent, or any other person who, in the opinion of the board, exercises management functions or is employed in a confidential capacity in matters relating to labour relations;

(ii) a member of the medical, dental, architectural, engineering or legal profession qualified to practise under the laws of a province and employed in that capacity;

One of the reasons for reading the whole of that paragraph was that I felt it would ring a bell in the minds of some members who will recall that when the labour code was being put through this house in 1948 there was some discussion as to whether or not certain of these groups, architects, engineers and so on, should be included in this excluding clause. Some of us argued that employees working in these capacities should not be excluded from the right of collective bargaining. The then minister of labour, the late Mr. Mitchell, sought to make it clear to us that even though the wording of this section denied to those people an automatic claim to recognition and collective bargaining, still it was left open to the companies for whom these people might work and the men themselves to enter into collective bargaining if both sides wished to do so.

On one or two occasions I introduced a bill, a copy of which I have in my hand, which was given first reading on February 16, 1949. It was a public bill, and it would have had the effect of amending that section of the labour code in such a way as to give to some of these people who were exercising management functions the automatic right to recognition and collective bargaining. We sometimes get private members' bills and resolutions through this house, but not as often as might be desirable. Accordingly, that bill has not yet become law. One could keep trying to get the labour code amended so as to make it automatic in the case of these railway supervisors, but since that seems to be a rather slow process it has occurred to me that it might be better to simply make an appeal through the Minister of Transport to the Canadian National Railways to accord to these men right now the right to recognition and collective bargaining.

It is pointed out to me that the men feel it is unfair to discriminate against them on the basis of the argument that they are exercising management functions, or that they are employed in a confidential capacity in matters relating to labour relations. That is sometimes given as a reason, but the test is whether or not they have the right to hire and fire. These men tell me they do not have that latter right. As for management functions, they suggest to me that they are not as much in control of the shop where they are foremen as is a conductor who is in complete charge of his train. Yet there is nothing against the conductors having their trade union, being recognized and enjoying all the rights of collective bargaining.

The men admit that individually they are permitted to go in to see their superiors at any time that they have grievances they wish to take up. But remember that most of these men are tradesmen of one sort or another who have been in trade unions, and some of them are still members of the union to which they previously belonged. But as foremen they are not covered by the agreement of the union of which they may formerly have been members. With that background, and knowing the better security that is enjoyed collectively, they feel very strongly that they should have the right of recognition and collective bargaining. I may say that I have met these men in Winnipeg on a number of occasions, and I know that although recognition and collective bargaining carries with it other implications, what they most desire is recognition of their association. What they most desire is that when any one of them has a grievance it can be taken up with their superiors, not by one employee going in himself but through their association. They feel, as a matter of fact, that the men working under them have certain rights because of their trade union connections which these foremen or supervisors are denied.

I fully recognize that the Minister of Transport is not the administrative head of the Canadian National Railways. I do not expect him to give a final answer at this time. But I do hope that the study which he told me in his letter of March 14 he was prepared to make of this matter is being pursued, and that it may result in a feeling on his par

that he can recommend to the Canadian National Railways that they meet this request. Some hon. members may have felt when I first raised the matter that it was a labour matter rather than a transport matter. As I have already indicated, if one were trying to get the law changed in a general way, it would be a matter to take up under labour. In this instance it seems to me the thing to do is to try to get the Canadian National Railways to meet the request of this particular group of people. I indicated in my letter to the minister that if he wanted to discuss the matter with me after he had studied it, or with any of the rest of us who are interested, we would be glad to go to see him. He might like to have the Minister of Labour there as well. But my hope is that the result of this study, as I have already indicated, will be that he will see the justice of the claim that these men are making and that he will be prepared to recommend approval of their request to the management of the Canadian National Railways.

Mr. Chevrier: I remember quite well the letter which the hon. gentleman sent me. If my memory does not fail me at the moment, it struck me at the time that there were two or three questions involved. First there was a legal question. And then there was a question of labour relations, and finally there was the interest of the Canadian National Railways. I read his letter carefully and thought the best thing I could do was first of all to ask the Canadian National Railways to let me have their comments on the suggestion put forward by my hon. friend. That I have done, and I have simply acknowledged his letter without comment until I am able to get the reply of the officers of the railways. That has not been forthcoming as yet. I presume they are preoccupied at the moment with the committee on railways and shipping, for which they are getting ready. But just as soon as I am able to get their reply and also to give some consideration to the two aspects that I have mentioned, I shall write to my hon. friend.

Mr. Knowles: I appreciate the position taken by the minister and I shall look forward to hearing from him when he gets that reply from the Canadian National Railways. I am wondering, however, just what the minister meant when he referred to the legal aspect of the matter.

Mr. Chevrier: I would have to have the letter before me. As I said a moment ago, I was speaking from memory. What struck me when I read the letter—and it was a fairly long one, if I remember aright—was that there were two aspects of the question. One was a legal question as to the application of the Industrial Relations and Disputes Investigation Act and the other was as to labour relations.

Mr. Knowles: May I just suggest one other thought. I do this because I presume that, when this matter gets studied by the minister and by the department, today's *Hansard* will probably be looked at. Therefore if one has a point to make, now is the time to make it. My suggestion is this. I suggest that when the minister or his officials are studying this matter, they look up the debate which took place in this house when the labour code was before us. As a matter of fact, if my memory serves me aright, that debate took place on June 17, 1948. I do not presume to remember every date on which anything takes place, but I have reason for remembering that date very well and the Minister of Transport will remember it too. An extremely important amendment to the labour code went through on that date, one I had fought for for many years. In the debate of that day the minister will find that the then minister of labour discussed the position of these people who, by the terms of the labour code, are excluded from automatic recognition and the automatic right to collective bargaining. The point was that although these people, including the people involved in management functions, are excluded from that automatic right, still there is no law against that right being accorded to them by any employer who wishes to do so. It is that view of the former minister of labour which I wish the Minister of Transport would look at when he is assessing the legal aspects.

Mr. Chevrier: That was the question that was in my mind: whether or not an amendment to the act would be necessary in order to do what my hon. friend requested.

Mr. Knowles: That is exactly the point. I am glad the minister raised it; because when, on June 17, 1948, an attempt was made to amend the act with respect to architects, I believe, that amendment was defeated. The minister of labour said then that even though that amendment was defeated, even though architects were excluded from the automatic right to collective bargaining, there was nothing to prevent them from having it wherever their employers were willing to accord it to them. That is what I am hoping the Canadian National Railways will be prepared to do with regard to these railway supervisors.

Mr. Gibson: This afternoon when I mentioned this question of transportation of members of parliament, the minister did not give me any assurance that he was even

going to look into the matter. I am just wondering if he realizes the principle that is involved. It is customary for people to say that they do not care about the money, that it is the principle of the thing. I am not going to use quite that trite observation at this time; but to tell the truth, I cannot quite imagine the former member for Comox-Alberni, with his rather legalistic turn of mind, not making a protest when he got clipped year after year on this particular point. Probably he did. Even so, probably the same thing happened to him as happened to me. The hon. member for Danforth spoke in stentorian tones to the effect that probably more of us should pay our own way. But I can just imagine the squeals that he would make if, every week end when he went home—sometimes perhaps on Thursday night, probably more often late on Friday night—

Mr. Diefenbaker: No, not the hon. member for Danforth.

Mr. Gibson: —if he had to pay some sum of money apart from what every other member of parliament pays. In those circumstances I am certain he would have supported the argument I made this afternoon. I am curious. This is an item for repair, operation and maintenance of official railway cars. Suppose the minister paid us a visit in British Columbia, and that he arrived at Vancouver. Suppose that someone suggested that the salmon was biting over in Campbell river and that he might like to take his car over there. Would he, as a matter of right, get transportation of his car to the island if he so requested? I am quite sure that he probably would not ask for it. But would he not have a right to do that?

Mr. Chevrier: The answer is no.

Mr. Gibson: I am sorry to persist but is the minister correct in that observation that the answer is no? Have you ever looked into it? Have you ever made a study of it?

Mr. Chevrier: I have not made a study of it, but apparently the hon. gentleman is not conversant with the act. As I tried to explain to him this afternoon, the act does not provide free transportation for members of parliament by steamship companies. The act simply provides for transportation on railways, and it provides also for the making of regulations governing the issuance of transportation by the board of transport commissioners. The board of transport commissioners have no jurisdiction over the steamship companies. For that reason I gave the hon. gentleman the answer that I did this afternoon. When he now asks me if I am sure of my answer when I say no to him, may I say that the reason for saying no so quickly arises out of the answer which I gave this afternoon. It is evident that I could not move a private car to the island without paying the cost of transportation on the steamship, unless the railway wanted to come forward and say, "Certainly take your car over; we will look after it."

Mr. Gibson: There are terminal rates from the island, of course.

Mr. Chevrier: Unless the steamship company wants to treat the member in the same way, I do not see how there is any authority; in fact, there is no authority under the act to provide for it.

Mr. Gibson: Of course my point was that probably the act should be amended. Could it be amended?

Mr. Chevrier: I suppose it could.

Mr. Gibson: Would you not think that, in equity to all members of parliament, it should be amended?

Mr. Chevrier: I do not think it should; no.

Mr. Sinclair: I should like to join my colleague on this matter mainly because some three or four years ago the two of us placed another issue on transportation before this house. As you will recall, it was the question of whether or not hon. members coming from their ridings to this house could travel by air under the statute in question. We had done some work on the matter and saw that in the House of Commons Act there was this provision for direct transportation. Those who live close to Ottawa felt that the train was good enough; but those coming from far out-of-the-way places felt that the intent of the people who framed the act was that we should have direct passage. I am extremely glad that in the end the Speaker, who was adjudicating on the matter, upheld our contention. I am perhaps in a little bit better position to raise the point which he originally made because in the Railway Act the clause to which he referred makes provision that members of parliament may travel as of right on the railways of Canada. I looked back in *Hansard* and found out that this was one of the few concessions that the railways gave in return for getting the many concessions that this country gave in the way of land rights, mineral rights and so on, to enable the construction of the railways to go ahead.

I think the intent was pretty clear, namely, that this was a concession to enable a member of parliament to come from his home to Ottawa as often as he wanted on the national railway systems, not the nationally owned system. And today that intent is certainly carried out, because those members

from Newfoundland can come from Newfoundland on the Canadian National railway and the Canadian National steamship services and arrive in Ottawa on their House of Commons passes. Those who come from New Brunswick find that they can travel through the United States, but they have to pay their fare when they travel through the United States on the Canadian railways, which is then a United States company, which is as separate from the Canadian railway company as is the Canadian Pacific Railway coast steamships. All you have to do is to send the receipts down to the Canadian Pacific Railway agent here and you get a refund. But there are three members of parliament here, the hon. member for Victoria, the Minister of Fisheries; the hon. member for Nanaimo, and the hon. member for Comox-Alberni, who cannot get to parliament unless they pay the Canadian Pacific steamships their fare from Victoria to Vancouver or from Nanaimo to Vancouver. Why the Canadian Pacific Railway should refund the maritime members their fare and not make this concession to the three Vancouver island members I do not know.

This afternoon I raised the matter of subsidy which the Canadian Pacific steamships are not backward about asking for, a subsidy which is given them for their operation on the west coast. I can think of a little steamship line in my riding which does not get subsidies from the Department of Transport but it does extend the courtesy of a pass to the local members of parliament on their steamship lines because they feel that that was the sense of the original provision in the Railway Act.

I know that the hon. member for Comox-Alberni does not need the actual fare between Nanaimo and Vancouver. His predecessor who was also well endowed with this world's goods probably did not either; but it is more than that. It is the principle of the thing. There are three members of parliament who cannot come to parliament on their House of Commons passes, and I think quite frankly that the minister should pay a little attention to it, or perhaps hon. members should pay a little attention to it.

Mr. Gibson: Nova Scotia members are in the same position.

Mr. Sinclair: Yes, therefore it rises above sectionalism. I think members of all parties should pay a little more attention to the subsidies we give to these Canadian steamships if the Canadian Pacific feels that it is necessary to adhere so closely to the letter of the law so far as the British Columbia members are concerned and yet be so generous with their cash refunds so far as the New Brunswick members are concerned.

Mr. Kirk (Digby-Yarmouth): In case there may be a misapprehension so far as the members from Nova Scotia are concerned, those who use the Canadian Pacific steamship *Princess Helene* pay their fare on that ship and do not get a refund. The refund they get is when they go through the state of Maine by train.

Mr. Sinclair: I was just mentioning New Brunswick.

Mr. Kirk (Digby-Yarmouth): They do not travel by steamship.

Mr. Gibson: I have just been informed that the Canadian Pacific inland steamships on Arrow lakes honour the passes. The hon. member for Kootenay West tells me that they give him the courtesy there and honour his pass. They do not give him a special pass. I have been told by certain Canadian Pacific Railway officials if I wish to make a submission in conjunction with the Minister of Fisheries—the Minister of Fisheries certainly must have a pass, I do not know. They suggested—

Mr. Winters: I would not think so.

Mr. Gibson: Perhaps he does not have one. He should have one, certainly.

Mr. Winters: The Minister of Resources and Development does not have a pass on the *Princess Helene*.

Mr. Gibson: He should have one on the *Princess Helene*. As I was saying, the hon. member for Kootenay West told me that his pass is honoured on the inland steamships of the Canadian Pacific Railway. When it comes to the point of going up the west coast of Vancouver island, $100,000 of a subsidy is paid. I am quite sure that if the hon. member for Nanaimo and I went to the Canadian Pacific steamships and said: Will you please give us a pass? We think probably you should. We did not oppose your subsidy in the house. Then they probably would. As a principle, I do not think that a member of parliament ought to barter his support or otherwise with any steamship or railway company of Canada. Once again, as a matter of principle, I think the minister owes it to us. The fact that we come from these far distances and live on islands should not be a disability to us, so far as members of parliament are concerned.

Mr. Chevrier: Owes what to you? I do not quite understand the hon. member.

Mr. Gibson: The minister can get around his riding without paying any railway fare.

He can go by rail or by road. I have to travel literally hundreds of miles in my riding, and in some sections of it there are only steamship services. That is the only connection that is provided there. In order to get around and see my constituents I must pay. I have never minded that in the past. I think the principle is wrong. If a minister can go to his people by rail for nothing, then I should be able to travel on steamships, particularly on the ones that get very heavy subsidies from this house, for nothing. I should be able to go and visit my people in the same way.

Mr. Coldwell: I think probably some of us who have not this to contend with as members of parliament should rise and say something in support of the principle that is being asked for by the members of parliament who are involved. In fact, I think it might have been better if some of the rest of us who are not involved had known about this and had raised the issue, because I am quite sure that while an interpretation might have been placed upon something that was said by the hon. member for Coast-Capilano, it would not make any difference to his attitude on subsidies, or public affairs generally.

What I was going to say was this: If those of us who have not to cross water are able to travel to the House of Commons without let or hindrance in this way, no matter how small the amount—probably it does not amount to a great deal to some members relatively, but the principle is there—

Mr. Gibson: Certainly.

Mr. Coldwell: —I think some consideration might be given to the matter by the minister. I know that we cannot do anything here at the moment, but I think it is only proper that a few of us who are not personally involved in this matter should say that we think that the principle that the hon. gentleman is arguing for is a sound one and should be conceded.

Mr. Chevrier: What I was going to say when I rose a moment ago is this. The difficulty arises because of the fact that there is no body that has jurisdiction over these steamship operations, such as the one having jurisdiction over the railways. The board of transport commissioners provides the regulations governing the issuance of transportation. In this case I suppose it would be possible to meet the position with an amendment, but I certainly would not be prepared to bring down an amendment without more discussion on the matter. I think a question of that kind would have to be discussed with the steamship companies involved. It is my feeling that if it were there would not be very much difficulty about it. Perhaps I can ask the maritime commission to give it some consideration.

While the maritime commission does not have jurisdiction over the operations of these steamship companies, yet it provides the subsidies that have already been mentioned, and I will ask the maritime commission to give it consideration to see if it is not possible, without an amendment of the Railway Act or of some act of parliament, to grant in these specific cases courtesy transportation.

Mr. Drew: I should think that what the minister has said would certainly agree with the views of the members. I am not going to add to what he has already said about his intention to take this up, but I would not wish *Hansard* at this point to carry the impression that has been left by the hon. member for Comox-Alberni in presenting his argument. It was quite unnecessary, and *Hansard* should not be left with the imputation which was directed to the hon. member for Danforth. In the first place the hon. member for Danforth is in the buildings. He was here today. The remarks to which the hon. member for Comox-Alberni has referred were made this Friday afternoon. I think the suggestion that he leaves regularly on Thursday night was gratuitous and unnecessary. But, what is more, I would point out also that the hon. member has not correctly interpreted what was said this afternoon by the hon. member for Danforth. The hon. member for Danforth said that he would be in favour of cancelling all passes, and having the transportation provided by the issue of vouchers. I rise only to correct an impression which should not stand in the way it was placed on *Hansard*.

Mr. Gibson: If I gave the impression that I was suggesting the hon. member for Danforth has not always been a distinguished member of the House of Commons then, if possible, I would wish my remarks to be deleted from Hansard. I have always had a high regard for the hon. member. However, it seemed to me today unfortunate that, in a case of this kind which probably did not affect him personally, he should have taken the particular view he did take. But, so far as making any derogatory remarks about the hon. member, I shall be very glad indeed to withdraw them.

Mr. Knowles: If the minister is going to take this matter up, there is one word I should like to say. I support the principle that has been raised, but it has been suggested in the discussion that one solution

to the problem might be for the Canadian Pacific Railway to make refunds to those who have to cross from Vancouver island to the mainland in the same way that it makes refunds to those who have to cross the state of Maine.

It seems to me what is needed is not a situation where certain hon. members get cash refunds from the Canadian Pacific Railway, but rather a law of this parliament providing that any necessary transportation is a matter of right. I am not suggesting that the law needs to be amended so that any hon. member of parliament can travel on any steamship at any time; but it does seem to me that the law could quite easily be amended to provide steamship transportation as of right wherever that transportation is necessary to make a continuous trip from one part of Canada to another.

This is a matter which has interested me somewhat because of a story well known to many of us in Winnipeg. The first labour member ever to come to the parliament of Canada was Mr. Arthur Puttee, who was elected as the member for Winnipeg in 1900, fifty-one years ago. Mr. Puttee is today well on in years, but he is in good health and still lives in the city of Winnipeg.

At that time members of parliament for the most part made their trips to Ottawa by virtue of passes given to them by the various railways. The gifts of the railways in those days, so we are told, were quite generous in many cases, and hon. members felt they were under obligation to them. When Mr. Arthur Puttee was elected to come to Ottawa, though he was a workingman and it was not easy for him to find the money, he paid his own way, and sat up all the way. He was determined not to be under any obligation to the railway companies. It was not long before other hon. members felt the same way, and the law was amended so as to give transportation as of right, so that no hon. member was under any obligation to a railway company.

I think the situation that now obtains whereby the Canadian Pacific Railway makes refunds to those who cross the state of Maine should be changed, and that travel should be as of right. I would say the same should be the case for those who have to take a steamship at any place so as to make a continuous trip from one part of Canada to another.

Mr. Chevrier: That transportation could not by any stretch of the imagination be as of right, because it is in another country. This parliament has no authority to pass laws affecting other countries.

[Mr. Knowles.]

In so far as the first point raised by the hon. member, although I may be mistaken, I think perhaps the reason for the gratuitous transportation on railways is that parliament has always had jurisdiction over the railways, and provided the moneys voted originally for them. Not so, however, with the steamships, with the exception of steamships receiving subsidies. Many of the steamships which receive subsidies however would be of no use to hon. members. I believe that applies to the mail steamship operating between Vancouver and Victoria, which my hon. friend has in mind, and probably that is the one which would be used by the hon. member for Nanaimo. That perhaps is the reason why parliament, when it enacted legislation in the first instance, dealt with the railways alone, and not with steamships.

Mr. Coldwell: Do they not operate under charters granted by parliament?

Mr. Chevrier: Yes. Then, if one pursues it a step further, why not grant transportation on bus lines? After all, these are private corporations over which we certainly have no jurisdiction.

Mr. Coldwell: But we do not grant bus lines charters.

Mr. Chevrier: No, we do not; but sometimes bus lines are the property of railways. I was saying that bus lines often are operated by railways through subsidiary companies. I am just trying to be helpful in finding a reason why there has been a distinction as between railways and steamships.

Mr. Sinclair: And as between members of parliament.

Mr. Chevrier: Well, unfortunately, that is the case. I do not think it will apply to many members of parliament.

Mr. Gibson: About twenty of them.

Mr. Chevrier: As I have said, I am asking the maritime commission to give it their consideration.

Mr. Gibson: Just so that the record may be complete, I think the hon. member for Yukon-Mackenzie River is perhaps under a greater disability than any other member in the house, in having to go from Skagway to Vancouver. I think that is particularly unfair and places an undue burden upon him.

Mr. Fulton: When the minister is looking into this matter, perhaps he might look into the related matter of the status of the Pacific Great Eastern Railway. Passes with which members are furnished say that they are entitled to free transportation, with baggage, upon all railway trains in Canada. I

am informed however that does not entitle a member to free transportation upon the Pacific Great Eastern.

Let me make it clear at once that they have never placed the slightest difficulty in my way when travelling on that line on a passenger train, or using their freight facilities, in conformity with the regulations existing in that regard. However I understand that there is some peculiar local position affecting the Pacific Great Eastern to the end that that railway, not having been completed, it is not a railway within the definition of the point we are discussing.

Perhaps when the minister is making a general investigation of the matter he would look into this point, because there are certain portions of my riding I can reach only by using the Pacific Great Eastern.

Mr. Chevrier: I will do that.

Mr. Hansell: Perhaps some word might be added from this corner of the house. I do not think I have been particularly backward at any time in past years in rising to support the rights of members of parliament. Predictions have been made at times that when I did so I would get it in the neck. I never have found that to be so.

It is my personal view that the same privileges granted to members of parliament on railways should be granted to them on steamships plying in Canadian waters between coastal ports. My reason for saying that is that it will be discovered in Beauchesne's Parliamentary Rules and Forms—and I am not raising a point of order—that a member of parliament represents not only his own constituency, but rather that he represents all the people in Canada.

I think that principle is behind the fact that there is written into the Railway Act the matter of transportation over any Canadian railway for members of parliament. How is one to get first-hand knowledge of the country if he cannot go everywhere? How can one get first-hand knowledge of those parts of the country served by steamships? I believe that all members of parliament should be given passes on all steamship lines plying Canadian waters, both inland and coastal.

The railway trains and the steamships are being run anyway, whether a member is travelling on them or not. To take a member on board a railway or a steamship does not mean even an infinitesimal cost because the railroad or steamship do not supply berths and meals and therefore it is impossible for them to lose. I make these remarks because I believe we have a right as members of parliament representing the people of Canada to be able to travel anywhere we desire.

Mr. McLure: I understood the minister was going to have this matter investigated by the commissioners, but I would say that it is not necessary to have any investigation with regard to the Borden-Tormentine car ferry, or any other car ferry, because our passes are good.

Mr. Gibson: If it is subsidized and maintained at a loss by the Canadian government, everybody should travel free. If it is making money, then we cannot travel.

Item agreed to.

Hudson Bay Railway—

491. To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1952, not exceeding $250,000.

Mr. Knight: Mr. Chairman, last night I spoke for some thirty minutes on this particular question, but there is something else I should like to say. It would be better if I could have had both speeches together in the same *Hansard*. I should like to point out one disadvantage faced by the Hudson Bay railway as compared with other railroads. I refer to the diversion charge made by the elevator companies. I remember I was asked once to give a definition of this diversion charge and I said it was a charge for services not rendered. I think that is an apt definition.

This diversion charge of one and a half cents per bushel on wheat is made by the elevator companies when they are asked by the shipper to send his grain to a port at which that particular elevator company has no terminal. The minister can correct me if that is the wrong definition. Can he show any justification for such a charge?

This amounts to a grievance with the people who ship through Churchill. Would it make any difference in regard to this diversion charge if Churchill was given the same status—I presume it would have to be done by legislation—as other ports like Vancouver or Montreal? People do not mind paying money, but they do not like to pay it when they receive nothing in return.

As the hon. minister knows, for the past five years or so I have interested myself in the Churchill route. I was able to compliment the minister last night as well as the other organizations concerned upon the success that has been achieved in the promotion of this port. We have been able to influence public opinion, perhaps even in this house, in favour of this route. Things are coming

along nicely and it would be a tremendous help if we could get rid of this diversion charge.

Mr. Chevrier: This is the first time I have heard of this grievance and for this reason I cannot comment on it. Perhaps the hon. member will permit me to look into it.

Mr. Knight: I shall be pleased if the minister will do that. I am astonished that no one has brought this to his attention.

Mr. Diefenbaker: This matter has been brought up on a number of occasions and representations have been made to the government to have this charge removed. It constitutes a discrimination against those who desire to use the port facilities at Churchill. Even in a normal year this costs the western farmers $50,000 or more and there would seem to be no justification or excuse for it.

Mr. Chevrier: Does my hon. friend know if that is a national harbours board charge?

Mr. Diefenbaker: I cannot say.

Mr. Chevrier: I have never heard of it.

Mr. Diefenbaker: I was under the impression that the charge was made directly by the elevator company which was requested to divert wheat through the Hudson bay route.

Mr. Chevrier: It is probably a wheat board matter and that is why it has not been brought to my attention. I am informed that it is, and I shall be glad to bring this matter to the attention of the Minister of Trade and Commerce.

Mr. Diefenbaker: I certainly support my hon. friend. As I say, this matter has been raised on a number of occasions by the association that was set up to encourage traffic over the Hudson bay route. I should like to ask the minister if it is the intention to extend the facilities at Churchill? As the hon. member for Saskatoon city has said, last year the traffic over the Churchill route was something greater than it was during the 1930-34 period when the route was being used so extensively, and today there are the military considerations as well. That is one location so strategically important to the defence not only of the western provinces but of the northern region of our country that I should like the minister to say whether or not consideration has been given by his department to the extension or expansion of the facilities at present available. I was reading an article recently on the question of co-ordinated defence in North America, and the Hudson bay area received very high marks as an area where strategic considerations were of paramount importance. I should like to ask whether or not, between the minister's department and the Department of National Defence, plans are being worked out whereby the facilities there available might be expanded or will be expanded within the next year or so.

Mr. Chevrier: I presume the hon. member refers to port facilities?

Mr. Diefenbaker: Yes.

Mr. Chevrier: That is a matter which we might discuss under the item for Churchill and the national harbours board.

Mr. Diefenbaker: One never knows under what item to discuss these matters.

Mr. Chevrier: One is a railway matter and the other is a port matter.

Mr. Diefenbaker: But the minister covers both.

Mr. Chevrier: The matter raised by my friend is clearly discussible under the other item. However, I can tell him this now—and I do not think it would vary when we come to the item later on—that if there is a greater movement of grain or of other traffic through the port of Churchill the national harbours board will make facilities available to meet that situation. The national harbours board informs me—and I have seen these facilities myself—that at the moment there are ample facilities to look after both incoming and outgoing traffic, certainly to look after incoming traffic because that is infinitesimal compared with the other. In so far as outgoing traffic is concerned, I think those who were at Churchill recently will have been impressed by the modern sheds and elevator, and there was even some reference by the hon. member for Souris to the drying facilities available there. I can tell the hon. member that at the moment I know of no item in the estimates to enlarge the facilities from the point of view of traffic.

Then there was the other question raised by the hon. member for Saskatoon and the hon. member for Lake Centre. Representations have been made to the government, particularly to the Canadian wheat board, for the cancellation of unwarranted diversion charges being made by western grain elevators of one and a half to two cents per bushel on grain when it is shipped to the port of Churchill. I presume that is what my hon. friend had in mind. The Department of Trade and Commerce advise that this matter was referred to the House of Commons standing committee when the chairman of the Canadian wheat board stated that no change in these traditional charges could be made at this time, and that statement met with the

approval of the Minister of Trade and Commerce. It is clearly not a matter that concerns the Department of Transport. I am sure my hon. friends brought it up so that it would get the attention of either one or other minister, and through this discussion it will be brought to the attention of the minister.

Mr. Knight: What the minister has said confirms that the charge is applied by the elevator companies. It is the elevator companies that assess the charge.

Mr. Chevrier: That is right.

Mr. Wright: I should like to say a few words on this matter. At the present time the difficulty seems to be in getting cars to move this grain over the Hudson Bay railway to the port of Churchill. The elevators there are capable of storing two and a half million bushels of grain. There is in storage at the present time approximately 450,000 bushels. I was with the group who visited Churchill quite recently. In talking to the man in charge of the elevator there he informed me that they have facilities to dry from 15,000 to 20,000 bushels of grain each twenty-four hours. There is a large amount of damp and tough grain in northeastern Saskatchewan that will be spoiling, if it is not already spoiling, because of the high moisture content. Yet we have facilities there for drying this grain. The difficulty seems to be in getting sufficient cars to move the grain into position at the port of Churchill. I am told on reasonably good authority that a number of sales have been made of No. 5 wheat. I have been told that seven cargoes of No. 5 wheat have been sold out of Churchill. With the facilities there to dry wheat, with the wheat available in a favourable freight zone to Churchill, the only difficulty seems to be in obtaining box cars to move the grain into position at Churchill where it may be dried. Has the minister any information as to what cars might be available for moving this grain to Churchill?

Last year we were able to move something over 7 million bushels out of the port of Churchill. This year, unless some of this lower grade grain, grain that is damp or tough, can be moved into position at Churchill before navigation opens so that the boats may come in there and load before the new crop is available for export from that port, the amount of grain shipped through Churchill is going to be considerably reduced. I think the minister should make every effort to see that box cars are diverted into that area. The information I have is that if we could move 15 million bushels of grain through that port we would not have these annual deficits so far as the Hudson Bay railway is concerned, that the railway would be operating at a profit. The hold-up seems to be the availability of box cars to move the grain. Has the minister any information?

Mr. Chevrier: Mr. Chairman, last night I put on the record a very detailed and up to date statement on the present position of box cars in Canada. The fact is that the position is almost back to normal. My hon. friend is probably aware that the movement of grain to Churchill generally starts in June or July and does not start at this time. Furthermore, it is not directed by this department. The movement of wheat is directed by the wheat board.

Mr. Ross (Souris): Before the item carries I should like to ask one question following this discussion of the box car situation. I dealt pretty thoroughly with the Churchill situation last night but again this morning I had some wires from points in my own constituency about the box car situation for the movement of grain. I wonder if the minister would state how these cars are allocated. I know when I came here in January the station agent where I live had received instructions from the chairman of the wheat board at that time placing an embargo against dry grain until further notice. He was only to allow the shipment of damp grain. That was last January. Is the wheat board entirely responsible for the allocation of these cars for the shipment of grain? Have they been responsible since last August for the shipment of grain?

Mr. Chevrier: Yes, they have.

Mr. Ross (Souris): The Canadian wheat board officials are entirely responsible?

Mr. Chevrier: Yes. Will my hon. friend read the statement which I put on *Hansard* last night? He will find that the present position is with reference to the box car situation, and also a statement by the chief commissioner of the Canadian wheat board.

Mr. Ross (Souris): Yes, I will do that. I am sorry I was absent and missed that last night. I have not checked *Hansard* too closely. As I stated last evening, I sat in the Manitoba legislature at Easter and heard their minister of agriculture give many figures as to the amount of damp grain still to be moved in Manitoba if it was not to spoil there. I am quite sure there is a great deal more than that in Saskatchewan. It seems to me that somebody has rather bungled this matter so far as damp grain is concerned when we have this expensive and fine layout at Churchill.

I did not follow the minister when he said that grain does not start to move until the middle of the summer. I think this has been

a very exceptional season in the west, one of the worst I have ever experienced. I believe that with the government-owned facilities at Churchill, and the wheat board operating directly under government direction now, somebody has fumbled this thing rather badly. We covered the question fairly well last night. I was not too clear on this box car business. I shall read the minister's statement and check that situation. This morning I received a lot of correspondence from points in my own riding because the people are still alarmed about this damp grain and the shortage of box cars.

Mr. Wright: I cannot accept the minister's statement that the wheat board has all the responsibility with respect to box cars.

Mr. Chevrier: I made no such statement as that. Please do not misquote me to that extent. The Canadian wheat board has no responsibility whatever with reference to box cars. This board has the direction for the movement of wheat, not of box cars.

Mr. Wright: That is the point I was trying to make. Whoever is responsible, and I believe the minister's department has the allocation of box cars to the various commodities, there should be some more box cars allocated to moving this wheat up to the port of Churchill. Certainly if the minister will supply the box cars the wheat board will see that they are used to the best advantage, whether that is in the movement of this grain to Churchill or to some other point. The wheat board will decide according to the quota of box cars that you people make available to them. That is the point I am raising, and I believe that is the point the hon. member for Souris is raising.

Mr. Chevrier: Surely the hon. member is not suggesting that the Department of Transport has jurisdiction over the movement of box cars. It is not as simple as that. The owners of the box cars surely must have something to do with them and with their use. The shippers must have something to do with it. In wartime the government had a transport controller who had something to do with it, but that post has been abolished. As I said the other evening, until a transport controller is appointed in the United States it would be very difficult to control the movement of box cars from one country to the other.

What I did say was that a committee existed, composed of railway, steamship and wheat board representatives, as well as other shippers. This committee is now dealing with the present box car shortage. It is because of the work of this committee I was able to put on *Hansard* last night a statement showing the present box car position, which has considerably ameliorated in the last few weeks. Had it not been for the work of this committee, I do not think the chairman of the wheat board would have been able to report on April 9 that 1,000 box cars had been made available for the movement of wheat in western Canada.

Mr. Wright: One thousand box cars daily?

Mr. Chevrier: That is daily, yes; and the following day his letter indicated that 800 cars had been made available. He expressed the hope that if the railways carried on with that movement, the position would remedy itself very quickly.

Mr. Knight: I should like to revert for a moment to this matter of the drying capacity. I should like to ask the minister if it is not a fact that the drying capacity has never been used at all? So far as I know there has never been a bushel of grain put through, except as a means of testing the equipment. I recall once asking the Minister of Trade and Commerce why the facilities we have at Saskatoon for the storage of 5·5 million bushels of wheat had at that time only 1,600 bushels. I asked him why those facilities were not used more than they were. He said it was worth the expense to this nation to keep that place as insurance against the day when we might need it. I would suggest that he might have said the same thing about this drying equipment, that it was insurance against the day when we might need it.

As I suggested to you, sir, last night, I think that day has come. We should cash in upon the premium of that particular insurance policy. I do not see why this grain could not have been taken up to Churchill. The capacity of the drying equipment is enormous. It is the finest grain drying equipment in this country. Last night it was revealed that this plant will dry the almost unbelievable quantity of 20,000 bushels in a twenty-four-hour period, or 15,000 to 20,000 bushels in accordance with the percentage of water in the grain. There seems to be some justification for the criticism. In a year when we know there is going to be a carry-over of wheat and it has to be stored somewhere, I do not see why, unless it is as the member for Melfort suggests, the absence of box cars, the grain could not have been taken up to Churchill where it could have been dried at this rather colossal rate and stored in these bins, rather than leave it in this wet condition in the granaries and on the farms in northern Saskatchewan.

When the shipping season opens next year, we hope there will be 2 million bushels of

wheat in storage at Churchill ready to move out. I would suggest that now is the time to store it there. It may very well be done by having wheat shipped there in a damp condition, dried in these very fine facilities and stored in bins. It would then be safe until needed for shipment.

Mr. Ross (Souris): I want to support what the member for Saskatoon has said. As I stated last night I had the privilege of visiting Churchill last week end and inspecting the splendid storage facilities there. I asked the official in charge about this drying equipment. He said that to his knowledge—

Mr. Chevrier: Mr. Chairman, I do not want to interrupt the hon. member—

Mr. Ross (Souris): I was coming to the question I want to ask.

Mr. Chevrier: —but after all I think we must be fair. If I can help it, I am not going to allow a debate on wheat. I am not the minister responsible for wheat, and I do not profess to know anything about wheat. Furthermore, what we are discussing now is a matter concerning the national harbours board and that is not the item on which we are. We are on the Hudson Bay railway, but we have been talking about the port of Churchill for the last half hour. I try to be patient. I do not want to interrupt continually, but I think in fairness to the minister who has these estimates we should keep to the item. I do not mind getting away from the item now and then, but we have spent at least thirty or thirty-five minutes discussing the port of Churchill and matters which do not concern me but which concern the wheat board.

Mr. Ross (Souris): The question I want to ask concerns the Minister of Transport. I was going to lead to it by simply stating that the official at Churchill informed me there had never been two complete carloads of grain dried in that plant. There is certainly a splendid storage capacity there now for over 2 million bushels. I wanted to ask the minister when this committee for the allocation of box cars was set up. As I say, there are people who are still dissatisfied about the allocation of box cars. I received correspondence about that subject today, and I should like to be able to tell these people how long this committee has been functioning.

Mr. Chevrier: The committee has been functioning for two weeks. I have been getting a number of telegrams, just as the hon. member has. I have replied to them along the lines I indicated last evening and again tonight; that is the best information I have available, and I have been giving it to these people.

Mr. Bater: I intend to say only a few words about this box car shortage. I believe there was about as much grain lying out in my constituency this winter as in any constituency in Saskatchewan. I realize that the minister and his department have nothing to do with the box car shortage, but I sincerely hope that after all that has been said they are cognizant of the fact that we want these cars to move not only the grain that has been in the elevators, which has been damp and tough all winter, but also the crop that has yet to be threshed.

Mr. Knight: I wanted to ask the minister about this deficit for 1951 of $400,000. Was that all in respect of the railroad? Then, the deficit seems to have been reduced to $250,000 for last year.

Mr. Chevrier: It was all in respect of the railways.

Mr. Knight: I see that we have a 1951-52 deficit, and that amounted to $250,000, a decrease I am glad to say of $150,000. To what does the minister attribute that decrease? I presume to increased traffic.

Mr. Chevrier: Increased movement of grain.

Mr. Knight: If we follow this thing to its logical conclusion, the conclusion is that if a sufficient quantity of grain were shipped over that route, that deficit of $250,000 would disappear and the railway would be out of the red. In other words, what the railway needs, in order to take it off the back of the taxpayers in this country, is more traffic. Is that the way the minister would interpret the situation, namely, that more traffic would remedy the situation and that the railway would come out of the red.

Mr. Chevrier: Yes; as I said, it is due to the increased movement of grain and also to the increased defence traffic up to the port.

Item agreed to.

Railway and steamship services—

Prince Edward Island car ferry and terminals—

493. To provide for the payment during the fiscal year 1951-52 to the Canadian National Railway company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1951, $1,280,000.

Mr. McLure: I am pleased with one thing in connection with this item. It has now found its way under a new heading. It used to appear as a deficit. It is now in with other company and comes under services. I must say that "service" is the correct name

for it instead of "deficit", as it has always appeared from time to time heretofore. I notice that the amount payable for this service is $1,280,000 or an increase over last year of $121,000. With all due respect to the auditors in connection with the auditing of the accounts, I think that the committee are entitled to something more than just the bare, bald figures. When you come to the detail, they forget themselves again and they call it a deficit once more. But we will let that matter pass. There is never given to the committee any indication of how this deficit, as they term it, or this service is costing so much. I think this committee should be entitled to get the following information. I think they should be told the gross amount of expenditure for the operation of the ferry. Another thing that we should know is how much was spent on the construction of the terminals or the repairs.

Mr. Chevrier: That is on the next item.

Mr. McLure: Furthermore, I should like to know how much was spent on repairs to the two steamers, the *Prince Edward* and the *Abegweit*, during the year in question. What about the revenue? I do not wish to ask for all the details of it, but I think it would be worth while to know what revenue comes in. For instance, there must be considerable earning power there as well as spending power. If you look at page 171 of the commission's report, you will find there the information that some 52,000 carloads of freight were moved over there, and most of that would be long haul freight. The ferry should be entitled to a fairly good earning power from those 52,000 carloads of freight. Furthermore, some 200,000 passengers crossed over on the ferry, and that would be another earning power. Then again, 50,000 automobiles and trucks have gone over there in the year. That is another earning power of the railway. All these added up should make a fairly good revenue. That is what I should like to get at. I want to know the amount of revenue it has actually produced.

I would hope to see included in that amount the credit that the Borden ferry gets on the long haul cars that are beneficial to the Canadian National Railways. I understand that the divisional point at which the long-haul cars of freight originate get an extra amount of the freight rather than a straight haul of their own. As I said, I am not asking for a detailed statement of what any part of the ship or anything else costs or what the restaurant earns and all that; but I should like to have a gross figure, in order to see where this deficit, as it is termed in the detail, or this service has to be provided for.

[Mr. McLure.]

Mr. Chevrier: I should be glad to give the hon. gentleman all the information I have. The total operating expenses for the year 1950 were $1,611,004. The total revenues for the same year were $361,341. The net operating loss for the year was $1,249,663. The total amount of money spent on the terminal facilities at Borden and Tormentine was in the neighbourhood of $7 million. This amount was spent over a period of three years in about the proportion of half on Tormentine and half on Borden.

Mr. McLure: None of that amount is included in this $1,280,000, is it?

Mr. Chevrier: Oh, no.

Mr. McLure: And no repairs to the boat?

Mr. Chevrier: Yes. Repairs to the boat are in this, but unfortunately there is no separate amount for them and I am not able to give them from the information I have. I think the hon. gentleman should have that information if he wants it, and I will be glad to give it to him. Perhaps we could get it in the committee when it sits next week.

Mr. McLure: The reason I asked that question was that there were reports that there were repairs to our new boat amounting to over half a million dollars. Having regard to the source from which I gathered that information, I could not really believe it. I should like to find out.

Mr. Chevrier: I am sure there is nothing of that nature at all. I have some recollection that last year the repairs to the *Abegweit* were in the neighbourhood of $60,000 and I presume that this year they would be in much the same amount.

Item stands.

Railway and steamship services—

Canadian National (West Indies) Steamships, Limited—

495. To provide for the payment from time to time to the Canadian National (West Indies) Steamships Limited (hereinafter called "the company") of the amount of the deficit occurring during the year ending December 31, 1951, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company, and upon applications made by the company to the Minister of Finance and approved by the Minister of Transport, not exceeding $845,000.

Mr. Black (Cumberland): I would ask the minister what provision is to be made for new steamers to replace the ones that have been lost in recent years on the service to the West Indies. Some of these steamers were lost during the war. I refer to the Lady boats. There are only one or two of these boats in existence now. Will the minister make a statement?

Mr. Chevrier: Because of the lack of traffic, no provision is being made to replace

the boats that were lost. However, two new diesel cargo vessels were put into operation some few years ago: the *Canadian Constructor* and the *Canadian Cruiser*, both of which operate in the West Indies. There are a number of passenger vessels. There are about ten vessels in operation. But there is no provision for new vessels; and until the position with reference to trade alters to indicate a greater movement of trade from the West Indies to Canada, I am afraid that the Canadian National (West Indies) Steamships will not be in a position to build, to purchase or to assign new vessels to this route.

Mr. Black (Cumberland): I understand then from the minister that the steamers now available are able to handle all the traffic that can be expected between Canada and the West Indies.

Mr. Chevrier: That is right.

Mr. Fulton: On a point of order, I suggest with deference, that items 493 and 495 should not be carried by this committee at the present time, because they were referred on Wednesday, April 11, by motion introduced by the minister himself, to the sessional committee on railways and shipping. I have just looked up the terms of the resolution which is to be found at page 1991 of *Hansard*. It reads in part as follows:

> And that the resolution passed by the house on March 12, 1951, referring certain estimates to the committee of supply, be rescinded in so far as the said resolution relates to votes Nos. 493, 495 and 501.

I would imagine the proper procedure would be that you might discuss it but not actually carry it until the sessional committee had completed its work.

Mr. Chevrier: I think the point of order raised by the hon. member is well taken. It is the practice to withdraw these items and refer them to the committee on railways and shipping, and that is what I indicated to the hon. member for Queens a moment ago. I said that the information was not available but I would get it for him when the committee was sitting. The point is well taken.

Mr. Fulton: I do not think we should actually carry them. We should discuss them but not carry them.

The Chairman: Items 493, 495 and 501 will stand.

Items stand.

496. Strait of Canso—transportation improvements and facilities—capital, $1,000,000.

Mr. Black (Cumberland): This is an interesting item. The sum of $2 million was voted in the previous year, and a million dollars is now being voted for transportation improvements and facilities in Canso strait. Can the minister explain what has been done with the money which was voted in the previous year, and what does he propose to do with the million dollars now being asked for?

Mr. Chevrier: With reference to the $2 million to which my hon. friend refers, none of that was spent. That was put into the estimates last year in order to provide for the construction of the low-level bridge. There is an item of $1 million in the estimates this year to provide for the construction of that bridge should the board of engineers, which has been reconvened, recommend that the project be proceeded with along the lines of the plan submitted by the engineering expert, Dr. Pratley.

Mr. Black (Cumberland): Can the minister give us any further information as to when we may expect a report from the engineers who have been reconvened?

Mr. Chevrier: I hope it will be before the session has completed its work.

Mr. Drew: Does it then represent an accumulated $3 million for this work?

Mr. Chevrier: No. The $2 million not having been spent just lapsed, and this is a revote in part of the $2 million. It is $1 million. None of the $3 million has been spent so far.

Item agreed to.

497. Enlargement of dock and terminal facilities at North Sydney, N.S.—capital, $1,660,000.

Mr. Black (Cumberland): May I have a statement from the minister with respect to what work is being carried on at North Sydney? Was it let by contract? Who are the contractors? What expenditures will be made before the works that have been authorized will be completed?

Mr. Chevrier: This is the terminal and dock facilities at North Sydney which are being built in preparation for the new ferry which is also mentioned in another item. The estimated cost of the enlargement of the docks and terminal facilities at North Sydney will amount to $2,630,000. There is included in these estimates for the construction or acquisition of buildings, works, land and new equipment for the present fiscal term, $1,660,000. It is impossible to complete the whole of the works during this fiscal year.

Mr. Black (Cumberland): Has this work been let at tender?

Mr. Chevrier: Yes, it has.

Mr. Black (Cumberland): At a fixed amount?

Mr. Chevrier: Yes.

Mr. Black (Cumberland): Who are the contractors, and what was the amount of the contract?

Mr. Chevrier: The contractor is T. C. Gorman and the amount of the contract is $1,216,777. It went to the lowest tender.

Mr. Black (Cumberland): Will that complete all the new facilities which are required at North Sydney?

Mr. Chevrier: It will not complete all of the new facilities, because the estimated cost of the project is $2,600,000. There are some sheds to be built, some land to be expropriated and some equipment that will be required. The estimate of the cost of the work is $2,600,000, and the contract has been awarded to these people for the amount mentioned.

Mr. Drew: In this instance is the $1,500,000 voted last year still available for this purpose in addition to the amount now being voted?

Mr. Chevrier: No, it is not.

Mr. Drew: So that the only amount that is made available now for this purpose is the $1,660,000?

Mr. Chevrier: That is right.

Mr. Drew: Therefore, what is now being voted will not complete the work?

Mr. Chevrier: That is right.

Mr. Drew: Is it possible to say when it is expected that this work will be fully completed?

Mr. Chevrier: I am informed it will not be completed until the summer of 1952.

Item agreed to.

498. Construction of new dock and terminal facilities at Port aux Basques, Nfld.—capital, $500,000.

Mr. Drew: This is a provision for the construction or acquisition of buildings, works and land at Port aux Basques. Will the minister explain exactly what is contemplated there, and how far will it go toward completing the facilities required of what I understand is the other end of this transportation arrangement?

Mr. Chevrier: Yes, the hon. member is right. This is to provide the facilities at the other extremity of the run between North Sydney and Port aux Basques. The estimated cost of the development there, that is the construction of new dock and terminal facilities, will be $3,500,000. There is provision in this estimate for $500,000, because it is not expected that it will be possible during this fiscal year to have the work in sufficient readiness to ask for tenders and call bids. This money will be used for the construction and acquisition of buildings, works, land and new equipment.

Mr. Drew: When is it expected that the work contemplated at Port aux Basques will be fully completed?

Mr. Chevrier: I hardly think before 1953.

Mr. Drew: I might explain the purpose of the question. It apparently is expected that the work at North Sydney will be completed by the summer of next year, and then, as I understand, the work that would be required to make the other end equally satisfactory for this new means of transportation will not be completed until the summer of 1953.

Mr. Chevrier: That is right.

Item agreed to.

499. Construction or acquisition of auto-ferry vessels, as detailed in the estimates—capital, $2,550,000.

Mr. Drew: As I understand it this item is connected with the two previous items and provides for the acquisition of an auto-ferry vessel for the service between North Sydney and Port aux Basques. The estimated cost of the vessel is $4,500,000. Will the minister explain why in this case $2,500,000 is asked for and not the total figure of $4,500,000, which the vessel will cost?

Mr. Chevrier: Because in the construction of these vessels it takes generally a period of two, three and sometimes more years. It is not anticipated that we can spend the full amount of the $4,500,000 this fiscal year, because the vessel will not be completed. Detailed plans and specifications are just now being worked out and it is estimated that progress payments during this fiscal year will amount to $2,500,000.

Mr. Drew: Has the contract yet been entered into for the construction of this vessel?

Mr. Chevrier: Yes, and the contractor is Canadian Vickers of Montreal.

Mr. Drew: When is it anticipated the ship will be completed?

Mr. Chevrier: In 1953.

Mr. Drew: So that it is anticipated, then, that the completion of the work at Port aux Basques and the availability of the ship will coincide, and that full service with the new ship and with facilities at both ends will be available in 1953?

Mr. Chevrier: That is the present expectation and the present estimate. But very often, because of lack of steel or lack of other materials, our dates are out of line.

But from the information engineers and contractors give us we are hopeful that it will be possible to have the whole ferry service with necessary facilities in operation at that time.

Mr. Drew: I recognize that, under conditions which now exist, many things could interfere with the completion of a contract. But do I understand that, subject to the pressure of events related to the emergency through which we are passing, it is anticipated that the ship and the completion of the facilities would make it possible to open this service at the beginning of the ordinary transport season in 1953?

Mr. Chevrier: I would not like to say that it would be at the beginning of the navigation season, because that means early in the year. But the information we have is that it will be some time in 1953.

Mr. Kirk (Digby-Yarmouth): I should like to ask about the $50,000 in vote 499 for the proposed ferry between Yarmouth and a port in the New England states.

Mr. Black (Cumberland): We have not passed the previous estimate yet.

Mr. Kirk (Digby-Yarmouth): The minister will recall that in the estimates last year a million dollars was voted, following an announcement by the Minister of Transport in December of 1949 to the effect that such a ferry would be operated between Yarmouth and the New England states. Two governments were concerned, as well as the two countries. Several boards of trade were interested and there were of course the usual tourist committees, and a multiplicity of other committees concerned.

The people in western Nova Scotia, who had looked forward to a service between Yarmouth and a port in Maine, and were making their plans to establish new businesses and to carry their products of the farm and the sea to the United States by a short and direct route, and who planned to make use of autobus and refrigerator truck services, and who were interested in establishing a new tourist business in western Nova Scotia, were of course greatly disappointed when the announcement was made last fall in the month of November that because of the steel shortage the project would have to be shelved temporarily.

Because of present international conditions, the people of western Nova Scotia have accepted that. They regret it and they also realize that in this coming summer all they can look forward to is three months' service with the present Eastern Steamship Lines. In the winter they have a subsidized service running between Yarmouth and Boston.

Can the minister enlarge upon the statement he made some months ago, when he said that the project was temporarily shelved, owing to the steel shortage?

Mr. Chevrier: I am afraid I cannot add much to what I said at that time, other than to say that we hope to provide in these estimates the sum of $50,000 for the preparation of plans and specifications. I am pleased however to be able to say that from the information the maritime commission have given me it is my understanding that the Eastern Steamships will continue to operate the service between Yarmouth and Boston. Beyond that I am afraid I cannot go. I would not like to elaborate upon what was said in the statement to which my hon. friend refers. I, too, regret that it has not been found possible to make provision for this. However, a lack of steel, and some other reasons, made it imperative on the part of the government to suspend for the time being the construction of this ferry.

Mr. Kirk (Digby-Yarmouth): When the minister states the maritime commission had informed him that Eastern Steamships will continue the service, he is referring to the coming summer?

Mr. Chevrier: Yes.

Mr. Kirk (Digby-Yarmouth): Nothing more definite than that?

Mr. Chevrier: No.

Mr. Black (Cumberland): I agree with the hon. member for Digby-Yarmouth. The people of Nova Scotia have been greatly disappointed with the delay, after their hopes were raised to such a high point. This steamer was to be provided to serve the tourist trade of Nova Scotia, and the New England states, more particularly the southern part of Nova Scotia. However the people of Nova Scotia are getting accustomed to these disappointments—I am thinking of the Canso bridge and the trans-Canada highway in addition to this steamer.

I understood the minister to say that designs had been completed and a contract let for a steamer for the North Sydney-Newfoundland service. What is to be the motive power in that new steamer? I take it for granted that it will be operated by coal.

Mr. Chevrier: No, it is a diesel-operated ship.

Mr. Black (Cumberland): Does the minister tell this committee that he is going to use oil in a ship which operates out of the very heart of the coal-producing centre of eastern Canada, in fact of all Canada? I would say

that that would be a direct slap in the face to the citizens in that part of Canada. I am very much surprised and disappointed to hear the minister say that this new boat is being designed to be driven by oil. I am pleased that these new facilities are being provided, a wharf at North Sydney and another at Port aux Basques, and the provision of a large new ferry steamer. I am sure all hon. members in the house are pleased that this is being done.

We want to have this service operated with the best boat that can be made available. But I would ask the minister why preference has been given to oil. There seems to be a tendency now in Nova Scotia, particularly in connection with the Canadian National Railways, to sidetrack coal and use oil-burning locomotives. Oil is being used even on through trains from Montreal to Halifax, and on the Newfoundland and Prince Edward Island railways. I understand that most of the shunting engines in the maritimes are now diesels, and that they have been authorized for the Gaspe service. I would ask the minister if it is too late to reconsider the motive power to be used in this new steamer.

Mr. Chevrier: This ship will be very much similar to the *Abegweit.* It will be required to carry freight and passengers and also to break ice at certain seasons of the year. It has been found that diesel electric motors operate more cheaply and more efficiently with oil than with coal.

Mr. Black (Cumberland): Does the minister think that he can justify the use of a diesel boat, oil-driven, out of coal-mining centres such as North Sydney, Sydney Mines and Glace Bay, the greatest coal field in Canada? We have these great national resources and yet this boat which is to operate in this territory is to be driven by oil.

Mr. Chevrier: That is what was done with respect to the car ferry *Abegweit,* and the proposal was put forward by a minister from the maritime provinces.

Mr. Black (Cumberland): That was done after protest by the people of Nova Scotia, especially those in Springhill, where for years they had enjoyed a market for from 25,000 to 40,000 tons of coal per year. There was no justification for the use of oil on the *Abegweit,* and I am sure there is no justification for the use of oil on this boat we are referring to.

Item agreed to.

500. Ogden Point piers, Victoria, B.C.—construction or acquisition of buildings, works and land—capital, $55,000.

[Mr. Black (Cumberland).]

Mr. Fulton: What is the purpose of this vote?

Mr. Chevrier: It is to enable provision to be made for adequate storage areas for the collection of lumber cargoes made necessary by an increase in lumber movements at Victoria. The asphalt paved areas will be increased.

Mr. Fulton: I notice in the details on page 479 that during the fiscal year 1949-50 there was an expenditure of $165,000, and then last year there was a vote of $43,000 with an actual expenditure of $26,704. Is this vote in connection with the same work?

Mr. Chevrier: It is an entirely different expenditure. The expenditures referred to, if my memory serves me aright, were made following the visit of a departmental committee after protests by the city council and which came to the conclusion that additional repairs were required.

Item agreed to.

Pensions and other benefits—

503. Railway employees provident fund—to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1951, to March 31, 1952, the sum of $30 per month instead of $20 as fixed by the said act, $14,250.

Mr. Diefenbaker: I think this is the only item that would permit the bringing up of the general question of railway employees' pensions. There are a few words I should like to say in addition to those I expressed the other day in regard to the pension system of the Canadian National Railways. When the matter was up on the last occasion, because of the circumstances under which it was brought up the minister did not have an opportunity of explaining the present situation. As far back as 1947 I brought up the question of something being done in order to improve the situation of employees of the Canadian National Railways who were on retirement. I brought this matter up again in 1948 and used these words, as reported on page 939 of *Hansard* of February 6, 1948, which I think are as applicable today as they were then:

—that the time has come for the government to give consideration to a permanent upward revision of the basic pension, with a view to a material increase therein, and in the meantime while consideration is being given to that a cost of living bonus ought to be provided for. The basic pension rate today is woefully inadequate. Equity demands its revision.

That was in 1948 and at that time the $25 per month basic pension had been in effect since 1935. The other day figures were given of the number of Canadian National employees in receipt of $25 pension upon retirement, that being the basic pension. The minister

discussed this question on February 11, 1948, as reported on page 1111 of *Hansard*, as follows:

In reply to the invitation given by the hon. member for Lake Centre to the government to revise upward the basic pension of the Canadian National Railways, all I can say is that, in view of the attitude taken by the government with respect to its own superannuated civil servants, I would not feel disposed to advise the government to interfere in the pension plan of the Canadian National Railways, or to ask the government to tell the officers of the Canadian National Railways that they should revise the basic pension upward.

So the situation has remained throughout the intervening years. The other day the matter came up again and the hon. member for Winnipeg North Centre and myself spoke with regard to the necessity of something being done. In my opinion there is no excuse that can be satisfactorily given for the failure of the government to have acted in this connection. Three years have gone by and the cost of living continues to mount while the basic pension of the Canadian National Railways remains at $25 per month.

Today members of the house received a communication from James Downs, secretary of the Canadian National Railways veterans association, which sets forth the situation in clear and unmistakable language. This bears the date April 12, 1951, and says in part:

At a recent meeting of the above association I was instructed to bring to your attention the following conditions affecting the Canadian National Railways pensioned employees.

That the basic pension minimum, twenty-five dollars a month, is totally inadequate to meet the continual rising cost of living, especially amongst the large number of pensioners who, when employed, were receiving wages which only entitles them to the minimum pension of twenty-five dollars.

It goes on to point out that a large number of pensioners did not have the privilege of contributing to the revised pension plan which was put into operation in 1935, and continues:

The employees of the railways and all industries in Canada have had increases in wages and cost of living bonuses granted to them to meet the cost of living conditions during the past few years.

Then the next paragraph reads:

That many of the pensioners are merely existing under deplorable and extenuating circumstances, also cannot secure the old age pension between the ages of 65 to 70 years.

Then they point out that the Canadian Pacific Railway Company and the Ontario Northland Railway have increased the pension rate for retired employees. I bring this matter again to the attention of the minister. There is not a day goes by without letters being received from ex-employees of the Canadian National Railways pointing out the injustice of the situation. While in the chamber this evening I received a letter from one of these former employees setting out the situation. He points out that he worked for twenty-seven years and eight months straight service but is not of an age to be entitled to the pension. Not being sixty years of age he is not entitled to what is called a gratuitous pension because he had some small savings set aside and had built himself a house during the years he was earning.

I do not want to speak at any length but I feel that the present rate of basic pension cannot be justified in any way. It is inadequate, it is unfair, it is unreasonable. Several thousand ex-employees of Canadian National Railways across this country find themselves today, by reason of the rising cost of living and having only a basic pension of $25 a month, in a position that is unjustifiable and is no credit to one of the public services of this country. In order to give any other hon. member an opportunity to join in this discussion, I simply conclude by asking the minister what is going to be done about this matter. How much longer will action be delayed? Four years have gone by since I first brought the matter up. There is no indication yet that anything is being done to meet the situation.

These ex-employees are not organized. They have no means whereby they can bring their position before parliament except through the media of members of parliament who are prepared to present the argument. In addition to them, there are also of course those who are being retired from time to time on a basic pension which, in so far as the low income employees of the railway are concerned, places them in a position that borders on destitution inasmuch as over the years in their positions as section men, porters and so on these lesser salaried employees of the railway have been unable to contribute to the pension and thereby provide themselves with at least a semi-adequate pension.

Mr. Knowles: There is a good deal I should like to say with respect to this matter even if I have said it before, but I think I will take only a minute to endorse what has been said again by the hon. member for Lake Centre, and to express the hope that in the two or three minutes remaining before eleven o'clock the minister might give us a little more information than he has given thus far on other occasions on which this matter has been raised. It would seem only natural, in view of the number of times the question has been raised, and particularly in view of the number of times the minister has had to get the Canadian National Railways to provide information to answer my questions about

these pension amounts, that the railways must have given some attention to this matter. Can the minister tell us whether any consideration is being given by the company to increasing the basic pension of $25, to providing a cost of living bonus of some sort, or to making any other changes in the pension set-up of Canadian National Railways?

Mr. Chevrier: Yes, Mr. Chairman, both the Canadian National Railways and the government have been giving this matter consideration over a period of time. Canadian National Railways have been discussing the matter with their employees, and what the position is at the moment I am unable to say. Through their president Canadian National Railways discussed it with me on several occasions during the course of the year, and on at least two occasions it has received the careful consideration of the government. I have to say that the government thus far has not been able to recommend or direct the Canadian National Railways to increase the basic pension upwards until such time as the matter of its own civil servants receives similar or adequate consideration. Then there is also the question of other groups that are in the same position as that of Canadian National pensioners.

Mr. Diefenbaker: Which are they?

Mr. Chevrier: There are other groups affected by inflation. There are a number of them. There are the pilots, other pension groups, the Intercolonial and Prince Edward Island Railway employees, the provident fund group and, as the parliamentary assistant to the Minister of Veterans Affairs says, the old age pensioners themselves. It appears to me that this question cannot be disposed of piecemeal, and that until such time as it is possible to find a solution for the whole problem the government does not feel disposed thus far to direct the Canadian National Railways to deal with a portion only of the problem.

Mr. Knowles: In this connection do I take it that the minister is talking only about retired employees of Canadian National Railways already on pension, or does that apply to any revision of the pension plan for those who are still employed and paying into the various funds? I gathered from what the minister said that he is thinking of the group whose plight we have pressed most, namely, the retired railway pensioners on low pension. I take it from what he said that their case stands on the same plane as that of the superannuated civil servants and others in similar situations.

Mr. Chevrier: That is right.

Mr. Knowles: Well, it is time for action for all of them.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: On Monday we will continue with the debate on the budget.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF TRANSPORT

Canal services—

472. Administration, $107,134.

473. Operation and maintenance, $4,523,107.

474. Construction or acquisition of buildings, works, land and new equipment, $3,500,000.

475. To provide for expenses in connection with the St. Lawrence ship canal surveys and investigations, $10,000.

Marine services—

476. Marine services, administration, including agencies, $513,944.

Marine service steamers—

477. Administration, $50,112.

478. Operation, maintenance and repairs, $4,490,072.

479. Construction or acquisition of vessels, as detailed in the estimates—capital, $2,254,800.

Aids to navigation—

480. Administration, operation and maintenance, $4,215,904.

481. Construction or acquisition of buildings, works, land and new equipment, $692,540.

Nautical services—

482. Administration, $152,950.

483. Operation and maintenance, including grants and contributions, as detailed in the estimates: rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 296 of the Canada Shipping Act, $390,591.

484. Construction or acquisition of buildings, works, land and new equipment, $21,500.

485. Pilotage service, including authority for temporary recoverable advances not exceeding $13,000, $367,363.

486. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $461,408.

487. Marine signal service, $173,981.

River St. Lawrence ship channel service—

488. Administration, operation and maintenance, $922,291.

489. Contract dredging—capital, $2,013,409.

Railway and steamship services—

490. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $52,000.

Hudson Bay Railway—

491. To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1952, not exceeding, $250,000.

492. Construction or acquisition of buildings and works—capital, $40,000.

Prince Edward Island car ferry and terminals—

494. Construction and improvement of terminal facilities—capital (revote), $75,000.

Railway and steamship services—

496. Strait of Canso—transportation improvements and facilities—capital (revote), $1,000,000.

Canadian government railways—

497. Enlargement of dock and terminal facilities at North Sydney, N.S.—capital, $1,660,000.

498. Construction of new dock and terminal facilities at Port-aux-Basques, Nfld.—capital, $500,000.

499. Construction or acquisition of auto-ferry vessels, as detailed in the estimates—capital, $2,550,000.

500. Ogden Point piers, Victoria, B.C.—construction or acquisition of buildings, works and land—capital, $55,000.

Pensions and other benefits—

502. Amount required to pay pensions at the rate of $300 per annum to former pilots: Alphonse Asselin, Arthur Baquet, Adelard Delisle, Raoul Lachance, Jules Lamarre, Wilhelm Langlois, George Larochelle, Auguste Santerre, $2,400.

END OF VOLUME II